



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

CONDOMINIUM PUBLIC REPORT

5191 PUUWAI
 5191 Puuwai Road
 Kalaheo, Kauai, Hawaii

Registration No. 2528 (Partial Conversion)

Issued: November 8, 1991
 Expires: December 8, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 23, 19 91, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

[X] No prior reports have been issued by the Commission.

[] Changes made are as follows:

* * * * *
*
* SPECIAL ATTENTION *
*
* THE DEVELOPER HAS DISCLOSED THE FOLLOWING: *
*
* 1. This public report does not constitute an approval *
* of the project, nor does it ensure that all county *
* codes, ordinances and subdivisions requirements *
* have necessarily been complied with. *
*
* 2. The land area beneath and immediately adjacent to *
* each unit as shown on the Condominium Map 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. *
*
* 3. Restrictive covenants as contained in that certain *
* Land Patent (Grant) No. 6508, to which reference is *
* hereby made which provides that a conveyance, *
* mortgage, lease or other transfer to or acquired or *
* held by or for the benefit of any alien or *
* corporation requires the written consent of the *
* Commissioner of Public Lands (Director of Land and *
* Natural Resources) and the Governor of Hawaii. *
*
* 4. There is a thirteen (13) foot wide setback line *
* along Puu Wai Road, disclosed by Agreement of Sale *
* dated December 10, 1987, recorded in the Bureau of *
* Conveyances, State of Hawaii, in Liber 21421, *
* Page 331. *
*
* 5. Facilities and improvements that are normally *
* associated with County approved subdivisions may not *
* necessarily be provided for and services such as *
* County street maintenance and trash collections will *
* not be available for interior roads/driveways. Read *
* Exhibit F (Letter from Kauai Planning Department) *
* carefully. *
*
*

* 6. When applying for a zoning permit with the Kauai *
 * Planning Department, 75% of the owners, or their *
 * assignee, must sign the permit form. If an assignee *
 * applies for the zoning permit, such assignee shall *
 * present proof of authorization from 75% of the *
 * owners at the time a permit is applied for. *
 *
 * 7. There was a road widening reserve agreement that was *
 * executed on July 16, 1991 and recorded in the Bureau *
 * of Conveyances, State of Hawaii, as Document No. *
 * 91-119142, the effect of which is not to allow any *
 * building to be constructed in the future road *
 * widening reserve area. The building shall also *
 * observe the setback line from the future road *
 * widening reserve area as provided by law. *
 *
 * **THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY** *
 * **REVIEW THE DOCUMENTS FOR FURTHER INFORMATION WITH REGARD** *
 * **TO THE FOREGOING.** *
 * * * * *

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GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of 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. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
Apartment 1	1	4/2	1,332 square feet	164 sq. ft. sun deck 192 sq. ft. porch
Apartment 2	1	N/A	61.75 square feet	N/A
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

6. Parking:

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

7. Recreational amenities: None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Gary P. Venet Roger K. Tapp and Melissa F. Tapp (213) 976-7619 Venet (313) 885-0139 Tapp Phone: (Business) 3406 Tareco Drive 1500 Oxford Business Address Grosse Pointe Woods, MI 48236 Los Angeles, CA 90068

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

Four horizontal lines for listing names of officers or general partners.

Real Estate Broker: Bob Keown, Ltd. dba Makai Properties (808) 742-7561 (808) 742-1692 Phone: (Business) P. O. Box 905 Business Address Koloa, Hawaii 96756

Escrow: First American Title Co. of Hawaii, Inc. (808) 245-8877 Phone: (Business) 4374 Rice Street, #201 Business Address Lihue, Kauai, Hawaii 96766

General Contractor: Name Business Address Phone: (Business)

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

Attorney for Developer: Hiroshi Sakai, Attorney at Law, A Law Corporation (808) 531-4171 Phone: (Business) 201 Merchant Street, Suite 902 Business Address Honolulu, Hawaii 96813

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- 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. 91-43916
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

September 9, 1991, Document No. 91-125438

- 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. 1475
 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. 91-43917
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

September 9, 1991, Document No. 91-125438

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

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

The House Rules for this condominium are:

- Proposed Adopted Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority Vote of Board of Directors</u>

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

Developer has reserved the right to alter the units in the Project under Paragraph 15.0 and amend the Declaration under Paragraph 16.0, including changes to the Condominium Map and the filing of the "as built" plans, amend the By Laws under Article VI, Section 1 and adopt Building Rules under Article V, Section 4 of the By Laws.

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 Cancelled 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 cancelled or foreclosed.

B. Underlying Land:

Address: 5191 Puuwai Road Tax Map Key: (4) 2-4-4: 33
Kalaheo, Kauai, Hawaii (TMK)

Address TMK is expected to change because _____

Land Area: 21,780 square feet acre(s) Zoning: R-2

Fee Owner: Gary P. Venet Roger K. Tapp and Melissa F. Tapp
Name

3406 Tareco Drive 1500 Oxford

Address

Los Angeles, CA 90068 Grosse Pointe Woods, MI 48236

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: 2 Floors Per Building 1

Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>2</u>	<u>Yes</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: _____

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators None Stairways None Trash Chutes None

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf) sun deck</u>
Apartment 1	<u>1</u>	<u>4/2</u>	<u>1,332 square feet</u>	<u>164 square feet</u>
Apartment 2	<u>1</u>	<u>N/A</u>	<u>61.75 square feet</u>	<u>N/A</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

Boundaries of Each Apartment:

The exterior surface of the structure and the description of the limited common element was for each of the units as set forth in the Condominium Map.

Permitted Alterations to Apartments:

See paragraphs 15.0, 16.0 and 21.0 of the Declaration of Condominium Property Regime.

7. Parking Stalls:

Total Parking Stalls: _____

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for individual units)	_____	_____	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra Available for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____

Total
Covered & Open _____ Undesignated and open. The owner can park one or more vehicles in any part of the limited common element land area.

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

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

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

Other: _____

9. Present Condition of Improvements

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

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

Apartment 1 - expected useful life 25 years.

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

Apartment 1 - presently conforms to Building Code.

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

Exhibit A describes the common elements.

As follows:

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

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit

as follows:

The land area of each dwelling consisting of the land beneath as shown and delineated on the Condominium Map

Apartment 1 - 9,240 square feet

Apartment 2 - 12,539 square feet

NOTE: The apartments are not on legally subdivided lots.

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

Exhibit describes the common interests for each apartment.

As follows:

Apartment 1: 42.43% appurtenant common interest

Apartment 2: 57.57% appurtenant common interest

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

Exhibit B describes the encumbrances against the title contained in the title report dated September 17, 1991 and issued by First American Title Insurance Company

Blanket Liens:

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

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

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

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

Type of Lien

Mortgage in favor of Bancorp Finance of Hawaii, Inc. dated May 24, 1990 recorded as Document No. 90-80261.

**Effect on Buyer's Interest
If Developer Defaults**

The buyer's deposit will be returned. The buyer's contract may be cancelled and the buyer may lose all rights to acquire the apartment.

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.

[X] 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 E 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:

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: None

J. Status of Construction and Estimated Completion Date:

Apartment 1 is approximately 40 years old and was remodeled in April, 1990.
Apartment 2 is a storage shed that was completed and an Affidavit of Notice of Completion was filed on June 14, 1991.

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:

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 N/A per Section 514A-108, HRS

Specimen Sales Contract

Exhibit C contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated February 11, 1991 with First American Title Co. of Hawaii, Inc

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Each apartment is a free standing building and each has direct access to a vehicular easement having direct access to a public street. Apartment 1 has its own meter for water hookup and services. Apartment 2 will have its own meter for water hookup and services upon request and payment of all applicable charges. The utilities and water services will be separately billed.

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. 2528 filed with the Real Estate Commission on October 2, 1991.

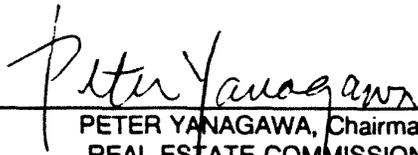
Reproduction of Report. When reproduced, this report must be on:

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



PETER YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, County of Kauai
Planning Department, County of Kauai
Federal Housing Administration

EXHIBIT "A"

Common Elements. The common elements which the units have immediate access to include:

- a. The land in fee simple.
- b. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities.
- c. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE: The title report dated September 17, 1991 reports that title to the land is subject to the following encumbrances:

1. For real property taxes, check with the Tax Assessor, County of Kauai.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Restrictive covenants as contained in that certain Land Patent (Grant) No. 6508, to which reference is hereby made.
4. Thirteen (13) foot wide setback line along Puu Wai Road, disclosed by Agreement of Sale dated December 10, 1987, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 21421, Page 331.
5. Mortgage, Security Agreement and Financing Statement made by Roger K. Tapp and Melissa F. Tapp, husband and wife, and Gary Venet, unmarried, as Mortgagor, in favor of Bancorp Finance of Hawaii, Inc., a Hawaii corporation, as Mortgagee, dated May 24, 1990, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 90-80261. Said instrument was assigned to First Federal Savings and Loan Association of America, a federally chartered savings and loan association, dated January 4, 1991, to be effective as of the opening of business on January 1, 1991, and recorded as Document No. 91-003478.
6. Condominium Map No. 1475, filed in said Bureau.
7. The restrictions, covenants, agreements, obligations, conditions, easements and other provisions set forth in Declaration of Condominium Property Regime dated February 11, 1991, recorded in said Bureau as Document No. 91-43916. The foregoing Declaration was amended by the following: Document No. 91-125438.
8. The restrictions, covenants, agreements, obligations, conditions and other provisions set forth in By-Laws of the Association of Apartment Owners of "5191 PUUWAI" dated

February 11, 1991, recorded in said Bureau as Document No. 91-43917. The foregoing By-Laws of the Association of Apartment Owners of "5191 PUUWAI" was amended by the following: Document No. 91-125438.

9. Terms and provisions of that certain Road Widening Reserve Agreement made by and between Gary P. Venet, "Applicant", and the County of Kauai Planning Department, "Department", dated July 16, 1991, recorded in said Bureau as Document No. 91-119142, to which reference is hereby made.

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EX B F

EXHIBIT "C"

Summary of Sales Contract

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

(a) A buyer must obtain his own financing. Buyer acknowledges that this Sales Contract is contingent on any financing after the issuance of the final public report.

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

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

(d) That the unit will be subject to various other legal documents which the buyer certifies that he has examined.

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

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

EXHIBIT "D"

Summary of Escrow Agreement

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

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

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

(c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

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

EXHIBIT "E"

5191 PUUWAI

REGISTRATION NO. 2528

DISCLOSURE STATEMENT AS OF February 11, 1991

1. Name and Address of Project: 5191 Puuwai Road, Kalaheo, Kauai, Hawaii 96741.

2. Name, Address and Telephone Number of Developer: Gary P. Venet of 3406 Tareco Drive, Los Angeles, California 90068, (213) Ph. 876-7619, and Roger K. Tapp and Melissa F. Tapp of 1500 Oxford, Grosse Pointe Woods, Michigan 48236, Ph. (313) 885-0139.

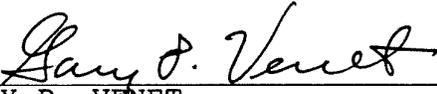
3. Managing Agent of Project: Self Management by Owners.

4. Maintenance Fees: None at present.

5. Warranties: There are no warranties as to Apartments 1 and 2.

6. Use: The project consists of 2 units to be utilized for residential use.

Dated at Los Angeles, California, this 11 day of February, 1991.

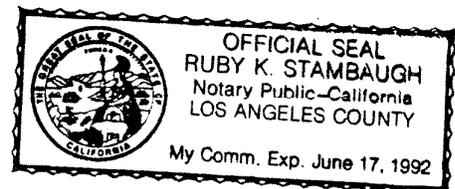

GARY P. VENET

Subscribed and sworn to
before me this 11th day of
February, 1991.


NOTARY PUBLIC,
STATE OF CALIFORNIA

My commission expires: 6/17/92

RUBY K. STAMBAUGH
NOTARY PUBLIC



Dated at Grosse Pointe Woods, Michigan, this 16th
day of February, 1991.

Roger K. Tapp
ROGER K. TAPP

Melissa F. Tapp
MELISSA F. TAPP

Subscribed and sworn to
before me this 16 day of
FEB, 1991.

John A. Bunch
NOTARY PUBLIC

STATE OF MICHIGAN

My commission expires:

JOHN A. BUNCH
Notary Public, Macomb County, Michigan
My Commission Expires June 15, 1993

P
D STM

JOANN A. YUKIMURA
MAYOR



PETER A. NAKAMURA
PLANNING DIRECTOR

ROLAND D. SAGUM, III
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3919

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

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March 8, 1991

LAW OFFICE OF SAKAI

Mr. Hiroshi Sakai
Attorney at Law
201 Merchant Street
Honolulu, Hawaii 96813

Subject: Certification of Inspection of Existing Buildings for
5191 Puuwai Condominium Proposed at Kalaheo, Kauai
TMK: 2-4-04:33

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 a private engineer, contractor/ architect or other qualified individual 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

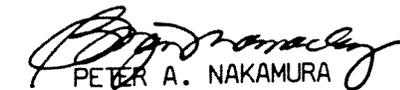
The foregoing certification is not a warranty as to any aforementioned compliance, nor a representation as to the condition of the property in question. No rights against the County of Kauai shall arise as a result of this certification. The sole reason for

EXHIBIT "F"

Mr. Hiroshi Sakai
Attorney at Law
Page 2
March 8, 1991

the execution hereof being to comply with statutory requirements relating to the regulation of condominiums under Subsection 514(A), HRS. This certification shall not be misconstrued 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 condominiumization of the property does not create separate lots with separate interests. Should you have any questions, please contact Keith Nitta or Bryan Mamaclay of my staff at 245-3919.


PETER A. NAKAMURA
for Planning Director