CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer: A. LARRY WHARTON, et al.
Address: P. O. Box 39
Kilauea, Kauai, Hawaii 96754

Project Name(*): KOLO KAI
Address: 1980 Kolo Road
Kilauea, Kauai, Hawaii

Registration No. 2490 (Partial Conversion)

Effective date: August 1, 2001
Expiration date: September 1, 2002

Preparation of this Report:

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

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

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

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

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

Type of Report:

___ PRELIMINARY: (yellow) — The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A final Public Report will be issued by the developer when complete information is filed.

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

___ SECOND SUPPLEMENTARY: (pink) — This report updates information contained in the:
[ ] Preliminary Public Report dated:_____
[ ] Final Public Report dated:_____
[X] Supplementary Public Report dated: October 16, 1997

And [X] Supersedes all prior public reports
[ ] Must be read together with_____
[ ] This report reactivates the_____ public report(s) which expired on_____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

[ ] Not required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

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

[X] Changes made are as follows:

(a) The area of the limited common element appurtenant to Units 1, 2, 3, 4, 5 and 7 have all increased.

(b) The former common element pasture area has been eliminated.

(c) The size of the common element driveway has decreased.

(d) The Attorney for the Developer has changed.

(e) The Condominium Map has been amended to reflect the changes noted herein.

(f) The description of Unit 6 has changed (from a shed to a farm dwelling unit).

SPECIAL ATTENTION

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

1. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have been complied with.

2. Facilities and improvements normally associated with county approved subdivision, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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

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EXHIBIT A: Amended Condominium Map and Limited Common Element Locations
EXHIBIT B: Summary of Sales Contract
EXHIBIT C: Schedule of Apartments and Common Interests
EXHIBIT D: Summary of Portions of Escrow Agreement
EXHIBIT E: Common Elements and Limited Common Elements of the Project
EXHIBIT F: Encumbrances Against Title
EXHIBIT G: Disclosure Abstract
EXHIBIT H: Estimate of Initial Maintenance Fees and Disbursements
EXHIBIT I: Letter(s) from County of Kauai Planning Department

General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer:	* A. LARRY WHARTON, et al. P. O. Box 39 Kilauea, Kauai, Hawaii 96754	Phone: (808) 828-1312

* See page 5a for a complete list of project developers.

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

N/A

Real Estate Broker:	BETA PACIFIC, INC. P. O. Box 39 Kilauea, Kauai, Hawaii 96754	Phone: (808) 828-1312
Escrow:	TITLE GUARANTY ESCROW SERVICES, INC. 235 Queen Street Honolulu, Hawaii 96813	Phone: (808) 521.0211
General Contractor:	KCS, INC. P. O. Box 734 Kilauea, Kauai, Hawaii 96754	Phone: (808) 828-1846
Condominium Managing Agent:	Self-managed by Association of Unit Owners	Phone:
Attorney for Developer	Max W. J. Graham, Jr. Belles Graham Proudfoot & Wilson 4334 Rice Street, Suite 202 Lihue, Kauai, Hawaii 96766-1388	Phone: (808) 245-4705

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

A. LARRY WHARTON
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Kilauea, Kauai, Hawaii 96754
Telephone: (808) 828-1312

ROBERT JOHN SEMERAD
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MARGARET NEUMANN, Trustee
BARBARA NEUMANN TROMBLEY, Trustee (Revocable Trust)
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Lihue, Kauai, Hawaii 96766
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TOLA JACK BENNINGTON, JR.
P. O. Box 718
Kilauea, Kauai, Hawaii 96754
Telephone: (808) 828-1990

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:
[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 91-099490
Book_____ Page _____
[ ] Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: Amended and Restated Declaration of Condominium Property Regime dated July 17, 1997, recorded as Document No. 97-110372; First Amendment To Amended And Restated Declaration of Condominium Property Regime dated January 12, 2001, recorded in said Bureau as Document No. 2001-057842.

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
[X] Recorded - Bureau of Conveyances Condo Map No. 1533
[ ] Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: Amended and Restated Declaration of Condominium Property Regime dated July 17, 1997, recorded as Document No. 97-110372; First Amendment To Amended And Restated Declaration of Condominium Property Regime dated January 12, 2001, recorded in said Bureau as Document No. 2001-057842.

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

The Bylaws for this condominium are:
[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 91-099491
Book_____ Page _____
[ ] Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: Amended and Restated Bylaws dated July 17, 1997, recorded as Document No. 97-110373.

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

The House Rules for this condominium are:

[ ] Proposed [ ] Adopted [X] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	75%
House Rules	----	N/A

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

2. Developer

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

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

The Developer reserves the right to change the Declaration and Condominium Map as provided for in Section M. of the Declaration.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

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

[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires:_____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit_____contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year

For Sub-leaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit_____contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. **Underlying Land:**

Address: 1980-A Kolo Road (Unit 1)
1980-C Kolo Road (Unit 2)
1980-E Kolo Road (Unit 3)
1980-G Kolo Road (Unit 4)
1980-J Kolo Road (Unit 5)
Kilauea, Kauai, Hawaii

Tax Map Key: (TMK): (4) 5-2-012-001

[ ] Address [X] TMK is expected to change because Units 6 and 7 will receive their own designations.

Land Area: 33.717 [ ] square feet [X] acre(s) Zoning: Agricultural, Open and Open/Special Treatment-Resource

Fee Owner:

A. LARRY WHARTON
JAN LEE WHARTON
P. O. Box 39
Kilauea, Kauai, Hawaii 96754

MARGARET NEUMANN, Trustee
BARBARA NEUMANN TROMBLEY,
Trustee (Revocable Trust)
BARBARA NEUMANN TROMBLEY,
Trustee (Irrevocable Trust)
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TERRY ANN SEMERAD
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Kilauea, Kauai, Hawaii 96754

TOLA JACK BENNINGTON, JR.
4508 Belmont Avenue
Vancouver, B.C., Canada V6R-1C4

SCOTT CHARLES SPIERLINE
VALERIE LYNN SPIERLING
489 Rincon Avenue
Sunnyvale, California 94086

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 9 Floors Per Building All one-story structures, except for the Farm Dwelling on Unit 5, which is two stories high.

   [ ] Exhibit_____contains further explanations.

3. Principal Construction Material:

   [ ] Concrete [ ] Hollow Tile [X] Wood

   [X] Other Stucco and Metal

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted by Zoning	
[ ] Residential		[X] Yes	[ ] No
[ ] Commercial		[ ] Yes	[ ] No
[ ] Mix Res/Comm		[ ] Yes	[ ] No
[ ] Hotel		[ ] Yes	[ ] No
[ ] Timeshare		[ ] Yes	[ ] No
[ ] Ohana		[ ] Yes	[ ] No
[ ] Industrial		[ ] Yes	[ ] No
[X] Agricultural	6	[X] Yes	[ ] No
[X] Other: Shed)	1	[X] Yes	[ ] No

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

[X] Yes [ ] No

5. Special Use Restrictions:

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

[X] Pets: Household pets may be kept consistent with any applicable law and restrictive covenants applicable to the project as long as they do not becomea nuisance to the other owners.

[ ] Number of Occupants: _____

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers): See Page 11a

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identify

Total number of Apartments: 7

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

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

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

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

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

Qty.	Apt. No.	No. Bdm./Bath	Net Living Area (sq. ft.)	Lanai/Patio (sq. ft.)	Other Areas (sq. ft.)
1	1	3/4	2845	94	40-porch 173-patio 654-garage
1	2	4/3	2628	246	440-garage 90-storage
1	3	2/2	1274	107	400-garage
1	4	3/3	2766	1252	672-garage
1	5	2/3	1912	1266	690-garage 1800-garage
1	6	3/2	2163	981	N/A
1	7	0/0	0	0	16-Ag shelter

7. Parking Stalls:

Total Parking Stalls: 12

	Regular Covered	Regular Open	Compact Covered	Compact Open	Tandem Covered	Tandem Open	TOTAL
Assigned (for each unit)	2 (Units 1-5)	2 (Unit 6)					12
Guest							
Unassigned							
Extra for Purchase							

Other: Unit 7 has ample area within its limited common element for parking purposes.

Total Covered & Open:	12	0	0	12

Each apartment will have the exclusive use of at least 2 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:

[X] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis court [ ] Trash Chute/Enclosure(s)

[ ] Other: _____

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

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by _____ (Date)

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

Based upon a report prepared by an independent professional engineer, it is the developers' opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the individual condominium units appear to be sound and in satisfactory working condition. However, no representations of any kind are made as to the expected useful life, if any, of said structural components and mechanical and electrical installations.

11. Conformance to Present Zoning Code

a. [X] 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 lawfully at one time but which does not now conform to present zoning requirements:

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

D. **Common Elements, Limited Common Elements, Common Interests:**

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

[X] described in Exhibit E.

[ ] as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

[ ] There are no limited common elements in this project.

[X] The limited common elements and the apartments which use them, as described in the Declaration, are:

[X] described in Exhibit E.

[X] as follows: The portion of the land set aside for the use of each owner of a unit, as set forth in Exhibit A, subject to the roadway and utility easement, if any.

NOTE: Land areas referenced herein are not legally subdivided lots.

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

[X] described in Exhibit C.

[ ] as follows:

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

Exhibit "F" describes the encumbrances against the title contained in the title reports dated May 9, 24 and 25, 2001 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

F. **Construction Warranties:**

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

1. Building and Other Improvements:

None

2. Appliances:

None

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

Construction is complete. Unit 1 was built in 1980, Unit 2 in 1984, Unit 3 in 1989, Unit 4 in 1994, Unit 5 in 1980, Unit 6 in 2000, and Unit 7 received final building approval on January 9, 1997.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

The initial condominium managing agent for this project, named on page five (5) of this report is:

[ ] not affiliated with the Developer [ ] the Developer or the Developer's affiliate.
[X] self-managed by the Association of Apartment Owners [ ] other _____

B. **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, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

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

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

C. **Utility Charges for Apartments:**

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

[ ] None [ ] Electricity (_____ Common Elements only _____ Common Elements & Apartments)

[ ] Gas (_____ Common Elements only _____ Common Elements & Apartments)

[ ] Water [ ] Sewer [ ] Television Cable

[X] Other Utility services to Units 2 and 6 are currently a shared expense. Refer to Section XIV of the Declaration of Condominium Property Regime for further information.

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

[ ] Notice to Owner Occupants

[X] Specimen sales Contract
Exhibit B contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated July 8, 1991.
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

B. **Buyer's Right to Cancel Sales Contract:**

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

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

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

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The developer delivers to the buyer a copy of:
   1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); **AND**

C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all the documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been given an effective date be the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other Farm Dwelling Agreements

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2490 filed with the Real Estate Commission on August 5, 1991.

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

[ ] YELLOW paper stock [ ] WHITE paper stock [X] PINK paper stock

C. **Additional Information Not Covered Above:**

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine whether your expectations can be realized, you should carefully review this Report. You should also conduct your own investigations to ascertain the validity of information provided.

It is anticipated that the initial improvements on Units 6 and 7 will be replaced by or supplemented with farm dwellings. The prospective purchaser shall have the right to build such farm dwelling at purchaser's expense. The purchaser shall also, in such event, file the "as built" certificate within thirty days of completion of the farm dwelling in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the farm dwelling. The County of Kauai Planning Department requires, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the Declaration and the Bylaws ("condominium documents"). Except as limited specifically by the condominium documents and subdivision restrictive covenants (if any), all uses permitted in the agricultural zone are permitted. Such uses include, but are not limited to, growing crops, raising animals, residence, diversified agriculture, forestry, orchards and nurseries and wildlife management. See Kauai County Comprehensive Zoning Ordinance ("CZO"), Article 8.7 for detailed information. In relation to specifically permitted uses of buildings and other improvements, structures shall only be occupied or used for agriculture, associated residential uses, and/or other uses permitted under the Kauai County Zoning Ordinances and the condominium documents. A farm dwelling may not be constructed unless a unit owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval.

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

Pursuant to §§16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that owner/developer A. LARRY WHARTON, (RB-8814), is a current and active Hawaii-licensed real estate broker. Further, that Mr. Wharton is affiliated with Beta Pacific, Inc., the project broker. Pursuant to Section 16-99-11(c), HAR, "(n)o licensee shall advertise 'For Sale by Owner, . . .'".

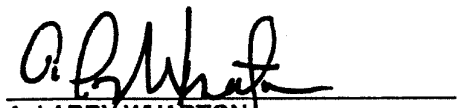
Presently, the County building ordinance allows one guest house to be constructed on this project. The right to construct the guest house shall be determined by agreement of the owners or by sealed bid auction. Residential farm dwelling density for Unit 7 is based on current interpretations of the CZO by the County of Kauai Planning Department. Please see Exhibit I to this public report. A prospective purchaser of Unit 7 should verify this information prior to purchase.

There are Restrictive Covenants running with Unit 6 which limits the floor area and height of the dwelling to be built. Additionally, there are encroachment easements in favor of the existing improvements for any setback or unit boundary violations. For more specifics, refer to First Amendment to the Declaration of Condominium Property Regime of Kolo Kai.

D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.

E. On behalf of all the developers, the undersigned hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developers and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

A. LARRY WHARTON
Owner/Developer



A. LARRY WHARTON

April 27, 2001
Date

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

EXHIBIT A

CONDOMINIUM MAP AND LIMITED COMMON ELEMENT LOCATIONS

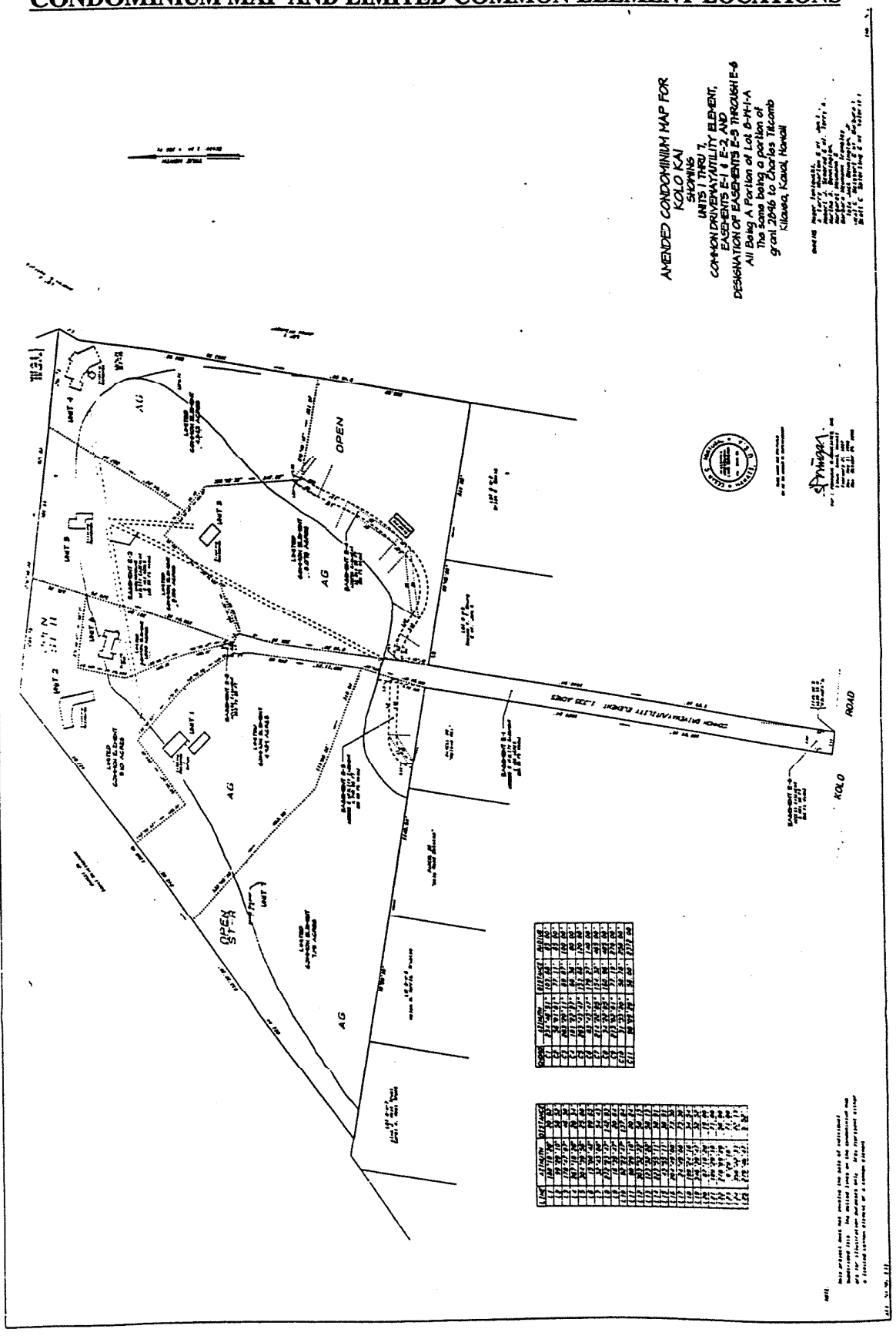


EXHIBIT B

SUMMARY OF SALES CONTRACT

The intended sales contract for the Project is the standard Hawaii Association of Realtors' Deposit Receipt, Offer and Acceptance ("DROA") form. The DROA contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Evidence of Title. Seller shall furnish Buyer evidence of Seller's marketable title to the interest which is to be conveyed to Buyer. If Seller fails to deliver title as herein provided, Buyer has the option to terminate this agreement and have any of Buyer's deposits returned to Buyer. The foregoing shall not exclude any other remedies available to Buyer. Buyer will receive an Owner's standard coverage policy of title insurance at closing: (a) Seller shall pay 60% of the premium to be charged for an owner's standard coverage policy of title insurance to be issued to the Buyer in the amount of the sales price; and, (b) Buyer shall pay 40% of such premium and any additional costs relating to the issuance of any extended coverage policy, including a Lender's policy.

2. Termite Inspection. Seller shall deliver to Buyer through escrow a report from a licensed pest control company stating that there is no live visible termite infestation in the improvements described herein. Seller shall pay for termite extermination treatment if it is required.

3. Seller's Limited Warranty: Seller warrants and Buyer will acknowledge in writing that all major appliances, plumbing and electrical and/or gas fixtures included in the sale will be in working order consistent with their age as of the date of closing or occupancy, if earlier. No other warranty is expressed or implied.

4. Risk of Loss. Risk of loss passes to Buyer upon transfer of title or occupancy whichever occurs first.

5. Default. It is expressly understood and agreed: First: In the event Buyer falls to pay the balance of the purchase price or complete the purchase as herein provided, Seller may (a) bring an action for damages for breach of contract; (b) retain the initial deposit and all additional deposits provided for herein, as liquidated damages; and (c) Buyer shall be responsible for any cost incurred in accordance with this contract. Second: In the event Seller fails to perform his obligations as herein provided, Buyer not being in default, Buyer may (a) bring an action against Seller for damages for breach of contract; (b) file and maintain an action against Seller for specific performance of this contract; and (c) Seller shall be responsible for any cost incurred, in accordance with this contract. The foregoing shall not exclude any other remedies available to either Seller or Buyer. In the event of default and/or a lawsuit arising out of this contract (including a suit by a REALTOR for commission), the prevailing party shall be entitled to recover all costs incurred

including reasonable attorneys' fees. All expenses incurred by escrow shall be deducted from deposited funds prior to any disbursement to the prevailing party.

6. Consent. The obligations of Buyer or Seller hereunder are conditioned upon obtaining those necessary consents of vendors, existing mortgagees, lessors and/or condominium, co-op or other such associations, Buyer or Seller agree to cooperate and take all reasonable action to obtain such consents.

7. Time is of the Essence. If either Buyer or Seller for reasons beyond his control cannot perform his obligation to purchase or sell the property by the closing date, then such party by giving escrow written notice prior to the closing date called for in this contract with copies to all parties to this contract, can extend closing for no longer than 30 calendar days to allow performance. Thereafter time is of the essence and the default provisions of paragraph 5 apply. Any further extension must then be agreed to in writing by both parties. There is no automatic right to extend. This provision relates only to the extension of the closing date.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE DROA. THE BUYER MUST REFER TO THE BUYER'S DROA TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE DROA, THE DROA WILL CONTROL, NOT THIS SUMMARY.

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Unit No.	Area of Limited Common Element* (Acres)	No. of Br./Bath	Appx. Net Net Living Area (sq. ft.)	Appx. Other Area (sq. ft.)	Common Int.
1	1	4.939	3/4	2845	173-patio 40- porch 94-lanai 654-garage	1/7
1	2	3.101	4/3	2628	246-lanai 440-garage 90-storage	1/7
1	3	3.136	2/2	1274	107-lanai 400-garage	1/7
1	4	4.542	3/3	2766	1252-lanai 672-garage	1/7
1	5	8.073	2/3	1912	1266-deck 690-garage 1800-warehouse	1/7
1	6	1.000	3/2	2163	981-lanai	1/7
1	7	7.191	0/0	0	16-ag shelter	1/7

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest h as been computed. There are seven units, each of which custains a structure and each of will burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 1/7th for each unit. However, wherever a decimal equivalent may be required, the following percentages shall apply: 14.2857% for units 1 through 6; Unit 7, having the largest limited common element land area in the project, was given 14.2858% to allow common interest to total 100%.

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

***Note: Land areas referenced herein are <u>not</u> legally subdivided lots.**

EXHIBIT D

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (."Escrow"), and BETA PACIFIC, INC., a Hawaii corporation, T. JACK BENNINGTON, husband of Rita Bennington, MARTHA ANN BENNINGTON, unmarried, MARTHA B. STANYER, wife of Andrew B. Stanyer, ROGER TANIGUCHI, unmarried, A. LARRY WHARTON and JAN L. WHARTON, husband and wife, as Tenants by the Entirety, and TERRY ANN SEMERAD, wife of Robert John Semerad (collectively, the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a Sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be, made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contracts and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project.

3. Escrow will release from the Trust Fund and disburse Buyer's funds at closing. No disbursements will be made from Buyer's fund until: (a) the Real Estate Commission has issued a Final Public Report on the project and forty-eight (48) hours have elapsed since Buyer's receipt of a copy of the Final Public Report., (b) Buyer has waived its tight to cancel the sales contract; and (c) Seller, has notified Escrow that all other requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Where sales contracts are entered into, Escrow will disburse funds upon presentation by Seller of Buyer's signed receipt for the Final Public Report and with notification by Seller that all of the requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Escrow will call for payments by the Buyer upon receipt of notice from Seller that any payments are due under any sales contractor.

4. Escrow will return deposited sums to the Buyer without Interest if Seller gives Escrow written notice to return the funds to Buyer, or with respect to a Buyer whose funds were obtained before the issuance of a Final Public Report, Escrow receives from the Buyer a written request to cancel the sales contract or after Issuance of the Final Public Report and Buyer's waiver of his right to cancel the sales contract in accordance with Section 514A-62, Hawaii Revised Statutes, there shall be any material change in the project which directly, substantially and adversely affects the use or value of the Buyer's apartment or appurtenant common elements or those amenities of the project available for Buyer's use, of a nature entitling the Buyer to cancel his sales contract pursuant to Section 514A-63, Hawaii Revised Statutes. These funds shall be returned to Buyer less Escrow's

cancellation fee, if any, any mortgagee's cancellation fee and all other costs incurred in connection with the Escrow.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive an amount to be determined by Escrow for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. Title insurance will also cost an additional sum.

* * * * * * * * * * *

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

EXHIBIT E

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

(a) the land in fee simple;

(b) the 1.735 acre common area driveway/utility element which is shown on the Amended Condominium Map;

(c) all commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone; and

(d) any and all other future elements and facilities in common use or necessary to the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements", have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit are those certain land areas upon and around which Units 1, 2, 3, 4, 5, 6 and 7 are located, shown and designated on the Condominium Map and the table below.

Unit Number	Area of Limited Common Element*
1	4.939 acres
2	3.101 acres
3	3.136 acres
4	4.542 acres
5	8.073 acres
6	1.000 acres
7	7.191 acres

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

EXHIBIT "F"

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

2. Free flowage of the Kilauea Stream, as shown on Tax Map.

3. A 100-year flood building setback line as shown on the map prepared by Masao Fujishige, Registered Professional Surveyor, dated February 17, 1977.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Farm Dwelling Agreement dated January 22, 1982 and recorded in said Bureau in Liber 16185 at Page 507, by and between LARRY C. McKNIGHT and TERRY A. McKNIGHT, "Applicants", and the COUNTY OF KAUAI Planning Department, "Department"

5. Grant to Citizens Utilities Company, a Delaware corporation, and Hawaiian Telephone Company, now known as GTE Hawaiian Telephone Company Incorporated dated May 20, 1981, and recorded in said Bureau in Liber 16524 at Page 648, granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity, etc., over and across Easement "E-1".

6. Grant to Citizens Utilities Company, a Delaware corporation, and Hawaiian Telephone Company, now known as GTE Hawaiian Telephone Company Incorporated dated December 21, 1981, and recorded in said Bureau in Liber 16524 at Page 658, granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity, etc., over and across Easement "E-2".

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Farm Dwelling Agreement dated September 16, 1988, and recorded in said Bureau in Liber 22512 at Page 48, by and between T. JACK BENNINGTON, husband of Rita Bennington, and MARTHA ANN BENNINGTON, unmarried, "Applicants", and the COUNTY OF KAUAI Planning Department, "Department".

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) related to handicap but does not discriminate against handicapped persons:

Declaration of Condominium Property Regime For "Kolo Kai" dated June 28, 1991, and recorded in said Bureau as Document No. 91-099490.

Condominium Map No. 1533 and any amendments thereto.

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) related to handicap but does not discriminate against handicapped persons:

By-Laws of the Association of Condominium Owners dated June 28, 1991, and recorded in said Bureau as Document No. 91-099491.

The aforesaid Bylaws were amended and restated by instrument dated July 17, 1997, recorded in said Bureau as Document No. 97-110373.

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Amended and Restated Declaration of Condominium Property Regime of Kolo Kai (formerly known as Kolo Kai Agricultural Condominium) dated July 17, 1997, and recorded in said Bureau as Document No. 97-110372.

11. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain First Amendment to Amended and Restated Declaration of Condominium Property Regime of Kolo Kai dated January 12, 2001, and recorded in said Bureau as Document No. 2001-057842.

12. Grant in favor of Donn A. Carswell, Trustee, Gale F. Carswell, Trustee, Christopher D. Carswell, unmarried, and David C. Carswell, unmarried, dated July 17, 1997, recorded as Document No. 97-110374, granting perpetual and non-exclusive vehicular and pedestrian access easements appurtenant to Unit 2, of the condominium project known as "Molowa Wai", over and across Easements "E-1" and "E-3".

13. Grant in favor of Thomas Yew Tong Chung, Trustee Grant in favor of Thomas Yew Tong Chung, Trustee and Jane Chung Chung, Trustee, dated July 17, 1997, recorded as Document No. 97-110375, granting a perpetual and non-exclusive vehicular and pedestrian access easement appurtenant to Lot 8-W-3, identified by Tax Map Key No. (4) 5-2-012-003, over and across Easement "E-6".

14. Grant in favor of GREGORY A. TAYLOR, unmarried, dated July 17, 1997, recorded as Document No. 97-110376, granting a perpetual and non-exclusive vehicular and pedestrian access easement appurtenant to that certain parcel of land designated by Tax Map Key No. (4) 5-2-012-019, over and across Easement "E-4".

15. Grant in favor of GREGORY A. TAYLOR, unmarried, dated July 23, 1997, recorded as Document No. 97-110377, granting a perpetual and non-exclusive vehicular and pedestrian access and utility easement appurtenant to that certain parcel of land designated by Tax Map Key No. (4) 5-2-012-019, over and across Easement "E-1".

16. Grant in favor of Association of Condominium Owners of Kolo Kai, an unincorporated association, dated July 28, 1997, recorded as Document No. 97-110378, granting a perpetual and non-exclusive vehicular and pedestrian access easement over and across Easement "E-4".

17. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deeds dated ---, acknowledged November 21, 1991, recorded as Document No. 92-048024, dated ---, acknowledged November 21, 1991, recorded as Document No. 92-048025, dated ---, acknowledged November 21, 1991, recorded as Document No. 92-048026, dated ---, acknowledged November 21, 1991, recorded as Document No. 92-048027, and dated ---, acknowledged November 21, 1991, recorded as Document No. 92-048028.

EXHIBIT G

AMENDED DISCLOSURE ABSTRACT FOR KOLO KAI

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

1. Margaret Neumann is the President of the Association of Apartment Owners of the project.

2. Exhibit H to the Supplementary Public Report dated June 1, 2001, reflects the current annual maintenance fees. The Developer hereby certifies that the amounts have been based on generally accepted accounting principles.

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

4. A new farm dwelling was constructed on Unit 6, as anticipated by the original and supplementary public reports.

5. All of the apartments of the project are to be used for agricultural purposes and permitted residential use within the agricultural zone. There will be no commercial use except those activities permitted by the Kauai County Comprehensive Zoning Ordinance.

6. The sizes of the limited common elements appurtenant to Unit 1 through 7 and the sizes of the common elements have been modified as shown on the Amended Condominium Map For Kolo Kai (revised October 25, 1999), attached hereto as Exhibit "A".

Association of Apartment Owners of
KOLO KAI

By Margaret Neumann
MARGARET NEUMANN
Its President

Date: 6/1/01

RECEIPT

The undersigned has/have received a copy of the foregoing amended Disclosure Abstract with Exhibit H this _____ day of _____, 20_____.

Purchaser(s)

_____ _____

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months = Yearly Total
Unit 1	$44.17 x 12 = $530.00
Unit 2	$44.17 x 12 = $530.00
Unit 3	$44.17 x 12 = $530.00
Unit 4	$44.17 x 12 = $530.00
Unit 5	$44.17 x 12 = $530.00
Unit 6	$44.17 x 12 = $530.00
Unit 7	$44.17 x 12 = $530.00

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 Fee x 12 months = Yearly Total
Utilities and Services	
Air Conditioning	
Electricity	
[ ] common elements only	
[ ] common elements and apartments	
Elevator	
Gas	
[ ] common elements only	
[ ] common elements and apartments	
Refuse Collection	
Telephone	
Water and Sewer	
Maintenance, Repairs and Supplies	
Building Grounds	$264.17 x 12 = $3,170
Management	
Management Fee Payroll and Payroll Taxes Office Expenses	
Insurance	$ 35.00 x 12 = $ 420
Reserves(*)	
Taxes and Government Assessments	$ 10.00 x 12 = $ 120
Audit Fees	
Other	
TOTAL	$309.17 x 12 = $3,710

I, A. LARRY WHARTON, the developer for the KOLO KAI condominium project, hereby certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

A. LARRY WHARTON

June 1, 2001
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

End of EXHIBIT H

NOTE: Developer discloses that Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules.

EXHIBIT I

LETTER(S) FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

JOANN A. YUKIMURA
MAYOR

PETER A. NAKAMURA
PLANNING DIRECTOR

HOLAND D. SAGUM, III
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3919

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

July 23, 1991

Mr. Jason T. Higa
Bays Deaver Hiatt Kawachika Lezak Kodani
Attorneys at Law
P.O. Box 1760
Honolulu, Hawaii 96806

Subject: Certification of Inspection of Existing Buildings for Kolo Kai Agricultural Condominium at KIlauea, Kauai
TMK:5-2-12:1
LOTR:6/19/91

The developer of the above-mentioned condominium project ("project") has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai (Section 514A-39, HRS). Subject to the disclosures and waiver (item "c" below) specified herein, we certify the following:

a. The developer has contracted an engineer to certify that the project is in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the condition of waiver herein, the Planning Department adopts that certification as it pertains to our requirements.

b. We have no record of any zoning variances that have been granted on the subject property.

c. WAIVER
The foregoing certification is not a warranty as to any aforementioned compliance, nor a representation as to the condition of the property in question. No rights against the County of Kauai shall arise as a result of this certification. The sole reason for the execution

hereof is to comply with statutory requirements relating to the regulation of condominiums under Subsection 514(A), HRS. This certification shall not be construed to guarantee that all County Codes and Ordinances have been complied with. Subsequent development and use shall comply to all applicable County Codes and Ordinances. It should also be noted that the Condominium Property Regime (CPR) does not mean that all County requirements pertaining to subdivision of lands have been met. Therefore, such facilities/improvements that are normally associated with County approved subdivisions such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., will not be provided. Further, such services as County street maintenance and trash collection will not be available for interior roads and driveways, if any.

Please note that the intended condominium of the property does not create separate parcels of record. Furthermore, the number of limited common elements or CPR units proposed for this parcel should not exceed the number of dwelling units, including Additional Dwelling Units (ADU), permitted by the respective zoning district. It is recommended that developer resolve the allowable density with the Planning Department prior to the filing of the Notice of Intention for the proposed condominium with the Real Estate Commission.

If you have any questions, please contact Bryan Mamaclay of my staff at 245-3919.

Bryan Mamaclay
for PETER A. NAKAMURA
Planning Director

JOANN A. YUKIMURA
MAYOR

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

PETER A. NAKAMURA
PLANNING DIRECTOR

ROLAND D. SAGUM, III
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3919

July 31, 1991

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 Kolo Kai Agricultural Condominium Report
Tax Map Key:5-2-12:1
Kilauea, Kauai
LOTR:07/22/91

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 Agriculture District (A) and Open District (O) and qualifies for five (5) units.

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

The uses on the limited common elements shall be limited to those listed as permissible within the "A" Agricultural District in the State Land Use Commission Rules and Regulations. Farm dwellings on the lot shall mean a single-family dwelling located on and used in connection with a farm or where agricultural activity provides income to the family occupying the dwelling.

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 Condominium Property Regime (CPR) does not necessarily mean that all County requirements pertaining to subdivision of lands have been met. Therefore, such facilities/improvements that are normally associated with County-approved subdivisions such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency 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 Mamaclay of my staff at 245-3919.

PETER A. NAKAMURA
Planning Director

cc: Jason T. Higa

YANNE W. KUSAKA
MAYOR

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 RICE STREET, SUITE 473
LIHUE, KAUAI, HAWAII 96766

DEE M. CROWELL
PLANNING DIRECTOR

IAN K. COSTA
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 241-6677
FAX (808) 241-6699

February 13, 1995

Mr. A. Larry Wharton
Beta Pacific Inc.
P.O. Box 39
Kilauea, Hawaii 96754

SUBJECT: Permitted Residential Densities
Lot 8-W-1 (TMK 5-2-12: 01, 36, 37, 38, 39, 40 and 41)
Kolo Kai Agricultural Condominium

This in response to your letter of January 18, 1995. We have re-evaluated our records and zoning maps for the subject parcel, and note the following.

(1) The parcel was created through Subdivisions S-77-14 and S-89-56.

(2) Our letter of July 31, 1991, to Mr. Calvin Kimura of the Real Estate Commission, stated that the property qualified for five units.

(3) The parcel contains approximately fourteen (14) acres in the Open (O) and Open/Special Treatment - Resource (O/ST-R) District, with the balance of the parcel in the Agriculture (A) District.

(4) We find zoning permits issued for five dwellings on the parcel, issued under the names Symington, Wharton, Taniguchi and McKnight and Bennington.

(5) Small portions of the parcel are within the Special Management Area (SMA).

AN EQUAL OPPORTUNITY EMPLOYER

Based on the above and our current interpretation of the CZO, we conclude that the property qualifies for five dwelling units in the Agriculture District and two in the Open District. Please note that any structures within the Open/ST-R District require a Use Permit, and those in the Special Management Area may require an SMA Use Permit. According to the CZO, all of the seven (7) permitted units can be constructed within the Agriculture District, or two (2) units may be built within the Open/ST-R District if Use Permits are granted.

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 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.

If you have any questions, please contact Barbara Pendragon of my staff.

Dee M. Crowell
Planning Director

MARYANNE W. KUSAKA
MAYOR

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 RICE STREET, SUITE 473
LIHUE, KAUAI, HAWAII 96766

DEE M. CROWELL
PLANNING DIRECTOR

IAN K. COSTA
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 241-6677
FAX (808) 241-6699

March 7, 1996

Mr. A. Larry Wharton
Beta Pacific Inc.
P.O. Box 39
Kilauea, HI 96754

Subject: Permitted Residential Densities
TMK 5-2-12:, 01, 36-42
Kolo Kai Agricultural Condominium

In response to your letter dated February 23, 1996, regarding permitted residential densities on the subject parcel, we refer you to our February 13, 1995, letter to you on the same subject. Based on our records, the allowable residential density for the parcel, and permits required for the remaining unpermitted dwelling units, remain as stated in that letter.

Should you disagree with that evaluation, pursuant to CZO Section 8-2.2(e)(5), a zoning refinement determination may be requested to ascertain the exact areas of the parcel in each district. The requirements for a zoning refinement determination may include but not be limited to the following:

(1) a scaled site plan depicting all structures, metes and bounds for the parcel, CPR units, and the proposed zoning district boundaries;

(2) a detailed topographic map of the entire parcel, accurately indicating all structures and roadways;

(3) a site visit to verify locations and uses of all existing structures; and

(4) a letter of authorization from the holders of at least 75% of the equitable and legal title of Lot 8-W-1-A.

Based on your submittal and our department's research, the zoning refinement process could add or reduce density since more detailed information could reveal constraints which our maps do not indicate.

Please be advised that any existing structure constructed after June 10, 1985 and determined to be within the Open/ST-R District may be required to obtain a Use Permit. Also, any structure constructed within the Special Management Area after December 14, 1979, may also be required to obtain a Special Management Area permit.

Please contact Barbara Pendragon of my staff if you wish to pursue a zoning refinement for the subject property.

DEE M. CROWELL
Planning Director

END OF EXHIBIT I