

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer JACQUELINE JAYE GARDNER AND SANDRA KAYE MARCY
Address P. O. Box 3560, Lihue, Kauai, Hawaii 96766

Project Name(*): NIUMALU GARDENS (Partial Conversion)
Address: 2500 Niimalu Road, Lihue, Kauai, Hawaii 96766

Registration No. 2085

Effective date: April 29, 1996

Expiration date: May 29, 1997

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: 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.
(yellow)

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

 X SUPPLEMENTARY: This report updates information contained in the:
(pink)
 [] Preliminary Public Report dated: _____
 [X] Final Public Report dated: 2/6/90
 [] 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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report 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.

Changes made are as follows: SPECIAL ATTENTION

The following changes have occurred since the Final Public Report dated February 6, 1990 was issued.

1. Hurricane Iniki took place on September 11, 1992 which resulted in the destruction of all existing structures except Apartment 6 [formerly a part of Apartment 5 (Building E) and a portion of the limited common element land area in Apartment 6] in the Condominium Project.

2. The three land court parcels, lots 66, 66 and 67, have been consolidated and resubdivided into lots 77, 78 and 79. In connection with the subdivision request the Kauai Planning Commission and Kauai Planning Department requested a report on what changes were being made from the existing condominium registration to the proposed status. On October 11, 1994 a status report was made to them which sets forth the fact that there were created 13 newly created units. A copy of this report is attached hereto as Exhibit G and incorporated herein by reference. They were also advised as to the Debtor in possession Chapter 11 proceedings. The County of Kauai did require certain improvements to the water system and was advised that work was undertaken by Delta Construction Corporation which included the installation of three water laterals and three water meters to service units in the project. This work was completed on September 12, 1995. The County of Kauai did give its approval to the subdivision on October 27, 1994.

3. The present status of the newly created units is as follows: Apartment 12, a new single story building of 288 square feet, has been constructed pursuant to a temporary housing structure permit issued on January 27, 1994 and 11 new storage sheds have been constructed pursuant to Buildings permits issued on March 30, 1995. Notices of Completion were published on March 18 and 25, 1996 and filed on March 29, 1996 with the Clerk of the Fifth Circuit Court for all of those units.

4. On September 4, 1992 both Developers filed Chapter 11 proceedings in the United States Bankruptcy Court for

the District of Hawaii in Case No. 92-00957 and 92-00958, In re Jacqueline Jaye Gardner, fna The Lei Lady, Debtor, and Sandra Kaye Marcy, dba Sail Fast Industries, Debtor.

5. A joint plan of arrangement was filed on July 11, 1994 and the Final Judgment Conforming Amended Plan of Reorganization was entered on September 11, 1994.

6. The Real Estate Commission required that an owner-occupant presale notice be published and this was done on March 6 (Garden Island) and March 13, 1995 (Honolulu Star Bulletin) for Apartment 6 in the Project.

7. The Project remains an agricultural condominium project and the agricultural use and farm dwelling requirements continues to be applicable for anyone acquiring a unit in this Project.

8. A purchaser, prior to purchasing a unit, is advised to consult with the County of Kauai officials relating to the zoning, the restrictions that relate to the zoning and the various requirements for a building permit relative to the construction of a farm dwelling in the Project. It is necessary to confirm with Citizens Utilities Company, Ltd. relating to electrical power and with the State Department of Health relative to the use of any existing cesspool or the installation of a septic tank.

9. Your attention is directed to the Declaration of Condominium Property Regime which sets forth a reservation in favor of the Declarant to grant, in its sole discretion View Plane and Height easements over 30 feet from the highest elevation of any unit boundary along Easement C which affects the view corridors of Units 1 through 5 inclusive, 7 through 9 inclusive and 13.

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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: JACQUELINE JAYE GARDNER Phone: (808) 2464828
SANDRA KAYE MARCY (Business)
Name
P. O. Box 3560
Business Address
Lihue, Hawaii 96746

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

Real Estate
Broker: None selected = See page 20 Phone: _____
Name (Business)

Business Address

Escrow: Security Title Corporation Phone: (808) 5219511
Name (Business)
12th Floor, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

General
Contractor: RICHARD G. HARDER Phone: (808) 8229164
Name (Business)
1731 Mauna Ikena
Business Address
Kapaa, Kauai, Hawaii 96766

Condominium
Managing
Agent: Self managed by Association Phone: _____
of Apartment Owners (Business)
Name

Business Address

Attorney for
Developer: HIROSHI SAKAI, ATTORNEY AT Phone: (808) 5314171
LAW, A LAW CORPORATION (Business)
Name
201 Merchant St., Suite 902
Business Address
HONOLULU, Hawaii 96813

**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. _____
Book _____ Page _____
 Filed - Land Court: Document No. 1639314

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

Amendment to Declaration dated 11/8/89 filed as Doc. No. 1695959.

Restated and 2nd amendment to Declaration dated 7/26/95 filed as Doc. No. 2278895

- 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. _____
 Filed - Land Court Condo Map No. 715

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

Amendment dated 11/8/89 filed as Doc. No. 1695959.

Restated and 2nd amendment dated 7/26/95 filed as Doc. No. 2278895.

- 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. _____
Book _____ Page _____
 Filed - Land Court: Document No. 1639315

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

Restated and 1st amendment dated 7/26/95 filed as Doc. No. 2278896.

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>Majority vote of Board</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 has reserved the right under Paragraph 15.0 of the Declaration to alter the units in the Project which it owns without the approval of the Association or the other apartment owner and to amend the Condominium Map to note changes resulting from the exercise of the Developer's reserved rights under Paragraph 15.0. Developer has also reserved the right under Paragraph 16.0 to record any "as built" statements as required by law.

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 Subleasehold: 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 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

For Subleaseholds:

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 Subleasehold:

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:

Address: 2500 Niunulu Road, Lihue, Kauai, Hawaii Tax Map Key: (4) 2-3-03-08
_____ (TMK)

[] Address [] TMK is expected to change because _____

Land Area: 33.435 [] square feet [X] acre(s) Zoning: Agriculture

Fee Owner : JACQUELINE JAYE GARDNER SANDRA KAYE MARCY
 Name
P. O. Box 3560 15928 N.E. Fremont
 Address
Lihue, Hawaii 96766 Portland, Oregon 97230

Sublessor: _____
 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: 13 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input type="checkbox"/> Residential	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	<u>13</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<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

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: _____

Number of Occupants: _____

Other: Building and House Rules (See Exh. F)

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

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

Apt. Type	Quantity	BR/Bath Shed	Net Living Area (sf)*	Lanai/Patio (sf)	Net Shed Area (sf)
1-5, 7-11, 13	11		-0-	-0-	80 s.f.
6	1	2BR/1BA	713	-0-	
12	1	Bldg.	288	-0-	
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Apartments: 13

*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:

Each unit shall include its entire structure and the limited common land area for its respective site. The boundaries of each unit are the exterior finished surfaces of the unit's perimeter walls, roofs, foundations, windows and frames, floors, doors, beams and post.

Permitted Alterations to Apartments:

An Apartment owner can increase the total square footage of his structure, add additional structures, alter the location of his structure and/or subdivide in accordance with the Declaration, Building and House Rules, building code, zoning and subdivision ordinances.

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 restriction on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

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

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

1. Common Elements: Common Elements are those parts of the condominium project 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 A .

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 _____.

as follows:

The land area of each apartment consisting of the land beneath it as shown and delineated on the Condominium Map is a limited common element for the use of the owner of each respective apartment.

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 _____.

as follows:

<u>Unit</u>	<u>Percentage Interest</u>	<u>Totals</u>
1	7.72%	7.72
2 through 13 inclusive	7.69%	<u>92.28</u>
Totals		100.00

Note: Purchasers should note that the common interest for each apartment is about 1/13 of the whole and does not bear any relationship with the area of an apartment or size of a limited common area.

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 B describes the encumbrances against the title contained in the title report dated 2/22/96 and issued by Security 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>
Mortgages and Judgments (See Exhibit B - Encumbrances Against Title)	NO closing of an Apartment may take place unless the liens are released or the Bankruptcy Court enters an Order transferring the lien rights to the proceeds of the sale of the Apartment. Buyer's funds will remain in Escrow pending the securing of the Order or the release of the liens.

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 Estimated Completion Date:

Apartment 6 - 80 years old approximately

Apartment 12 - April, 1994

Apartments 1 through 5 inclusive, 7 through 11 inclusive and 13
were completed on March 18, 1996.

Notices of Completion for Apartments 1 through 5 inclusive and Apartments
7 through 13 were filed on March 29, 1996 with the Clerk of the Fifth Circuit Court.

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):

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 C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated June 6, 1989, as amended 1/12/96.
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
- Other Building and House Rules (Exh. F)

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 given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map.
 - 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 _____

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. 2085 filed with the Real Estate Commission on 6/22/89.

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

1. Agricultural Condominium. This is an agricultural condominium project. The structure of Apartments 1 through 5 inclusive, 7 through 11 inclusive and 13 consists of metal storage sheds. Apartment 6 has a dwelling and Apartment 12 has a building. The construction of farm dwellings and guest houses are as required by the County of Kauai ordinances and the land use laws of the State of Hawaii. If permitted by the County of Kauai Apartments 1, 7 and 12 will be permitted to construct a farm dwelling and a guest house.

2. Not a Subdivision. Buyers should be aware that this project is not a subdivision. Each Buyer will own an apartment and an undivided interest in the entire property upon which the project is situated. Each apartment has a limited common element land area for its own exclusive use. See paragraph 5.3 of the Declaration.

3. Building Permits and Construction of Improvements. The procedure for securing a building permit for common element and limited common element improvements is set forth in paragraph 22.0 of the Declaration. To be able to secure a building permit the Buyers should read it and familiarize themselves with this paragraph, other use and building restrictions contained in the Declaration, By Laws, Building and House Rules to proceed with the permitting and construction of improvements which the Buyer desires to accomplish. The Buyer is advised that to secure a building permit it is necessary to meet the requirements of the County of Kauai ordinances, rules and regulation and the State Board of Health for water, septic tank and/or cesspool and the utility companies for electricity and where not available within the project to be drawn from Niunalu Road at the sole cost and expense of the Buyer if sharing arrangements cannot be worked out with neighboring owners.

4. Subdivision of Project and Units. The Developer reserves the right to subdivide the land in the project in accordance with the requirements of the governmental authorities along the boundary lines established for units in the project. The Declarant is further authorized to create additional condominium units within the subdivided land. The Developer has the right to determine whether any roadway easements may be dedicated to the County of Kauai. See paragraph 23.0 of the Declaration as to further details relating to this matter.

5. Zoning and Conditional Use Permits. The Declarant reserves the right to apply for any change in zoning for any portion or the entire Project provided that as to those land areas for which a zoning change is applied for the Declarant will notify the

apartments owners in the Project and obtain the consent of the majority of the owners including the Declarant that is affected by the zoning change. This will be based on the common interest of all the owners affected by the zoning change including the Developer. The Developer reserves the right to apply for any conditional use permit for any portion of the project that it has an ownership interest for more than 30 years without the further consent of apartment owners within the project. See paragraph 24.0 of the Declaration as to further details relating to this matter.

6. View Plane and Height Easements. The Developer reserves the right to grant view plane and height easements over 30 feet from the highest elevation of any unit boundary, drainage easements covered and/or pipes through the project and other easements that may be negotiated in return for other infrastructure hookups and other services from the adjoining property owner or owners for the benefit of the project. See paragraph 6.0, c of the Declaration as to further details relating to this matter.

7. Building and House Rules. Prospective Buyer(s) should read all documentation carefully, especially the Declaration, By Laws, Building and House Rules and check with the County of Kauai to confirm what they will and will not permit. Note also that where the particular item or request is not specifically covered by an ordinance, rule or regulation that you obtain a written confirmation from the department that you are dealing with to assure yourself that there is no change of position of such department in the future.

Disclosure re: Selection of Real Estate Broker

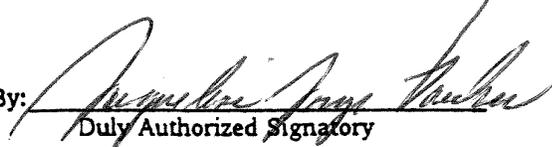
This public report shall not bind a purchaser to the sale of any apartment until (1) the Developers first submit to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and a duly executed copy of a broker listing agreement with a Hawaii licensed real estate broker, and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report.

If the Developers, as the owners, choose to represent themselves in the sale of an apartment, said abstract need not be given to the purchaser, as all necessary disclosures are covered in this report.

D. 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.

JACQUELINE JAYE GARDNER

Name of Developer

By: 
Duly Authorized Signatory

1-12-96
Date

JACQUELINE JAYE GARDNER, DEVELOPER

print name & title of person signing above

Distribution:

Department of Finance, COUNTY OF KAUAI
Planning Department, COUNTY OF KAUAI
Federal Housing Administration

D. 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.

SANDRA KAYE MARCY

Name of Developer

X By: Sandra Kaye Marcy
Duly Authorized Signatory

2-14-96
Date

Sandra Kaye Marcy

print name & title of person signing above

Distribution:

Department of Finance, COUNTY OF KAUAI
Planning Department, COUNTY OF KAUAI
Federal Housing Administration

EXHIBIT "A"

Common Elements

The common elements of the Project including the following:

- a. The land in fee simple.
- b. Any installation for services such as water, power, light, gas, sewer lines, telephone, radio and television signal distribution and like utilities.
- c. Road and utility easements: Common Element 2 being portions of Lots 78 and 79 which includes X and Y as shown on Map 29 of Land Court Application No. 957), Common Element 1 being portions of Lots 78 and 79, Easement S being portion of Lot 77 as shown on Map 21 of Land Court Application No. 957, Easement A-1 affecting Lot 78 and Easement B-1 affecting Lots 78 and 79. Drainage easements: Common Element 3 being a portion of lot 77, Easement A being a portion of Lot 78 and Easement B being a portion of Lot 77, all as shown on the Condominium Map. Utility Easement D being a portion of Lot 77 as shown on the Condominium Map. View Plane easement: Easement C which affects the view corridors of Units 1 through 5 inclusive, 7 through 9 inclusive and 13.
- d. Any parts of Project existing for the common use and/or necessary for the maintenance and safety of the Project.

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

The following are the encumbrances against title:

1. Real property taxes for the fiscal year 1991-1002, 1992-1993, 1993-94, 1994-95 are a lien. For confirmation with respect to taxes contact the Director of Finance, County of Kauai.

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

3. AS TO LOT 77:

a. Any variations in and along the boundaries of the land herein described running along Niupalu Stream, as may be caused by natural deviation of said stream.

b. Easement "S". as shown on Map 21. as set forth by Land Court Order No. 46169, filed on December 27, 1976.

c. Grant in favor of the State of Hawaii under Grant No. _____, as set forth by Land Court Order No. 46169, filed on December 27, 1976. Re: Easement "S".

d. A right of way in favor of unregistered lands over and across Easement "S". as set forth by Land Court Order No. 46169, filed on December 27, 1976.

e. Easement "C" (15 ft. wide), for drainage purposes beginning at the North boundary of this lot and running along the West Boundary to the nearest point of the Niupalu Stream catch basin and containing an area of 0.22 acres, more or less.

4. AS TO LOT 78:

a. Easement "Y" (20-foot wide), for vehicular access and utility purposes, as shown on Map 29, as set forth by Land Court Order No. 88836, filed on March 16, 1988.

b. A right of way in favor of unregistered lands over and across Easement "Y". as set forth by Land Court Order No. 88836, filed on March 16, 1988.

c. Easement (15-foot wide), for drainage purposes, beginning to the North boundary and meandering within this lot to the South boundary of said lot and containing an area of 0.48 acre, more or less.

5. AS TO LOT 79:

a. Easement "X" (20-foot wide), for vehicular access and utility purposes, as shown on Map 29, as set forth by Land Court

Order No. 88836, filed on March 16, 1988.

b. A right of way in favor of unregistered lands over and across Easement "X". as set forth by Land Court Order No. 88836, filed on March 16, 1988.

6. Mortgage made by Jacqueline Jaye Gardner, unmarried, and Sandra Kaye Marcy, unmarried, Mortgagors, in favor of Kauai Community Federal Credit Union, as Mortgagee dated June 28, 1988, filed as Document No. 1561767 to secure the sum of \$200,000.00 and any additional advances and other amount secured thereby by the promissory note therein referred to.

7. Mortgage made by Jacqueline Jaye Gardner, unmarried, and Sandra Kaye Marcy, unmarried, Mortgagors, in favor of Kauai Community Federal Credit Union, as Mortgagee dated June 28, 1988, filed as Document No. 1561768 to secure the sum of \$119,200.00 and any additional advances and other amount secured thereby by the promissory note therein referred to.

8. Mortgage made by Jacqueline Jaye Gardner, unmarried, and Sandra Kaye Marcy, unmarried, Mortgagors, in favor of First Hawaiian Bank, as Mortgagee dated April 19, 1989, filed as Document No. 1628971 to secure the sum of \$200,000.00 and any additional advances and other amount secured thereby by the promissory note therein referred to.

9. The covenants, agreements, obligations, conditions, easements and other provisions set forth in Declaration of Niualu Gardens dated June 1, 1989, filed in said Office as Land Court Document No. 1639314, as amended on November 8, 1989, filed in said Office as Land Court Document No. 1695959, as further Restated including the 2nd Amendment on July 26, 1995, filed in said Office as Land Court Document No. 2278985.

Condominium Map No. 716, as amended, filed in said Office of the Land Court, State of Hawaii to which reference is hereby made.

10. By laws of the association of Unit (Apartment) Owners of Niualu Gardens dated June 1, 1989, filed in said Office as Land Court Document No. 1639315, as further Restated including the 1st amendment on July 26, 1995, filed in said Office as Land Court Document No. 2278896.

11. Plain view easement, as shown on Condominium Map No. 716, as amended.

12. Judgment, Civil No. 90-0180 in the 5th Circuit Court, Plaintiff Hale Kauai, Ltd. vs. Defendant Sandra Marcy dba Said Past Limited dated November 2, 1900 and filed as Document No. 90-174522 in the amount of \$18,948.01 against Sandra Marcy.

13. Judgment, Civil No. L-90-157 in the 5th Circuit Court, Plaintiff Kauai Credit Adjusters, Limited vs Defendant Sandra K. Marcy (SS# 545-66-3166) dated February 5, 1991 and filed as Document No. 91-027270 in the amount of \$5,731.67 against Sandra K. Marcy.

14. Judgment, Civil No. 90-0043 in the 5th Circuit Court, Plaintiff Doreen L. Sanchez-Rego, fka Doreen L. Sanchez and Christina H. Horio vs Sheilah Rego Chow, Ken Palo Ah Chow, Sandra Kaye Marcy, Judy Gardner and Earl Edwards dated April 3, 1991 and filed as Document No. 91-072381 in the amount of \$1,936.90.

The foregoing Judgment was amended by Amended Judgment dated June 28, 1991 filed as Document No. 92-053025:

a. In the amount of \$928.60 in favor of Plaintiffs, against Sandra Kaye Marcy, Jody Gardner and Earl Edwards, jointly and severally.

b. In the amount of \$2,066.60 in favor of Defendants, Sheilah Rego Chow and Ken Palo Ah Chow, against Sandra Kaye Marcy, Jody Gardner and Earl Edwards, jointly and severally.

15. Notice of Pendency of Action, 5th Circuit Court, Civil No. 92-0014, Plaintiff Kauai Community Federal Credit Union, a Hawaii chartered credit union, vs Jacqueline Jay Gardner, aka Jody Gardner, Sandra Kaye Marcy, aka Sandra K. Marcy et al dated February 5, 1992 filed as Document No. 1890523 to foreclose those certain mortgages dated June 28, 1988, filed as Document No. 1561767 and 1561768.

16. Mortgage by Sandra Kaye Marcy, unmarried, and Jacqueline Jaye Gardner, unmarried, as Mortgagor, in favor of Earl George Edwards, unmarried, dated April 7, 1992, recorded on April 7, 1992 as Document No. 1902315 to secure the sum of \$721,780.00 and additional advances and other amounts secured thereby all according to the terms of the promissory note referred to therein.

17. Mortgage by Sandra Kaye Marcy, unmarried, and Jacqueline Jaye Gardner, unmarried, as Mortgagor, in favor of Earl George Edwards, unmarried, dated April 7, 1992, recorded on April 7, 1992 as Document No. 1902316 to secure the sum of \$421,352.00 and additional advances and other amounts secured thereby, all according to the terms of the promissory note referred to therein.

18. Judgment, Civil No. L-92-123 in the 5th Circuit Court, Plaintiff Gary Craft vs Defendant Sandra Kaye Marcy and Jacqueline Jaye Gardner dated June 9, 1992 and filed as Document No. 92-104772 in the amount of \$11,265.00, against Sandra Kaye Marcy and Jacqueline Jaye Gardner.

19. Judgment, Civil No. 92-0050 in the 5th Circuit Court, Plaintiff Candace M. Ogden vs Defendant Sandra Kaye Marcy and Jacqueline Jaye Gardner dated August 5, 1992 filed as Document No. 1958698 in the amount of \$103,946.55 against said Defendants.

20. Bankruptcy No. 92-00957, In the United States Bankruptcy Court for the District of Hawaii, (Chapter 11), In re Jacqueline Jaye Gardner, fna The Lei Lady, Debtor dated September 4, 1992.

21. Bankruptcy No. 92-00958, In the United States Bankruptcy Court for the District of Hawaii, (Chapter 11), In re Sandra Kaye Marcy, dba Sail Fast Industries, Debtor dated September 4, 1992.

22. The terms and provisions of Final Judgment confirming Amended Plan of Reorganization dated September 14, 1994, filed as Document No. 95-083389, to which reference is hereby made.

23. The terms and provisions of that certain Waiver and Release dated February 16, 1995, made and executed by Jacqueline Gardner, as "Applicant", recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-023681. Re: Water or water services.

Note: Lot 77 will have direct access to Niumalu Road, a public road, as set forth by Land Court Order No. 119574, filed on January 30, 1995.

Note: Lot 78 will have direct access to Niumalu Road, a public road, and will also have direct access over and across Easements "Y" and "W", as shown on Map 29, and a portion of Easement S, as shown on Map 21, as set forth by Land Court Order No. 119574, filed on January 30, 1995.

Note: Lot 79 will have direct access to Niumalu Road, a public road, and will also have direct access over and across Easements "X", "Y" and "W", as shown on Map 29, and a portion of Easement S, as shown on Map 21, as set forth by Land Court Order No. 119574, filed on January 30, 1995.

EXHIBIT "C"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) A buyer must obtain his own financing. An application for a mortgage loan within 10 days after notification by Seller and if approval is not concluded within 30 days after submission of the application then Seller has the option to terminate the contract. Buyer acknowledges that this Sales Contract is contingent on any financing after the issuance of the final public report.

(b) That a purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(c) That interest on deposits shall belong to the Seller unless Buyer arranges with Escrow to establish a separate savings account and to pay \$25.00 to Escrow for the establishment and maintenance of such account, then such interest shall accrue to the benefit of the Buyer.

(d) That the unit will be subject to various legal documents, including Declaration, By Laws, Final Public Report including Encumbrances and Disclosure Statement attached thereto, Building/House Rules, Escrow agreement, Apartment Deed, Certificate of Architect and Condominium Map and any other documents which the buyer is given a copy of and for which he has received for the same.

(e) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(f) If Buyer defaults, Seller shall give written notice to Buyer by certified mail and if such default is not cured within 10 days after receipt of notice, Seller may terminate the Sales Contract and retain the Buyer's deposits as liquidated damages. Seller may in addition pursue any other remedy including specific performance and all costs by reason of such default shall be borne by Buyer.

(g) If Buyer has paid all payments required under the Sales Contract, Buyer shall be entitled to specific performance.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

EXHIBIT "D"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

(a) Developer will let purchasers know when payments are due.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement states the following conditions under which a refund will be made to a purchaser. Developer and Purchaser make a written request to Escrow: (a) To return to purchaser the funds; (b) To notify Developer's exercise of any option to rescind the sales contract or (c) That the conditions provided for a refund under Sections 514A-62 or 514A-63 of the Condominium Act have been met.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract, that is, the Purchaser's funds shall be retained by the Seller as liquidated damages.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

Note: Section 514A-63, Hawaii Revised Statutes provides for Rescission Rights to a purchaser under a binding contract if there is a material change in the project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the project available for such purchaser's use.

EXHIBIT "E"

NIUMALU GARDENS
REGISTRATION NO. 2085
DISCLOSURE STATEMENT AS OF January 12, 1996 .

1. Name of Project: NIUMALU GARDENS
2. Address: 2500 Niunalu Road, Lihue, Kauai, Hawaii 96766
3. Name of Developer: JACQUELINE JAYE GARDNER and SANDRA KAYE MARCY
4. Address of Developer: P. O. Box 3560, Lihue, Kauai,
Hawaii 96766
5. Telephone Number: (808) 2464828
6. Project Manager or Agent: Self managed by the Association of Apartment Owners.
7. Address: P. O. Box 3560, Lihue, Kauai, Hawaii 96766
8. Maintenance Fees: The fees are as set forth in Exhibit "E-1" attached hereto and incorporated herein by reference. The maintenance fees provide for liability insurance on the common element roadway and easements. The existing common element roadway and easements to be maintained by the Association except as otherwise specified in the Declaration of Condominium Property Regime, By Laws and House Rules. Each apartment owner to take out his or her own fire, casualty and liability insurance for their respective apartment and their appurtenant limited common element and shall add the name of the Association as an additional assured.
9. Commencement of Maintenance Fees: At such time that the first unit owner commences to pay maintenance fees then all unit owners including the Developer shall pay maintenance fees.
10. Warranties: The Project is a fee simple condominium project and there are no warranties.
11. Project: The Project consists of 13 condominium apartments of which Apartment 6 is an existing single story farm dwelling, Apartment 12 is a single story building and the remaining Apartments 1 through 5 inclusive, 7 through 11 inclusive and Apartment 13 are individual storage sheds together with the limited common element land areas which are to be utilized for agricultural and other uses permitted under the zoning ordinances for the County of Kauai.

DATED: 1-12-96, 1995.


JACQUELINE JAYE GARDNER

x Sandra Kaye Marcy - 2-14-96
SANDRA KAYE MARCY

b:\WG.DS

EXHIBIT "E-1"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>
1	\$277.88 x 12 = \$3334.56
2	\$277.80 x 12 = \$3333.60
3	\$277.80 x 12 = \$3333.60
4	\$277.80 x 12 = \$3333.60
5	\$277.80 x 12 = \$3333.60
6	\$277.80 x 12 = \$3333.60
7	\$277.80 x 12 = \$3333.60
8	\$277.80 x 12 = \$3333.60
9	\$277.80 x 12 = \$3333.60
10	\$277.80 x 12 = \$3333.60
11	\$277.80 x 12 = \$3333.60
12	\$277.80 x 12 = \$3333.60
13	\$277.80 x 12 = \$3333.60

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

common elements and apartments

\$105.00 x 12 = \$1,260.00

Elevator

Gas

Refuse Collection

60.42 x 12 = 725.04

Telephone

Water and Sewer

360.00 x 12 = 4,320.00

Maintenance, Repairs and Supplies

Building

40.00 x 12 = 480.00

Grounds

200.00 x 12 = 2,400.00

Management

Management Fee

2,000.00 x 12 = 24,000.00

Payroll and Payroll Taxes

75.00 x 12 = 900.00

Office Expenses

50.00 x 12 = 600.00

Insurance

83.00 x 12 = 996.00

Reserves(*)

100.00 x 12 = 1,200.00

Taxes and Government Assessments

500.00 x 12 = 6,000.00

Audit Fees

39.08 x 12 = 468.96

Other

TOTAL

\$3,612.50 x 12 = \$43,350.00

JACQUELINE JAYE GARDNER and SANDRA KAYE MARCY
the developer, for the condominium project NIUMALU GARDENS, hereby certify that the
above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in
accordance with generally accepted accounting principles.

Sandra Kaye Marcy
Sandra Kaye Marcy

Jacqueline Jaye Gardner
Jacqueline Jaye Gardner

(*) Mandatory reserves in effect January 1, 1993

Date: 1-12-96

EXHIBIT "F"
BUILDING AND HOUSE RULES
NIUMALU GARDENS

The purpose of these Building and House Rules ("Rules") is to provide for the design review, development standards, environmental matters, notice of completion of improvements and the use and enjoyment to protect all owners and occupants in having the building and construction of units follow certain development standards and improvements and to reduce the annoyance and nuisance caused by improper conduct and improper use of the condominium, hereinafter referred to as "Project", and to provide for the maximum enjoyment of the premises. All owners and occupants, their agents, employees and invitees shall be bound by the Rules and standards of reasonable conduct whether covered by these Rules or not.

1. Definitions. As used herein:

a. The "Area" refers to the land set aside for the use of each owner as a limited common element.

b. The "Apartment" refers to the existing building built on the land designated as the limited common element for the owner and any subsequent improvements built within the Area.

c. The "Consultant" refers to an architect or engineer that is designated to review plans and proposals for construction of structures within the Project or the Developer in the absence of an architect or engineer.

d. The "Developer" to include Jacqueline Jaye Gardner and Sandra Kaye Marcy, their heirs, successors and assigns.

2. Design Review.

a. The Developer shall act as or select a Consultant to review plans and proposals for construction of structures within the Area of an Apartment. The Consultant may charge a reasonable fee for the purpose of review and comments and to determine whether there is compliance with the requirements of this Project.

b. Anyone desiring to build a structure within their Area shall submit plans and drawings. The plans and drawings should meet the requirements of a Condominium Map. The plan should show a site plan indicating where the dwelling and improvements will be located in the unit's limited common element land area. There should be a floor plan indicating the living/dining room, bedrooms, kitchen, bathrooms, lanai, etc. and the total net living area. The plan should show the elevations of the dwelling or improvement. The project's name, Tax Map Key, and the architect's or engineer's stamp should be stamped on the plans.

c. In passing upon such plans and specifications the Consultant shall take into consideration: the size, configuration, location and natural features of the Apartment and Area in question, the location of the proposed improvements within the Area and the effect it will have on other existing or planned improvements of other units in the Project. The Consultant shall use reasonable judgment in passing upon all such plans and specifications and may, if necessary consult with the Declarant for the purpose of determining whether plans and specifications should be denied, approved or approved with modifications, but shall not be liable to any person for its actions in connection with the submitted plans and specifications unless it can be shown that the Consultant acted with the actual intent to commit a wrongful act.

d. Any owner desiring to make an addition to the existing buildings and/or construct any new building will have to comply with the building and zoning ordinances as the same may be changed from time to time. The requirements of the Declaration of Condominium Property Regime, By Laws and these House Rules have to be observed in the addition or construction of any improvements.

e. The architect or engineer's certificate should be executed reflecting the submission to the County of Kauai reflecting the "as built" condition of the improvements.

3. Development Standards

a. Every structure shall observe a 5 foot setback from the boundary line of the Area of an Apartment except the boundary line abutting any roadway a 10 foot setback shall be observed.

b. If an owner desires to have a fence located at the perimeter boundary, it may be of local rocks or plants that are trimmed and maintained as a hedge as is approved by the Consultant.

c. In any grading and/or excavation of the limited common element land Area the grade of the Land Area shall not be altered in such a manner as to affect the drainage of any adjoining Apartment Unit.

d. The water will be drawn from Niupalu Road or through the natural spring that is located within Apartment 7 of the Project at the cost and expense of the owners desiring the water. Where a water line cost can be shared, such cost to be arranged between the parties affected.

e. There are electric and telephone lines presently located within the project and the owners desiring such service shall arrange with the utility company affected to obtain such services.

f. There are existing cesspools, however, the use of them are limited because of their locations and each owner will have arrange for its own septic tank with the State of Hawaii Department of Health to obtain the permit for the installation of the same, except for Apartment 6 which is using a cesspool and any other apartment which has a cesspool located within its limited common element land area.

g. To secure cable TV each owner will arrange with the TV cable company for the installation of the cable lines and the services it desires to obtain.

h. The roadway within the project shall remain as dirt roadways which the Association shall maintain as part of the common maintenance of the Association. Any improvements to such roadway will depend on the wishes of the members of the Association, by such action that is taken by the Association.

i. If any water, electricity, telephone, cable TV and any other lines are located within an apartment's limited common element land area and services a second apartment, the second apartment shall have a permanent easement in its favor over the first apartment's limited common element land area. Provided however that the maintenance of such lines will be the responsibility of the apartment owners for whose benefit such lines exist.

j. No quonset or similar type structures and/or second hand homes for dwelling purposes shall be used in the project except that if building materials that are used are covered or painted over so it will not be visible from the exterior that it is used or a second hand structure.

k. A height limit of 30 feet will be observed from the highest boundary line of an apartment for purposes of controlling the height of structures as well as any vegetation including trees from exceeding such height limit.

4. Environmental Matters

a. No noxious or offensive activity shall be carried out on any unit, nor shall anything be done or placed on any unit which is or may become an environmental hazard, including synthetic chemical pesticides, herbicides, or other toxic chemical substances.

b. Any planting or vegetation which cannot be effectively limited from encroaching upon or infesting neighboring property shall be deemed a noxious activity and each owner shall take positive steps to eliminate such vegetation or planting from his unit.

c. No unsightly structure or condition which may substantially diminish the value or quiet enjoyment of each unit shall be caused or permitted on any unit without the approval of the Declarant.

d. No sound shall be permitted to emit or emanate from any unit which is unreasonably loud or annoying or which violate any applicable governmental rule, law or ordinance.

4. Notice of Completions

After completion of any improvements, the owner shall proceed to do the following:

a. Publish a Notice of Completion in a newspaper of general circulation in the State of Hawaii for two (2) consecutive weeks at least seven (7) days apart and have it filed with the Clerk of the Fifth Circuit Court.

b. The owner should have prepared at his own cost an amendment to the Declaration reflecting the change in description of the apartment and an amendment to the Condominium Map.

c. The amendment to the Declaration should then be filed for record in the Office of the Registrar of Conveyances, State of Hawaii.

5. Use and Restrictions

a. The agricultural and other restrictions for the use of the Apartment Unit as well as the Area will have to be observed for any securing of building permits.

b. Each unit shall place his own garbage, trash and rubbish in covered receptacles or in plastic or fastened bags. Each owner shall exercise reasonable care to avoid exposure of waste materials to flies, roaches, rodents and other insects or materials.

c. All refuse collected for this Project will be located at the end of Niunalu Road and there is no assurance that refuse collection will be at each Area.

d. Signs, signals and lettering may be inscribed or exposed on any part of a building or in the limited common elements of the project that meets the requirements of the ordinances of the County of Kauai and approved as to standards set by the Board of Directors of the Association from time to time.

e. Each owner will be responsible for the landscaping and upkeep of its own Area and shall not permit its Area to be

overgrown with weeds and/or place and/or store used vehicles, equipment, appliance and/or materials to make the Area become unsightly like a junkyard.

6. VIOLATION OF RULES, DECLARATION AND BY LAWS.

The enforcement of these Building and House, Rules, Declaration and By Laws shall be by the Developer, Association, directors, its officers and any designated agent by the Board of Directors of the Association to:

a. Enjoin, abate or remedy by appropriate legal proceedings either at law or in equity, the continuation of any breach of the foregoing and all costs thereof including reasonable attorney's fees shall be borned by the defaulting apartment owner.

b. Enter into any limited common element land area and/or the structure upon providing 24 hours written notice to the apartment owner in default to determine whether there is any violation or breach by the apartment owner and only in an emergency situation will the Association, its Board of Directors, its officers, its agent and/or or any apartment enter to abate or control such emergency that has taken place.

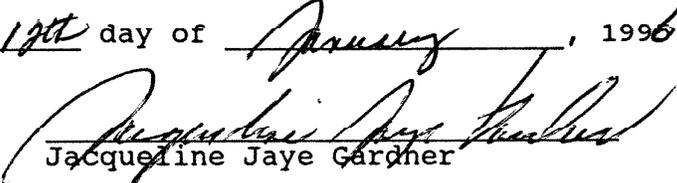
c. Any penalties that may be determined by the Association to be applicable for any violation or breach by an apartment owner, their lesses, guests, invitees, their heirs and assigns shall be imposed upon the offending the party and if the Association has no ability to enforce the same against the offending party shall impose the same upon the apartment owner who has permitted or allowed the offending party to enter the project and cause such violation and/or breach.

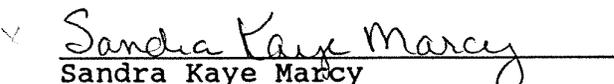
7. Amendment of the Rules.

a. These Rules may be amended in the manner provided in Article V, Section 4 of the By Laws.

THE BUILDING RULES FOR NIUMALU GARDENS EXECUTED ON MAY 22, 1989 BY THE UNDERSIGNED IS SUPERSEDED IN ITS ENTIRETY BY THIS BUILDING AND HOUSE RULES FOR NIUMALU GARDENS.

Executed: 12th day of January, 1996.


Jacqueline Jaye Gardner


Sandra Kaye Marcy

HIROSHI SAKAI
Attorney at Law
A Law Corporation
902 City Financial Tower
Honolulu, Hawaii 96813 - 2823
Telephone (808) 5314171
FAX (808) 7348619 or 5211369

October 11, 1994

Kauai Planning Commission
Kauai Planning Department
4280 Rice Street
Lihue, Kauai, Hawaii 96766

Dear Sirs:

Re: Niumalu Gardens

My clients Jacqueline Jaye Gardner and Sandra Kaye Marcy have submitted to the Planning Department and the Kauai Planning Commission the Consolidation of Lots 65, 66 and 67 as shown on Map 30 of Land Court Application 957 and the subdivision into Lots 77, 78 and 79 at Niumalu and Nawiliwili, Lihue, Kauai, Hawaii for your approval. I have been advised that you wish to know what changes are being made from the existing registration of the Niumalu Gardens project to its current status. The following is a summary of the existing project and the proposed changes that are being made by my clients.

1. HAWAII REAL ESTATE COMMISSION, Req. No. 2085, issued Feb. 6, 1990

This is a condominium project of 11 condominium units located on 3 lots, being Lots 65, 66 and 67. There were 6 dwellings, 7 sheds and 1 storage building on the 11 units. Hurricane Iniki destroyed all of the improvements except for one building (Building on the existing Unit 6 which was repaired) and a new building built on the existing Unit 12 through the OEP rules for the County of Kauai. The type of structures, the size of the units and other pertinent information is set forth in the Final Public Report that was issued by the Real Estate Commission on February 6, 1990. A copy of the report is attached hereto and submitted to you for your information and records.

2. SUPPLEMENTARY PUBLIC REPORT, Req. No. 2085

My clients propose to submit a registration for a supplementary public report of 13 condominium units located on the resubdivided 3 lots, 77, 78 and 79 that is before the Kauai Planning Commission for its approval. The redesignation of the 11 units into 13 units is as set forth in the proposed Consolidated Map that was submitted to you by my clients.

A. 13 UNITS. This Map sets forth the delineation of the 13 newly created units. The unit numbers, lot that it is located

Exhibit "G"

on and the structure that is proposed to be built for each unit is set forth in the exhibit attached hereto and submitted to you for your information and records. There will be only two units 6 and 12 (redesignated as Unit 1) that have existing buildings as described in paragraph 1 above since all other buildings and sheds have been destroyed by Hurricane Iniki and have not been reconstructed. The other 11 units will have new sheds that will be built.

B. EASEMENTS AND ACCESS Easement S as shown on Map 29 and also shown on the Consolidated Map is the existing Niumalu Road to which all of the existing easements or units that will connect up to. Easements W (over Lot 64), Y (over Lot 78 and X (over Lot 79) will provide access to Units 1 through 9 inclusive and Unit 11. Portions of Lots 78 and 79 shall provide access to Units 10, 12, 1 through 6 inclusive and Unit 11.

C. BUILDING PERMITS AND CONSTRUCTION Any new construction will be processed through the Department of Public Works and other departments of the County of Kauai and the State of Hawaii for the issuance of the building permits in conformance with existing ordinances, rules and regulations.

3. DEBTOR IN POSSESSION, CHAPTER 11, JACQUELINE JAY GARDNER and SANDRA KAYE MARCY, BANKRUPTCY COURT FOR USDC OF HAWAII NO. 92-00958

A Debtor's petition under Chapter 11 of the Bankruptcy Act was filed by Jacqueline Jay Gardner and Sandra Kaye Marcy in the Bankruptcy Court for the United States District Court for the District of Hawaii. The Debtors have submitted a plan of reorganization through the law offices of Reinwald O'Connor Marrack Hoskins and Playdon to reorganize the affairs of the Debtors a major portion of which includes the securing of the Supplementary Public Report for the Niumalu Gardens, and the marketing of it to provide the creditors of the Debtors a source of repayment of their debts.

The Plan of Reorganization was approved on September 19, 1994 by the Bankruptcy Court after notice and hearing to the creditors and other interested parties. Information with respect to such plan and its effect can be obtained by contacting Jerrold Guben, Esq. and/or Stuart T. Feeley, Esq. of the law offices at (808) 5248350 or at 24th Floor, PRI Tower, 739 Bishop Street, Honolulu, Hawaii 96813.

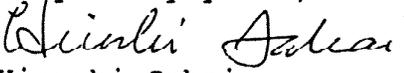
4. SUBMISSION OF PROPOSED CHANGES TO THE PROJECT

The proposed changes is dependent upon the approval by the Kauai Planning Commission of the subdivision of Lots 77, 78 and 79 from which Units 1 through 13 of the Revised Niumalu Gardens will be created as set forth in the proposed consolidated map and

the breakdown of units as set forth in the schedule attached hereto and the easements and access as set forth above.

If there is any further questions of information that is required please contact the undersigned or my clients.

Very truly yours,


Hiroshi Sakai

cc Jerrold Guben, Esq.
Stuart T. Feely, Esq.
Grosvenor Center, Makai Tower
733 Bishop Street, 24th Floor
Honolulu, Hi 96813

Jacqueline Jaye Gardner and
Sandra Kaye Marcy
P. O. Box 3560
Lihue, Hawaii 96766

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CONSOLIDATED MAP
NIUMALU GARDENS
13 UNITS

<u>UNIT</u>	<u>LOT</u>	<u>AREA</u>	<u>STRUCTURE</u>
1	79	6.000 acres	Shed
2	79	1.2183 acres	Shed
3	79	1.0234 acres	Shed
4	79	0.9680 acres	Shed
5	79	1.0573 acres	Shed
6	78	1.24839 acres	Dwelling
7	78	1.5766 acres	Shed
7A	78	6.2197 acres	to be made a part of Unit 7
8	78	1.0939 acres	Shed
9	78	1.0782 acres	Shed
10	79	1.5273 acres	Shed
11	77	1.0315 acres	Shed
12	77	3.040 acres	Dwelling
13	77	1.6535 acres	Shed