



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 1010 Richards Street - P. O. Box 3469
 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on
 KRC GARDEN HAWAII
 Lei O Papa Road
 Princeville, Hanalei
 County of Kauai
 State of Hawaii

Registration No. 2098

Issued: September 15, 1989
 Expires: October 15, 1990

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 10, 1989, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
- No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____
-
- SUPPLEMENTARY:** Updates information contained in the
(pink)
- Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
- This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

* * * * *
*
* SPECIAL NOTICE *
*
* This Public Report covers a condominium project in which the Developer proposes to sell, at its option, apartments in whole and/or in fractional interests of 1/6. If one purchases a fractional interest, one should understand he is sharing the rights and obligations of the apartment's ownership with five other fractional owners. Accordingly, prospective purchasers are urged to review very carefully Exhibits H, I and J in this Report and documents references in those Exhibits so as to fully understand what they are buying. While there are many similarities with a time-share program, sales hereunder do not constitute time-share sales under the definition of HRS § 514E-1 because the use periods are 60 or more days (time share use is less than 60 days).
*
* Purchasers should also understand that the Developer has reserved the right to develop this project in increments. Thus, the 48 units to be initially constructed may ultimately total 114. If 114 units are built, there may be as many as 684 fractional interests and owners. The increments are not on separately subdivided lots so purchasers should understand that the land for future increments constitute common elements that may have to be maintained by the Association until built upon.
*
* Should the Kauai County Planning Department issue any written comments on this project, a copy will be given each reservationist as soon as practicable.
*
* * * * *

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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 Hawaii's "Condominium Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

1. New Building(s) Conversion
 Both New Building(s) and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other Resort [Fractional] Interest Use
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description if and when all three increments built:

| | <u>Apt. Type</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area (sf)*</u> | <u>Lanai/Patio (sf)</u> |
|---------|------------------|-----------------|----------------|------------------------------|-------------------------|
| | 2 BR | 114 | 2BR/2B | 947 | 167 |
| | | | | | |
| Incr. 1 | 2 BR | 48 | 2BR/2B | 947 | 167 |
| Incr. 2 | 2 BR | 42 | 2BR/2B | 947 | 167 |
| Incr. 3 | 2 BR | 24 | 2BR/2B | 947 | 167 |

Total Apartments: 114 (on completion of all three increments)

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

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

6. Parking:

| | <u>Number of Stalls</u> | |
|-------------------------------------|-------------------------|---|
| Assigned Stalls (Individual Units) | _____ | |
| Guest Stalls | _____ | |
| Unassigned Stalls | _____ | |
| Extra Stalls Available for Purchase | _____ | |
| Other: _____ | _____ | |
| Total Parking Stalls | <u>262</u> | 190 paved, 72 gascrete to be developed as follows: Phase #1 = 96 Phase #2 = 76 Phase #3 = 90 <u>262</u> |

7. Recreational amenities: Swimming pool, Clubhouse

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: KRC HAWAII CO., LTD.

Phone: (808) 735-1765

Name

449 Kapahulu Avenue, Suite 102

(Business)

Business Address

Honolulu, Hawaii 96815

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

Suk Ho Song President

Si Woong Moon Vice President

Oh Hyun Kwon Vice President

Kee Bon Nam Secretary

Steve Kwon Treasurer

Soon-Chang Kwon General Manager

Real Estate Sales Agent: REALTY FIVE, LTD.

Phone: (808) 955-3355

Name

1585 Kapiolani Boulevard, Suite 718

(Business)

Business Address

Honolulu, Hawaii 96814

Escrow: LONG & MELONE ESCROW, LTD.

Phone: (808) 531-3189

Name

Suite 501, 333 Queen Street

(Business)

Business Address

Honolulu, Hawaii 96813

Managing Agent: To be selected

Phone: _____

Name

(Business)

Business Address

Attorney for Developer: HIROSHI SAKAI, ATTORNEY AT LAW,
A LAW CORPORATION

Name

Suite 902, City Financial Tower
201 Merchant Street

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.

- 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 - Book _____ Page _____
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Book _____ Page _____
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

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

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

The House Rules for this condominium are:

Proposed (See Exh. F) 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>See Article V, Section 4, By-Laws</u> |

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

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

The Developer reserves the right in its sole discretion to maintain advertising, signs it deems necessary to conduct the sales of the Project; to manage, control, set allocations and charges for the Project; to manage, control, set allocations and charges for any utilities under a common meter or meters until such time as it has sold or otherwise disposed of all of the units.

The Developer has reservations for the Incremental Development of the Project in three increments. A summary is contained in Exhibit G.

The Developer has the option to sell the apartments in whole and/or in 1/6th fractional interests, the summary plans for which are contained in Exhibits H and I.

B. Underlying Land:

Address: Off Lei O Papa Road, Princeville Tax Map Key: 4th Division
Hanalei, Kauai, Hawaii (TMK) 5-4-6-01

Address TMK is expected to change because _____

Land Area: 7.611 square feet acre(s) Zoning: R15

Fee Owner: Conduit, Inc. (55%) / Jeanne A. Anderson (45%)
Name _____ / _____
P. O. Box 37730 / 3869 Owena Street
Address _____ / _____
Honolulu, Hawaii 96837 / Honolulu, Hawaii 96815

Sublessor: _____
Name _____
Address _____

C Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Buildings: A, B, C, D, E and Clubhouse Floors Per Building Clubhouse - 2 floors
Other Buildings - 3 floors
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other _____

4. Permitted Uses:

| | <u>No. of Apts.</u> | | <u>No. of Apts.</u> |
|--|---------------------|---------------------------------------|---------------------|
| <input type="checkbox"/> Commercial | _____ | <input type="checkbox"/> Industrial | _____ |
| <input type="checkbox"/> Residential | _____ | <input type="checkbox"/> Agricultural | _____ |
| <input type="checkbox"/> Timeshare/Hotel | _____ | <input type="checkbox"/> Recreational | _____ |

Other: Resort fractional interest use or other uses as may be permitted by law.

5. **Special Use Restrictions:**

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

Pets are not allowed

Number of Occupants: _____

Other: See House Rules

There are no special use restrictions.

6. **Interior (fill in appropriate numbers):**

Total Apartments 114

Elevators No Stairways Yes Trash Chutes No

| | <u>Apt. Type</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area (sf)*</u> | <u>Lanai/Patio (sf)</u> |
|---------|------------------|-----------------|----------------|------------------------------|-------------------------|
| | <u>2 BR</u> | <u>114</u> | <u>2BR/2B</u> | <u>947 square feet</u> | <u>167 square feet</u> |
| Incr. 1 | <u>2 BR</u> | <u>48</u> | <u>2BR/2B</u> | <u>947 square feet</u> | <u>167 square feet</u> |
| Incr. 2 | <u>2 BR</u> | <u>42</u> | <u>2BR/2B</u> | <u>947 square feet</u> | <u>167 square feet</u> |
| Incr. 3 | <u>2 BR</u> | <u>24</u> | <u>2BR/2B</u> | <u>947 square feet</u> | <u>167 square feet</u> |

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

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

Boundaries of Each Apartment:

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls. The floors and ceilings surrounding each of them or any pipes, wires, conduits or other utility lines running through them which are utilized for or serve more than one unit are deemed common elements as herein provided. Each apartment shall be deemed to include all the walls and partitions, floors and ceilings which are not load bearing within its perimeter walls and built-in fixtures. Additionally, the boundary lines of each apartment are the exteriors of doors, windows, and glass walls and the frames thereof and the handrail of the lanai.

Permitted Alterations to Apartments:

Except as herein specified, the common interest and easements appurtenant to each apartment shall have a permanent character and shall not be altered without the consent of all of the apartment owners affected, expressed in an amendment to this Declaration and duly filed. The common interest and easements shall not be separated from the apartment to which they appertain and shall be deemed to be conveyed, leased or encumbered with such apartment even though such interest or easements are not expressly mentioned or described in the conveyance or other instrument.

7. Parking Stalls:

Total Parking Stalls: 262 of which 190 are paved and 72 are grascrete

| | <u>Regular</u> | | <u>Compact</u> | | <u>Tandem</u> | | <u>TOTAL</u> |
|---------------------------------------|----------------|--------------------------------------|----------------|-------------|----------------|-------------|--------------|
| | <u>covered</u> | <u>open</u> | <u>covered</u> | <u>open</u> | <u>covered</u> | <u>open</u> | |
| Assigned (for individual units) | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Guest Unassigned | _____ | <u>262</u> (See Page 5, Paragraph 6) | _____ | _____ | _____ | _____ | _____ |
| Extra Available for Purchase | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Other: | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Total Covered & Open | <u>262</u> | _____ | _____ | _____ | _____ | _____ | _____ |

Each apartment will have the exclusive use of at least _____ 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
- Recreation Area
- Tennis Court
- Other: Clubhouse
- Storage Area
- Laundry Area
- Trash Chute

9. Present Condition of Improvements

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

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

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

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

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

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

Exhibit A describes the common elements.

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 may use them are:

described in Exhibit _____

as follows: The land set aside for each increment if the project is developed in increments.

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

Exhibit _____ describes the common interests for each apartment.

As follows:

If only Increment 1 developed - Apartment A101 - 2.0807%;
47 other apartments 2.034%

If only Increments 1 and 2 developed - Apartment A101 - 1.1121%;
89 other apartments 1.1111%

If all three increments (the entire project): A101 - .8764%
113 other apartments - .8772%

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

Exhibit B describes the encumbrances against the title contained in the title report dated July 3, 1989 and issued by Long & Melone, Ltd.

Blanket Liens:

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

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

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

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

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest If Developer Defaults</u> |
|---|---|
| Agreement of Sale dated April 28, 1989, Conduit, Inc., as Seller, and KRC Hawaii Co., Ltd., as Buyer, Book 23134, Page 49, for 55% interest in land. | To be satisfied before closing. |
| Agreement of Sale dated April 28, 1989, Jeanne A. Anderson, as Seller, and KRC Hawaii Co., Ltd., as Buyer, Book 23134, Page 31, for 45% interest in land. | To be satisfied before closing. |

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

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

The initial managing agent for this condominium is:

[] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[] self-managed by the Association of Apartment Owners.

[X] other To be selected

G. Estimate of Initial Maintenance Fees:

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

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

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

H. Utility Charges for Apartments:

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

Electricity

Television Cable

Gas

Water & Sewer

Other Every owner will be billed on an average basis for electricity, refuse collection, telephone, water and sewer.

Not applicable

I. Construction Warranties:

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

1. Building and Other Improvements:

The buildings, including the apartments and common elements of the Project shall have the benefit of a one year warranty against defects in materials and workmanship, which warranty shall commence as of the date of substantial completion of the building or conveyance of title to the apartment owner, whichever occurs first. It is estimated that the commencement date of such substantial completion of the Project will be in February, 1991.

2. Appliances:

Manufacturer's warranties on appliances furnished with an apartment shall be assigned by the Developer to the apartment owner and shall thereafter run in favor of the apartment purchaser directly from the manufacturer. These warranties will expire at different times, depending on the date of installation of the appliances. The Developer will assure each purchaser only that the appliances are in working order at the time of occupancy by the purchaser.

J. Status of Construction and Estimated Completion Date:

February, 1990 - Commencement
Estimated completion - Within 12 months later

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

Entire Project - 114 apartments and 262 parking stalls
Increment 1 - 48 apartments and 96 parking stalls
Increments 1 and 2 - 90 apartments and 172 parking stalls

L. 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 D contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated July 12, 1989

Exhibit E contains a summary of the pertinent provisions of the escrow contract.

Other Exhibit H - Summary of Condominium Shared Ownership Declaration
Exhibit I - Summary of 1/6th Fractional Interest - Sales Contract
Exhibit J - Shared Ownership Rules and Regulations

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

The Developer proposed to sell the apartments on a 1/6th fractional interest basis. Each 1/6th fractional interest owner will be entitled to use the apartment for a period of 60 days a year by sending his/her reservation request to the Managing Agent.

The reservation request must be sent at least 60 days prior to date when the person desires the use of an apartment in the fractional interest program and not more than 1 year in advance.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

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

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

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

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

B. Rights Under the Sales Contract:

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

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

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

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

This Public Report is a part of Registration No. 2098 filed with the Real Estate Commission on July 14, 1989.

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

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



PETER YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances

Department of Finance, County of Kauai

Planning Department, County of Kauai

Federal Housing Administration

Escrow Agent

EXHIBIT "A"

COMMON ELEMENTS

The common elements of the Project include:

A. The land in fee simple.

B. The foundations, floor slabs, columns, girders, beams, supports, bearing walls, roofs, entry landings, and stairways in the buildings not within any of the apartments.

C. The yards, landscaping, trash area, including the parking areas including any open parking stalls which may be used on a non-exclusive basis with the owners of the project adjacent to this Project, all of the landscaped yards and lawns.

D. The central and appurtenant installations for services use or necessary to the existence, maintenance and safety of the Project.

E. All licenses, leases, or contractual arrangements that the Association enters into with respect to the common elements.

F. Any limited common elements that by the terms thereof shall become common elements.

G. The driveway within the Project and the parking stalls. Any other improvements placed on the grounds.

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. Easement D-7 (10 feet wide) for surface drainage purpose, located along the northerly and northwesterly boundaries of Lot 3, as shown on File Plan 1179.

2. Declaration of Restrictive Covenants and Conditions by Eagle County Development Corporation, dated September 1, 1971, recorded in Liber 7444, Page 93, as amended.

3. Reservations unto Consolidated Oil & Gas, Inc., as set forth in Deed dated March 30, 1979, recorded in Liber 13590, Page 400.

4. Grant of Easement in favor of Princeville Development Corporation dated October 8, 1980, recorded in Liber 15068, Page 17, granting a perpetual easement for golf course access and golf cart and golf course maintenance equipment roadway proposes, over, under and across a portion of the land described herein, said easement being more particularly described as per survey of Wesley M. Thomas, Registered Professional Land Surveyor, dated January 3, 1980, to-wit:

5. Agreement of Sale dated April 28, 1989 between Conduit, Inc., as Seller, and KRC Hawaii Co., Ltd., as Buyer, recorded in the Bureau of Conveyances, State of Hawaii, in Book 23134, Page 49, for 55% interest in land.

6. Agreement of Sale dated April 28, 1989 between Jeanne A. Anderson, as Seller, and KRC Hawaii Co., Ltd., as Buyer, recorded in the Bureau of Conveyances, State of Hawaii, in Book 23134, Page 31, for 45% interest in land.

7. Real property taxes as may be due and owing. Check with the Tax Assessor for further information.

EXHIBIT C

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees: For First Increment

| <u>Apartment</u> | <u>Monthly Fee x 12 months = Yearly Total</u> |
|---|---|
| Each apartment (a 1/6 fractional interest = \$2.40) | \$14.375 X 12 = \$ 172.50 |
| 48 apartments | \$690.00 X 12 = \$8,280.00 |

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

\$110 X 12 = \$1,320.00

Gas

20 X 12 = 240.00

Refuse Collection

10 X 12 = 120.00

Telephone

70 X 12 = 840.00

Water and Sewer

Maintenance, Repairs and Supplies

Building

250 X 12 = 3,000.00

Grounds

50 X 12 = 600.00

Management

65 X 12 = 780.00

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

80 X 12 = 960.00

Reserves

25 X 12 = 300.00

Taxes and Government Assessments

Audit Fees

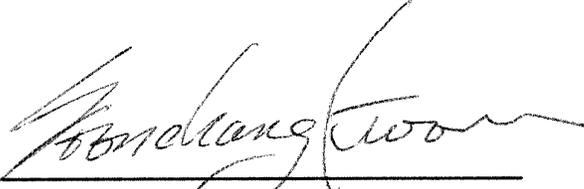
Other

10 X 12 = 120.00

TOTAL

\$690 X 12 = \$8,280.00

I/We, SOON-CHANG KWON, as
Developer ~~managing agents~~ for the condominium project, hereby certify that the above estimates of initial
maintenance fee assessments and maintenance fee disbursements were prepared in accordance
with generally accepted accounting principles.



Date: July 12, 1989

EXHIBIT "D"

SUMMARY OF SALES CONTRACT

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

(a) The Purchaser is purchasing an apartment in the Project which is a two-bedroom apartment.

(b) The common interest of the apartment is as set forth in the Declaration of Condominium Property Regime.

(c) A Purchaser must obtain his own financing. The sales is being made in cash and the Purchaser's money will be held in escrow under the terms of the Escrow Agreement.

(d) The interest on deposits made in escrow shall belong to the Seller so long as said funds are held in escrow.

(e) That the unit will be subject to various other legal documents which the Purchaser certifies that he/she has examined.

(f) The Purchaser must close the purchase at a certain date and pay the closing costs in addition to the purchase price.

(g) When the sale and marketing takes place in a foreign nation, such sale and marketing, management and administration in the foreign nation shall be governed by the laws of such foreign nation and all such charges, costs, fees and expenses that are imposed by the sales and marketing agent in the foreign nation and/or imposed by the foreign nation are not governed by the terms of this Contract. Such charges, costs, fees and expenses shall be supplemental to and are not a part of this Contract and shall be governed by the laws of such foreign nation.

(h) The Sales Contract contains various other provisions with which the Purchaser should become acquainted.

EXHIBIT "E"

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) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

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

EXHIBIT "F"

KRC GARDEN HAWAII
HOUSE RULES

The purpose of these Rules and Regulations are to protect all occupants from annoyance and nuisance caused by improper use of the condominium apartments and to promote harmonious living and the maximum enjoyment of the KRC GARDEN HAWAII condominium. The responsibility for enforcement of these rules may be delegated to a managing agent by the Board of Directors of the Association of Apartment Owners. All occupants, tenants and their guests shall be bound by these rules and by standards of reasonable conduct whether covered by these rules or not.

I. OCCUPANCY

1. An apartment shall be used and occupied as an apartment, resort, residential or fractional interest use for any time period or periods, their tenants, families, domestic servants and social guests, subject to such limitation as may be contained in the Declaration, By Laws and the House Rules which may be adopted from time to time governing the use of the apartments.

2. Absentee apartment owners, should notify the Managing Agent as to the usage or nonusage of their apartment from time to time.

3. No livestock, poultry or other animals or pets whatsoever shall be allowed or kept in any part of the Project.

4. Apartment owners shall be responsible for the conduct of their children at all times, ensuring that there behavior is neither offensive to any occupant of the building nor damaging to any portion of the common elements. Children ten years of age and under shall not be permitted on the recreation

deck and pool area unless accompanied by an adult. Children are not permitted to play in corridors, lobbies, elevators or the parking garage.

5. Subject to the By-Laws of the Association, apartment owners may lease their apartment or make it available to friends, but the person or persons leasing, renting or living in their apartment shall abide by the House Rules, and the owners shall assume responsibility for the occupants' conduct. The owners must notify the manager of the names and length of anticipated occupancy of lessees or guests and must deliver to lessees or guests a copy of these House rules and, if required by the Board of Directors, must obtain prior approval of the Board of any such lessee or guest.

6. Upon request of the Board of Directors or Managing Agent, for good cause, apartment owners shall immediately abate and remove any lessee or guest from the Project premises, without compensation for lost rentals or any other damage resulting therefrom.

7. Owners shall be responsible for designating a local agent to represent their interest if their residence is outside of Hawaii or if they will be absent from their apartment for more than 30 days. Such owners shall file with the Manager their out-of-town address and telephone number and the telephone number of their local agent.

II. COMMON AREAS, AND ENTRANCES AND LANAIS

1. The sidewalks, passages, lobbies, stairways and corridors must not be obstructed or used for any purpose other than ingress and egress.

2. No shoes, sandals, dry cleaning, etc., shall be allowed to remain in view at front entrances.

3. The throwing of firecrackers and the explosion of any fireworks anywhere on the Project building grounds or within the Project buildings is expressly prohibited.

4. All garbage deposited in either the trash chute (if any), or trash cans must be wrapped. No bottles, cans, boxes or any breakable, bulky or inflammable objects shall be placed in the trash chute (if any). All newspapers are to be rolled and tied before depositing them in the chute (if any).

5. Barbecuing is not allowed on the lanai.

6. No clothes shall be hung on or from lanai railings for any purpose whatsoever so as to be in view of persons outside the building.

7. Any potted plant on lanais shall have containers placed under the pots so as to avoid dripping of water therefrom.

III. INTERIOR OF APARTMENTS

1. All apartments shall have window drapes of white or light beige in color as seen from the Project buildings' exterior. Drapes of other color are allowed, however, if otherwise approved by the Board of Directors.

IV. USE OF RECREATION AREAS AND FACILITIES

1. Use of the recreation areas and facilities shall be limited to apartment owners, lessees, tenants, and members of their families and guests. No other person may use the recreation areas unless accompanied by a resident of the Project.

2. Pool hours are from 8:00 a.m. to 6:00 p.m. or as designated from time to time by the Board of Directors or the Managing Agent.

3. Children ten years of age and under shall not be permitted on the pool deck area unless accompanied by an adult.

4. No roughhousing is allowed in the pool or surrounding area.

5. Swimmers shall dry themselves completely before leaving the recreation deck.

6. No container, tumbler, drinking glass, or any other item made of glass shall be permitted in the vicinity of the swimming pool.

7. No person with bandages or open wounds of any type may use the pool.

8. Persons with long hair (shoulder length or longer) shall wear bathing caps in the pool if required by the Board of Directors or the Managing Agent.

V. PARKING AREAS

1. Paved Parking.

The paved parking are for the use of the owners, tenants, guests and invitees. The Manager may designate parking stalls for employees who are employed in the Project.

2. Parking Stall Use.

The following shall be observed in the use of parking stalls:

a. Apartment Owners shall advise the Manager in writing of the type of vehicle and license number being used by himself, his lessee or guest.

b. Automobiles shall be centered in parking spaces so as to prevent crowding of adjacent spaces and/or blocking of passages.

c. Violators of parking regulations shall have their cars towed away at their own expense. If the violator is a lessee or guest of an owner, the owner shall be held responsible.

d. Owners working, washing, cleaning or polishing cars on the Project premises shall clean the area thoroughly before leaving.

e. Extensive repairs of a motor vehicle, boat, surfboard or other equipment shall not be permitted on the Project premises.

VI. NOISE

1. Excessive noises of any type are prohibited at any time.

2. No workmen are allowed in the Project buildings before 8:00 a.m., or after 7:00 p.m., except in an emergency.

3. Radios, T.V.'s, stereos, etc., are to be played at reduced volume after 10:00 p.m. and early in the morning.

VII. BUILDING MODIFICATIONS

1. No structural changes of any type shall be permitted either within or without an apartment except in accordance with the By-Laws of the Association.

2. No awnings, shades, windbreaks, or any other similar device which is visible from the exterior of the Project buildings shall be installed without the prior approval of the Board of Directors.

3. No signs, signals or lettering shall be inscribed or exposed on any part of the Project buildings, nor shall anything be projected out of any window or off any lanai or deck, without the prior approval of the Board of Directors except for temporary sales and marketing signs for the Developer and its broker.

4. No projections shall extend through any door or window opening into any corridor or beyond the exterior face of the Project buildings.

5. No radio or TV antenna shall be erected or maintained outside the physical confines of any apartment.

6. No additions or alterations to the original design of any apartment will be permitted which are visible from the exterior of the Project buildings.

VIII. GENERAL

1. Furniture placed in common areas are for use in those specific areas and must not be moved therefrom.

2. Maintenance personnel shall not be asked to do work within the area of any apartment or asked to leave the Project premises for any reason.

3. No solicitation or canvassing shall be allowed in the Project buildings at any time.

4. Advance notice must be given to the Manager when household goods or large items of furniture are to be moved in order that the stairways can be protected by pads, if necessary, and proper scheduling of their use can be made.

5. The Manager shall not be required to give anyone access to any apartments or lockers (if any) without the written permission of the apartment owner.

6. Apartment owners shall file their name, address, phone number and signature with the Manager.

7. Apartment owners shall observe and adhere to these House Rules and ensure that their lessees, licensees, and

invitees observe and adhere to these House Rules. Apartment owners will be responsible for their guests' observance of all House Rules as set forth herein. In the event expenses are incurred due to violations of House Rules by lessees, licensees and invitees, the Owner shall be responsible for payment of same.

IX. THE VIOLATION OF ANY HOUSE RULES ADOPTED BY THE ASSOCIATION OF APARTMENT OWNERS OF KRC GARDEN HAWAII SHALL GIVE THE BOARD OF DIRECTORS OR ITS AGENT THE RIGHT TO:

1. ENTER THE APARTMENT IN WHICH, OR AS TO WHICH SUCH VIOLATION OR BREACH EXISTS AND TO SUMMARILY ABATE AND REMOVE, AT THE EXPENSE OF THE DEFAULTING APARTMENT OWNER, ANY STRUCTURE, THING OR CONDITION THAT MAY EXIST THEREIN CONTRARY TO THE INTENT AND MEANING OF THE PROVISIONS HEREOF AND THE BOARD OF DIRECTORS OR THE MANAGING AGENT SHALL NOT THEREBY BE DEEMED GUILTY IN ANY MANNER OF TRESPASS: OR

2. TO ENJOIN, ABATE OR REMEDY BY APPROPRIATE LEGAL PROCEEDINGS, EITHER AT LAW OR IN EQUITY, THE CONTINUANCE OF ANY SUCH BREACH, AND ALL COSTS THEREOF, INCLUDING ATTORNEYS' FEES, SHALL BE BORNE BY THE DEFAULTING APARTMENT OWNER.

KRC2
H R

EXHIBIT "G"

SUMMARY OF INCREMENTAL DEVELOPMENT

1. The Developer presently plans to develop the project in its entirety which consists of 114 apartment in Buildings A through E inclusive, a Clubhouse and 262 parking stalls.

2. The Project at the option of the Developer may be developed in 3 increments as follows:

a. Increment 1. Buildings A and B each having 24 apartments and a total of 96 parking stalls.

b. Increment 2. Building C of 18 apartments and Building D of 24 apartments and a total of 76 parking stalls.

c. Increment 3. Building E with 24 apartments and 56 parking stalls and a Clubhouse with 34 parking stalls.

3. If the Developer decides to develop in increments, he will do so in the following order: Increments 1, 2 and 3.

4. The common interest for each residential apartment is subject to decrease as each increment is completed and the land area is increased.

| | | | | |
|----|---------------|---------|---|-----------------|
| a. | Increment 1 - | 2.034% | - | 47 Apartments |
| | | 2.0807% | - | Apartments A101 |
| b. | Increment 2 - | 1.1111% | - | 89 Apartments |
| | | 1.1121% | - | Apartments A101 |
| c. | Increment 3 - | .8772% | - | 114 Apartments |
| | | .8764% | - | Apartment A101 |

EXHIBIT "H"

SUMMARY OF CONDOMINIUM SHARED OWNERSHIP DECLARATION

1. SHARED OWNERSHIP PROGRAM.

The Shared Ownership Program is a program in which a person buys an undivided 1/6th fractional interest (not less than sixty (60) days in a condominium apartment. The Declaration sets forth the program and how it will work.

2. MEMBERSHIP IN THE PROGRAM AND APARTMENT USE.

When a person buys a one-sixth or more undivided interest in a unit, he will join with five other purchasers of the remaining undivided interests. As member in the program each shared owners has the right to use the apartment in accordance with a reservation procedure set forth in the Shared Ownership Declaration and Shared Ownership Rules and Regulations.

3. ADMITTANCE AND WITHDRAWAL FROM THE PROGRAM.

The apartment becomes a part of the Program when the first fractional interest is transferred in an apartment. There are six (6) shared ownerships for each apartment.

4. RESERVATION PROCEDURE.

The shared owners may reserve the use of an apartment up to a total of 60 days per calendar year. Unused time is not carried over to a later year. The minimum reservation and use period is seven (7) days per stay. Subject to availability a shared owner may reserve an apartment up to one calendar year prior to the commencement of his requested use period.

5. SHARED CONDOMINIUM MAINTENANCE FEES.

Each owner will be assessed shared condominium maintenance fees to pay various apartment and program expenses for the shared owners. Each shared owner understands that the costs is likely to rise over time and accordingly the fees can be expected to increase from time to time to provide sufficient funds to cover expenses.

6. DETAILED READING OF DECLARATION IS NECESSARY.

The detailed reading of the Declaration is necessary since it contains in further detail the Shared Ownership Program, the rights, duties and responsibilities of the owners, the Declarant and the Manager. A copy of the Declaration and other legal documents referred to in Exhibit I, Paragraph (f) shall be provided each prospective purchaser.

EXHIBIT "I"

SUMMARY OF 1/6TH FRACTIONAL INTEREST -- SALES CONTRACT

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

(a) The Purchaser is purchasing a one-sixth interest in an apartment in the Project which is a two-bedroom apartment.

(b) The common interest of the apartment is divided into six (6) parts which the Purchaser will be sharing with five (5) other owners the condominium maintenance fees for the apartment.

(c) A Purchaser must obtain his own financing. The sales is being made in cash and the Purchaser's money will be held in escrow under the terms of the Escrow Agreement.

(d) The interest on deposits made in escrow shall belong to the Seller so long as said funds are held in escrow.

(e) The unit will be subject to a Shared Ownership Declaration and Shared Ownership Rules and Regulations as set forth in such Declaration and Rules and Regulations.

(f) That the unit will be subject to various other legal documents which the Purchaser certifies that he/she has examined.

(g) The Purchaser must close the purchase at a certain date and pay the closing costs in addition to the purchase price.

(h) When the sale and marketing takes place in a foreign nation, such sale and marketing, management and administration in the foreign nation shall be governed by the laws of such foreign nation and all such charges, costs, fees and expenses that are imposed by the sales and marketing agent in the foreign nation and/or imposed by the foreign nation are not governed by the terms of this Contract. Such charges, costs, fees and expenses shall be supplemental to and are not a part of this Contract and shall be governed by the laws of such foreign nation.

(i) The Sales Contract contains various other provisions with which the Purchaser should become acquainted.

EXHIBIT "J"

KRC GARDEN HAWAII
SHARED OWNERSHIP RULES
AND REGULATIONS

The Rules cover the Apartments in the Condominium Shared Ownership Declaration ("Declaration") for KRC GARDEN HAWAII Condominium Project ("Project") are in addition to the Condominium Declaration, Condominium By-Laws, the Condominium House Rules and the Declaration, and govern the owners', and guests', invitees' and licensees' (collectively referred to as "Owner") use of the Apartments and the Project.

RESERVATION AND USE

1. The Week.

The "week" as used herein includes seven consecutive nights commencing at 3:00 p.m. on a Saturday and ending at 10:00 a.m. on the following Saturday.

2. Time Period. The "Time Period" as used herein means a specific "week" reserved or desired by an Owner.

3. Type of Apartment.

The Apartments are the one and two-bedroom fully furnished apartments that are located in various parts of the Project as set forth in Exhibit "A" which may be added or deleted from time to time.

4. Reservations.

a. The reservation form provided by the Manager shall be used and will be accepted up to one year in advance of the desired Time Period, but not less than 60 days prior to the desired Time Period.

b. Last minute reservations will be allowed on a space available basis for uncommitted Time Periods in Apartments within the 59 day period prior to the desired Time Period. These reservations may be subject to any prior commitments made by the Manager.

5. Cancellation.

A cancellation notice postmarked fewer than 60 days prior to the first day of a reserved and confirmed Time Period shall result in a \$25.00 cancellation fee payable by the Owner making the reservation to the Manager or the KRC Garden Hawaii.

6. Late Arrival and No-Show.

Any Owner who has a confirmed reservation and fails to arrive before 8:00 p.m. on the first day of the confirmed Time Period must notify the reservation office within 24 hours of the scheduled arrival time that he may be delayed. Failure to notify the reservation office during the 24-hour period will result in the Owner's loss of use for that Time Period for that year. The Owner must pay his common expenses for the entire Time Period regardless of whether he uses the Time Period.

7. Additional Time Within the Resort.

Each Owner on a space available basis will be allowed to extend his stay by payment of such charges as set by the Manager and will be handled on the basis of a last minute reservation.

8. Condominium Maintenance Fees.

The Shared Condominium Maintenance Fees are to be paid in such periodic installments and amounts as are specified by the Manager.

9. Collection Fee.

A collection fee of \$25.00 and interest charge shall be levied on any Owner who fails to make the payment within 14 days after written notice is given. The Association does not waive any of its rights to collect other charges, costs, expenses and damages.

10. Damage.

Any loss, breakage or damage beyond normal wear and tear of the Apartment, its furniture, equipment and furnishings and to the common or limited common elements of the Project, penalties and interest will be charged to the Owner in whose name

the reservation was made and made payable upon billing of the charges.

11. Suspension of Privileges.

Any Owner who breaches the Condominium Declaration, By Laws, House Rules, the Declaration and these Rules shall be suspended immediately from occupying his Time Period. (See Section 22 of the Declaration for further enforcement provisions).

12. Vacating the Unit.

If an Owner fails to vacate at the end of his Time Period, he or she shall be evicted summarily. If an Owner prevents another person from occupying the succeeding Time Period, he or she agrees to pay an amount equivalent to 300% of the daily rental per day to obtain temporary accommodations for the persons entitled to use the Apartment.

SHARED OWNERSHIP RULES

The Owners agree to the following, and if there are differences from the Condominium Declaration, By Laws, House Rules and Declaration and these Rules, the most stringent shall control and be enforced:

13. Reporting Damages.

Any violations of these Rules or damages to the apartment or Project common area should be reported promptly to the Manager.

14. Nuisance.

The occupants of Apartments shall not make any noise in the building which will annoy neighbors. Particular effort must be exercised to insure a minimum of noise between 10:00 p.m. and 8:00 a.m., Sunday through Thursday, and between midnight and 8:00 a.m. Fridays and Saturdays. This applies to among other things social gatherings, television sets, radios, stereos and musical instruments.

15. Cooking.

No outdoor cooking shall be conducted on lanais. Outdoor cooking shall be permitted only in the common areas designated by the Manager or as permitted by the Condominium Association. Fires other than outdoor cooking are not permitted.

16. Parking Area.

Owners are to park only in designated areas as directed by the Manager.

17. Pets.

Owners are not allowed to keep pets in an Apartment.

18. Storage.

Owners are not allowed to store any items of personal property including vehicles and sports equipment in an Apartment. Only personal belongings are allowed when the Owners are using the Apartment during a confirmed Time Period.

19. Removal of Furniture and Furnishings.

Owners are not allowed to remove fixtures, furniture, towels, glasses, utensils or any other items of personal property placed in the Apartment for the use and enjoyment of other Owners.

20. Hazards.

The parking areas or other common areas shall not be used for recreational activities of any kind unless designated for the specific use employed. Parents or legal guardians are responsible for the appropriate supervision of minors at all times.

21. Illumination.

Owners or guests shall not use any illumination other than an electric light bulb or a small number of candles, or use or permit to be brought into the building any flammable oils or fluids.

22. Appearance.

No items of personal property will be allowed to be stored or displayed where such items are visible from outside of the Apartments. Clothes shall not be hung on Apartment lanais or lanai railings.

23. Building Maintenance.

Every owner is expected to do his or her part towards keeping the Apartments and the common areas clean and neat to the fullest practicable extent.

24. Swimming Pool.

The swimming pool hours shall be as posted from time to time at the poolside. Children under 12 years old must be accompanied by an adult. No drinking glasses, bottles or jars are permitted at poolside and no food is permitted within ten feet of the pool. There is no lifeguard on duty at any time.

Adopted this _____ day of _____, 1989.

KRC HAWAII CO., LTD.

By _____
Its

KRC
R & R