

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:

1. Developer has exercised its right to add one (1) additional unit to the project. The Declaration of Condominium Property Regime has been amended to reflect the exercise of Developer's right to add Unit 4. the Description of Unit A is contained in the Declaration.

2. ML Development Resources is the fee owner and developer.

3. Mitsui Rehouse Realty Incorporated is the real estate broker for the project.

Special Attention

The developer has disclosed that the land area beneath and adjacent to each unit is designated as a limited common element and does not represent a legally subdivided lot. The prospective purchaser is cautioned to carefully review the condominium documents for further information regarding the foregoing.

Should an owner apply for Zoning Permits with the Kauai Planning Department, 75% of the owners, or their assignee must sign the permit form(s).

Since the project has not been legally subdivided services normally associated with County approved subdivisions may not be available to the units. Please refer to Exhibit H.

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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.

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.

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.

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 Ohana
 Mixed Residential and Commercial Agricultural
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

<u>Apt. No.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
1	1	2/1	728	28
2	1	2/1	728	28
3	1	3/1	880	28
4**	1	3/2	975	65

Total Apartments: 4

*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.

**Includes Maid's Quarters.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>7</u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u><u>7</u></u>

7. Recreational amenities: None

PEOPLE CONNECTED WITH THE PROJECT

Developer: ML DEVELOPMENT RESOURCES, a Hawaii partnership **Phone:** 988-8077

Business Address: 2917 Loomis Street
Honolulu, Hawaii 96826

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

Abe Lee Development, Inc. General Partner
Abraham Lee, President

South Street Development, Inc. General Partner

Real Estate Broker: Mitsui Rehouse Realty Incorporated **Phone:** 523-8188
745 Fort Street, Ste. 1850
Honolulu, Hawaii 96813

Escrow: Security Title Corporation **Phone:** 245-6975
4370 Kukui Grove, Ste. 203
Lihue, HI 96766

General Contractor: **Phone:**

Condominium Managing Agent: None **Phone:**
Business Address:

Attorney for Developer: Glenn M. Adachi **Phone:** 526-3880
841 Bishop Street, Ste. 1601
Honolulu, Hawaii 96813

II. CREATION OF THE 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 - Document No. 90-128217
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

Amendment No. 1 of the Declaration of Condominium Property Regime was recorded on June 17, 1991 in the Bureau of Conveyances as Document No. 91-077914.

- 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. 1364
 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 - Document No. 90-128218
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

The Condominium Statute (Chap. 14A, 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 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%	75%
Bylaws	65%	65%
House Rules	---	Board of Directors

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

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

1. To add a second phase, consisting of one additional unit, Unit 4, for a period up to and including July 31, 1999.*
2. To amend the Declaration, By-Laws and Condominium Map at anytime prior to recording of the sale of the unit.
3. To amend the Declaration and Condominium Map to file the "as built" certificate.

* By Amendment to the Declaration (see page 7), Developer exercised its right to add a second unit, designated as Unit 4.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.

[] Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

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

Exhibit _____ contains further explanations 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.

[] Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

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

Exhibit _____ contains further explanations 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:

For Subleascholds:

- 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.

B. Underlying Land:

Address: 4791 Iiwi Road Tax Map Key: 4-6-15-8
 Kapaa, Kauai 96826 (TMK)

Address TMK is expected to change because each dwelling will have its own street address

Land Area: 1.03 square feet acre(s) Zoning: R-7.5

Fee Owner: ML DEVELOPMENT RESOURCES

Address: 2917 Loomis Street
 Honolulu, Hawaii 96826

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: 5 Floors Per Building 1

Exhibit contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Determined By Zoning		No. of Apts.	Use Determined By Zoning
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>4</u>	<u>Residential</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other:	_____				

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

5. Special Use Restrictions:

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

Pets: No livestock, poultry or animals except for 1 dog, 1 cat, aquarium fish and a pair of small birds.

Number of Occupants:

Other:

There are no special use restrictions.

6. Interior(fill in appropriate numbers):

Elevators _____ Stairways _____ Trash Chutes _____

Apt. No.	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
1	1	2/1	728	28
2	1	2/1	728	28
3	1	3/1	880	28
4**	1	3/2	975	65

Total Apartments: 4

*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.

**Includes Maid's Quarters.

Boundaries of Each Apartment:

1. All perimeter walls, floors, foundations and roof of each building.
2. All pipes, wires, conduits, or other utility and services lines in such building, outside such building, if the same are not utilized for more than one apartment.
3. The parking slab and carport of the respective dwellings.

Permitted Alterations to Apartments:

Apartment owner may renovate, remodel, make additions to, remove or restore the unit.

7. Parking Stalls:

Total Parking Stalls: 7

	<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)		<u>3</u>			<u>1</u>	<u>3</u>	<u>7</u>
Guest							
Unassigned							
Extra Available for Purchase							
Other:							
Total Covered & Open		<u>3</u>				<u>4</u>	

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

- Swimming pool
- Recreation Area
- Tennis Court
- Storage Area
- Laundry Area
- Trash Chute

Other: _____

9. Present Condition of Improvements (Unit 4 only. For condition of Unit 3, see Final Public Report)
 (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

The main dwelling appears to be in poor condition and the maid's quarters appears to be in very poor condition. The structural integrity of both structures is damaged by termite infestation and in addition the maid's quarters structural integrity is damaged by dry rot.

The plumbing system appears to be functioning properly but is deteriorated. The electrical system appears to be functioning properly.

No representations are made concerning the expected useful life of the buildings.

(See Exhibit J)

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

See Exhibits H and I.

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 C non 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 immediately beneath and adjacent, constituting the limited common area, being Lots 1, 2, 3 and 4 as shown on the Condominium Map. The limited common area reserved for the exclusive use of each unit is as follows:

<u>Unit No.</u>	<u>Limited Common Area (sq.ft.)</u>
1	8,231
2	6,959
3	10,617
4	8,502

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 B describes the common interests for each apartment.

As follows:

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

Exhibit C describes the encumbrances against the title contained in the title report dated April 16, 1991 and issued by Security Title Corporation .

Blanket Liens: None

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.

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>
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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.

other

G. Estimate of Initial Maintenance Fees:

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

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

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

H. Utility Charges for Apartments:

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

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

Other _____

I. Construction Warranties: N/A-Conversion of existing buildings

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: No warranties

2. Appliances: No warranties

J. Status of Construction and Estimated Completion Date:

Building permits for Units 1 and 2 were issued on April 6, 1978. The building permit for Unit 3 was issued on June 24, 1975. The Kauai Building Department records indicate that Unit 4 was constructed in 1940 and the maid's quarters were built in 1927.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

See Exhibit E

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

Escrow Agreement dated June 25, 1990

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

Other _____

IV. A TIONAL INFORMATION NOT COVER) ABOVE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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, 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, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2279 filed with the Real Estate Commission on July 25, 1990

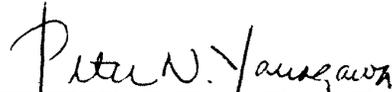
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yellow paper stock

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pink paper stock

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



PETER N. 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

EXHIBIT A

DESCRIPTION OF COMMON ELEMENTS

(a) The land in fee simple;

(b) All ducts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which will serve the apartments for services such as power, light, water, gas, refuse, telephone, radio, and television signal distribution;

(c) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, and normally in common use;

(d) The portion of the land designated on the Condominium Map as Phase 2; provided, said portion will become a limited common element for the exclusive benefit of Unit 4, if the Declarant exercises its option to add Unit 4.

EXHIBIT B

Common Interest

<u>Apartment No.</u>	<u>% Common Interest</u>
1	25%
2	25%
3	25%
4	25%

Exhibit C

List of Encumbrances

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

2. Right-of-Way in favor of Citizens Utilities Company, a Delaware corporation, duly authorized to do business in the State of Hawaii dated October 21, 1975, for easement for construction and maintenance of power and communication lines purposes, recorded in said Bureau of Conveyances in Book 11020, Page 29.

3. Grant of easement in favor of Citizens Utilities Company, a Delaware corporation duly authorized to do business in the State of Hawaii dated July 18, 1978, for construction and maintenance of power and communication lines purposes, and recorded in said Bureau of Conveyances in Book 13032, Page 687.

4. Covenants, agreements, obligations, conditions, easements and other provisions as contained in Declaration of Condominium Property Regime of "Iiwi Hale" dated June 25, 1990 and recorded in said Bureau of Conveyances as Document No. 90-128217 and By-Laws of the Association of Apartment Owners of Iiwi Hale dated June 25, 1990 and recorded aforesaid as Document No. 90-128218. Project covered by Condominium Map No. 1364.

5. Real Property taxes due and owing. For more information contact County of Kauai, Real Property Assessment.

EXHIBIT E
PROJECT PHASE

The Developer has reserved the right, at its option and expense, to construct an additional unit in the area designated "Phase 2 Dwelling Lot 4" on the sheet titled "CPR MAP 'IIWI HALE'" of the Condominium Map, for a period up to July 31, 1999. The conditions for the exercise of Phase 2 are set forth in paragraph 23c of the Declaration of Condominium Property Regime.

The Developer also shall have the right, without being required to obtain the consent or joinder of any person or group of persons, including any apartment owner or any lien holder, or any other person who may have any interest in the Property or the Project:

(i) to amend this Declaration and the Condominium Map to describe and depict Phase 2, to establish the apartment number for the additional apartment, to create additional common and limited common elements and easements as appurtenant to the additional apartment and/or to the other apartments in the Project, to determine and describe the common interest and percentage of expenses appurtenant to the additional apartment, to reduce the common interests appurtenant to the other apartments in the Project, to declare that the additional apartment may be used for those purposes allowed by the Declaration, to file the "As Built" Certificate required by the Act upon completion of construction for the additional apartment constituting Phase 2, and to set forth such other matters necessary or desirable to effect any such alteration in the Project;

(ii) to amend any prior instrument of conveyance of an apartment and undivided interest so as to conform the same to the Declaration, as so amended; and

(iii) to have its contractor or contractors enter the Property and the Project as necessary for the construction of Phase 2; provided that the Declarant and its contractor(s) shall use reasonable efforts, consistent with maintaining the progress of such construction, to avoid interference with the use and enjoyment of the Project by the other apartment owners.

The common interest appurtenant to each existing apartment shall be decreased so that the percentage of undivided interest upon the development of Phase 2 shall be as set forth in paragraph 7 of the Declaration.

Paragraph 23c may not be amended without the consent of the Declarant.

The Developer by Amendment to the Declaration of Condominium Property Regime dated _____ has exercised its right to add one additional unit. (See page 7 of report for recording information.

EXHIBIT F

Summary of Sales Contract

The sales contract contains the price, description and location of the apartment and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the sales contract provides:

(a) A section for financing to be filled in and agreed to by the parties which will set forth how the buyer will pay the purchase price.

(b) That a buyer's deposits will be held in escrow until the sales contract is closed or cancelled.

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

(d) What will happen if there is a default under the sales contract.

The sales contract contains various other provisions which the buyer should become acquainted with.

EXHIBIT G

Summary of Escrow Agreement

The escrow agreement sets up an arrangement under which the deposits a buyer 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 collect payments due pursuant to the sales contract.

(b) Escrow will deposit all monies received pursuant to the sales contract in a special account with a financial institution.

(c) Escrow will let buyers know when payments are due.

(d) Escrow will arrange for and supervise the signing of all necessary documents.

(e) The escrow agreement says under what conditions refund will be made to a buyer.

(f) The escrow agreement says what will happen to a buyer's funds upon default under the sales contract.

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



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

August 27, 1990

COPY

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

Subject: Comments on Iiwi Hale Condominium Report
Tax Map Key: 4-6-15:8
Kapaa, Kauai, Hawaii

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

The amount of limited common elements corresponds to the allowable unit density permitted by the CZO. The subject property is zoned Residential District (R-4) and qualifies for four (4) units.

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

There should be a disclosure provision written into this and all ensuing condominium reports stating that approval of the report should not be misconstrued to mean that all County Codes and Ordinances have been complied with. Subsequent development and use shall comply with all applicable County Codes and Ordinances. It should also be made clear that the Horizontal Property Regime (HPR) does not necessarily mean that all County

EXHIBIT H

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
Page 2
August 27, 1990

requirements pertaining to subdivision of lands have been met. Therefore, such facilities/improvements that are normally associated with County-approved subdivisions such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emerging traffic, drainage facilities, etc., may not necessarily be provided for. Further, such services as County street maintenance and trash collection will not be available for interior road/driveways.

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



PETER A. NAKAMURA
Planning Director

cc: Russell Kam



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

April 15, 1991

Mr. Russell Kam
ML Development Resources
2907 Loomis Street
Honolulu, Hawaii 96822

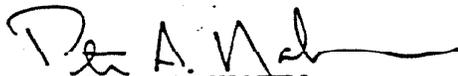
SUBJECT: TMK: 4-6-15: 8 at Kapaa, Kauai

The subject property is zoned Residential District (R-4) and contains an area of 1.03 acres which, based solely upon zoning and land area, qualifies for four (4) single-family dwelling units and one (1) guest cottage.

We do not recognize CPR unit lines as lot lines therefore the guest cottage could be rebuilt if torn down. However, it is important to note that the replaced guest cottage must conform to our regulations and it is the only guest cottage allowed on the entire 1.03 acres. We have enclosed our guest cottage regulations.

Please be advised that further evaluation, requirements, and approvals from pertinent agencies may also be required prior to development of this property. Further, please be advised that this letter shall not be used as a representation of the County of Kauai's official consent for development of this property, or as part of the sale of this property to a prospective purchaser.

Should you have any questions, please contact Keith Nitta of my staff at 245-3910.


PETER A. NAKAMURA
Planning Director

Enclosure

EXHIBIT I

COUNTY OF KAUAI
PLANNING DEPARTMENT

GUEST HOUSE REQUIREMENTS

1. It is located on a parcel of land of at least 9,000 square feet.
2. It is physically separate from the dwelling unit and observes all required setbacks.
3. It is used only by guests and may not be rented out as a separate dwelling.
4. It does not contain a kitchen or any room used for cooking or preparing food.
5. It contains no more than 500 square feet of gross floor area, including all living space, storage, decks and garages under a single roof structure.
6. Decks and storage areas which are not covered by a roof need not be included as part of the floor area calculations.
7. If a garage exists on the main dwelling of a lot, an additional garage can be attached to the guest house provided that the garage area be included as part of the gross floor area.
8. If no garage exists on the main dwelling, then a garage or other accessory use to the main dwelling can be added to the guest house without including the added area as part of the gross floor area, provided that the applicant sign a form stating that the garage or accessory use is for the purpose of servicing the main dwelling only.
9. It complies with all applicable State and County laws and regulations, including all of the above requirements.

NOTE: Servants' quarters must conform to the guest house requirements.

5/21/76

March 18, 1991

ML Development, Inc.
2907 Loomis Street
Honolulu, Hawaii 96822

Dear Mr. Abe Lee,

As per your instructions, visual inspections were made on the property located at 4791-A Iiwi Rd, T.M.K. 4-6-15:8, Kapaa, Kauai on January 20, 1991 and March 14, 1991.

The purpose of the inspections was to examine and comment on the present condition of the buildings. Unit 4 contains two separate structures: 1. dwelling with an attached open carport, 2. maids quarters. Kauai Building Department has on record that the dwelling was constructed in 1940 and the maid's quarters in 1927.

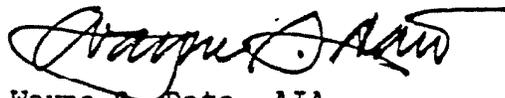
The following describes my assessment of the present condition of the buildings:

1. The structure described as dwelling appears to be in poor condition. The unit's structural integrity has been damaged in various areas by termite infestation.
2. The structure described as maid's quarters appears to be in very poor condition. The unit's structural integrity has been damaged by termite infestation and dry rot.

The plumbing system for both units appears to be functioning but deteriorated. Both units appears to have had portions of the electrical system upgraded and appears to be functioning properly.

Conclusion: The dwelling described above appears to be in poor condition. The useful life of the structure is about 5 years. The maid's quarters appears to be in very poor condition and has no useful life expectancy.

Sincerely,



Wayne S. Date, AIA
Registered Professional Architect
Hawaii Reg. No. 5421

EXHIBIT J