

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer LAWAI MOUNTAIN VIEW CO.
Address 2970 Kress Street, Lihue, Kauai, Hawaii 96766

Project Name(*): LAWAI MOUNTAIN VIEW
Address 3575 Lauoho Road, Koloa, Kauai, Hawaii

Registration No. 2627 (conversion) Effective date: February 9, 2006
Expiration date: March 9, 2007

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 governmental agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

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

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

X SUPPLEMENTARY: This report updates information contained in the:
(pink)
 Preliminary Public Report dated: _____
 Final Public Report dated: June 29, 1993
 Supplementary Public Report dated: _____
And
 Supersedes all prior public reports
 Must be read together with _____
 This report reactivates the _____
public report(s) which expire 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 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - disclosure covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

- A. The Declaration of Condominium Property Regime has been further amended by a Third, Fourth and Fifth Amendment. See page 6 for the recording information.
- B. The Condominium Map was amended with the Fourth and Fifth Amendment to the Declaration of Condominium Property Regime.
- C. Unit B has been separated into two (2) Units, Unit B-1 and Unit B-2. See page 11 for additional information.

SPECIAL NOTICE

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

- 1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.
- 2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediate 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 dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.
- 3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FORGOING.

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General Information on Condominiums

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

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

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

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

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. The 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 of 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 spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: LAWAI MOUNTAIN VIEW CO. Phone: (808) 245-1651
Name
2970 Kress Street
Business Address
Lihue, Kauai, Hawaii 96766

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)

M.S. & Joy Properties, Inc., General Partner, whose officers are Clinton Shiraishi (President), Joy Kukino (Vice President), and Fumiko Shiraishi (Treasurer)

Real Estate Broker: Kauai Realty, Inc. Phone: (808) 245-1651
Name (Business)
2979 Kress Street
Business Address
Lihue, Kauai Hawaii 96766

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 245-3381
Name
235 Queen Street
Business Address
Honolulu, Hawaii 96813

General Contractor: Not Applicable Phone: _____
Name (Business)
Business Address

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

Attorney for Developer: Michael H. Sakai, Esq. Phone: (808) 531-4171
Name (Business)
201 Merchant Street, Suite 902
Business Address
Honolulu, Hawaii 96813-2977

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

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

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

Proposed
 Recorded - Bureau of Conveyances: Document No. 92-035874
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]:

First Amendment dated May 18, 1992, recorded as Document No. 92-085684; Second Amendment dated June 15, 1992, recorded as Document No. 92-098274; Third Amendment dated July 7, 1992, recorded as Document No. 92-110934; Fourth Amendment dated January 11, 1993, recorded as Document No. 93-023532; Fifth Amendment dated July 20, 1993, recorded as Document No. 93-207223.

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

The Condominium Map for this condominium project is:
 Proposed
 Recorded - Bureau of Conveyances, Condo Map No. 1616
 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]:

Fourth Amendment dated January 11, 1993, recorded as Document No. 93-023532; Fifth Amendment dated July 20, 1993, recorded as Document No. 93-207223

- 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 manners which affect how the condominium project will be governed.

The Bylaws for this condominium re:
 Proposed
 Recorded - Bureau of Conveyances: Document No. 92-035875
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]:

First Amendment dated May 18, 1992, recorded as Document No. 92-085684.

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. Developer:

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

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

Developer has reserved the right 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 adopts Building Rules under Article V, Section 4 of the By Laws.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

Exhibit H 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: Fifty (50) years from date of lease
Rent Renegotiation Date(s): 30th and 40th years

Lease Rent Payable: Monthly Quarterly
 Semi-Automatically Annually

Exhibit H contains a schedule of the lease rent for each apartment per Month Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 - Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Automatically 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 period 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 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: 3575 Lauoho Road, Koloa, Kauai
Tax Map Key (TMK): (4) 2-5-04:71

Address TMK is expected to change because _____

Land Area: 1.602 square feet acre(s) Zoning: General Commercial

Fee Owner: LAWAI MOUNTAIN VIEW CO.
2970 Kress Street, Lihue, Kauai, Hawaii 96766

Lessor: Same

C. **Buildings and Other Improvements:**

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Number of Buildings: 4 Floors Per Building Units A, B-1, B-2 and D - 1 story
Unit C - 2 stories
 Exhibit _____ contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other _____
4. Permitted Uses by Zoning:

	<u>No of</u> <u>Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential*	_____	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>5</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Other: Shed	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

*Unit C's residential use is a non-conforming use in this commercial zoned area. See Note on Page 20.

5. Special Use Restrictions:

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

Pets: _____

Number of Occupants: _____

Other: No noxious, hazardous and/or illegal activities

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 1 (Unit C) Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>1</u>	<u>N/A</u>	<u>8,432</u>	<u>_____</u>	<u>_____</u>
<u>B-1</u>	<u>1</u>	<u>N/A</u>	<u>5,376</u>	<u>_____</u>	<u>_____</u>
<u>B-2</u>	<u>1</u>	<u>N/A</u>	<u>4,050</u>	<u>_____</u>	<u>_____</u>
<u>C</u>	<u>1</u>	<u>3/.5</u>	<u>2,018</u>	<u>346</u>	<u>deck/porch</u>
<u>D</u>	<u>1</u>	<u>N/A</u>	<u>1,629</u>	<u>_____</u>	<u>_____</u>

Total Apartments: 5

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

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

Boundaries of Each Apartment:

Each apartment includes its entire structure

Permitted Alterations to Apartments:

Apartments may be altered in accordance with the Declaration, the Building Code, Zoning and Subdivision Ordinances, Building and House Rules

Apartments Designated for Owner-Occupant Only: N/A

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 N/A elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 25

	<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 (total) (for each unit)	_____	<u>25</u>	_____	_____	_____	_____	<u>25</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	_____	<u>25</u>	_____	_____	_____	_____	<u>25</u>

Each Apartment will have the exclusive use of at least 4* parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

*Except Unit B-2 which only has 2 parking stalls. See Exhibit A which includes the parking assignment.

Commercial parking garage permitted in condominium project.

Exhibit A contain additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational 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

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below.

Violations will be cured by _____

10. Conditions and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

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

The date of completion of the residential apartment (Apartment C) is unknown. The Architect states that with proper maintenance the structural, mechanical and electrical systems should have a life expectancy of twenty (20) years plus.

Apartment C is in compliance with the Building Code.

11 Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> X* </u>	<u> </u>
Structures	<u> X </u>	<u> X* </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.

*The use of Unit C as a residential apartment is a non-conforming use.

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

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

described in Exhibit A .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit A.

as follows:

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

described in Exhibit ____.

as follows:

Apartment A	-	35% appurtenant common interest
Apartment B-1	-	19.95% appurtenant common interest
Apartment B-2	-	15.05% appurtenant common interest
Apartment C	-	15% appurtenant common interest
Apartment D	-	<u>15%</u> appurtenant common interest
		100%

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

Exhibit B describes the encumbrances against the title contained in the title report dated August 12, 2005 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 specific 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.

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

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. There are no warranties, express or implied.

2. Appliances:

None. There are no warranties, express or implied.

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

All apartments dates of completion are unknown.

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 affiliate 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.
 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, 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.

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

See Page 20

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
 Other Septic System

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

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

Escrow Agreement dated July 12, 2005

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 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 a 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 as superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

AND

2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

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

C) One of the following has occurred:

1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or

2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or

3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Report issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime
 - C) Bylaws of the Association of Apartment Owners
 - D) House Rules, if any.
 - E) Condominium Map
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other: _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of law: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is part of Registration No. 2627 filed with the Real Estate Commission on April 16, 1992

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

yellow paper stock white paper stock pink paper stock

C. **Additional Information Not Covered Above**

BUILDINGS. Each apartment is a free standing building (except for Unit B-1/B-2) and each has direct access to a public street and/or highway. Each apartment has its own meter for water hookup and services.

SEPTIC SYSTEM. There is a septic tank and absorption field that services Apartments A, B-1, B-2, C and D located on the limited common element land area of Apartment C which all of the apartments will be required to service as part of the maintenance fees for the condominium.

LEAD WARNING STATEMENT. Pursuant to federal law, 42 U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazard is recommended prior to purchase". The Developer discloses that he does not have an assessment or inspections relating to lead-based paint.

HAZARDOUS MATERIALS The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The Developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutant, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The Developer will not correct any defects in the apartment or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

CONDOMINIUM CONVEYANCE DOCUMENTS ("CCD") CCD's were previously issued for Units A and D. The lessee's interest in both CCD's is presently held by the Developer. Developer intends to issue new CCD's when and if Units A and D are sold.

UNIT C; RESIDENTIAL USE. The top floor of Unit C is presently utilized as a residence. Because this project is located in an area zoned General Commercial, such residential use is generally prohibited. In this instance, although the residential use may be considered "grandfathered" and permitted presently, such use can become illegal in the future. For instance, if the residential use is discontinued for a period of one consecutive year, such use would no longer be considered "grandfathered". Prospective purchasers of Unit C are cautioned to check with the Planning Department to determine what the applicable requirements are to continue the residential use of the apartment.

- 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-1.6]. (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

LAWAI MOUNTAIN VIEW CO.

Printed Name of Developer

*By M.S. + JOY PROPERTIES, INC.,
Its General Partner*

By: *Clinton I. Shiraiishi* *6/7/05*
 Name: *CLINTON I. SHIRAIISHI* Date
 Title: *Its President*

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"

COMMON ELEMENTS.

The common elements which the apartments have of the Project will include the common elements described hereinafter and the limited common elements described in Paragraph 5.3 of the Declaration, including specifically, but not limited to:

- a. The land in fee simple.
- b. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

LIMITED COMMON ELEMENTS

The land area of each apartment consisting of the are beneath and immediately adjacent to each apartment as shown and delineated on the Condominium Map.

Apartment A	-	31,712	square feet and Parking Stalls numbered A-1 through A-9 inclusive
Apartment B-1	-	17,554	square feet and Parking Stalls numbered B-1 through B-4 inclusive
Apartment B-2	-	4,050	square feet and Parking Stalls numbered B-5 through B-6 inclusive
Apartment C -		7,995	square feet and Parking Stalls numbered C-1 though C-4 inclusive
Apartment D -		8,175	square feet and Parking Stalls numbered D-1 through D-6 inclusive

NOTE: Each unit is not situated on a legally subdivided lot.

EXHIBIT "B"

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. Free flowage of Lawai Stream, as shown on Tax Map.
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Deed dated April 13, 1971, recorded in the Bureau of Conveyances, State of Hawaii, in Book 7496, Page 409.

The foregoing includes, but is not limited to, matters relating to water reservation.

4. A perpetual easement and right to allow and permit drainage and runoff water and storm water from Grantor's and Third Parties' adjoining lands and the irrigation system within Lot 8 onto the lands conveyed hereunder; as set forth in Deed dated April 13, 1971, recorded in said Bureau, in Book 7496, Page 409.

5. Tenancies-at-will, as set forth in said Deed dated April 13, 1971, recorded in said Bureau, in Book 7496, Page 409.

6. Flood fringe line and floodway line running within the westerly boundary of Lot 1-G, as shown on survey map prepared by Dennis M. Esaki, Registered Professional Land Surveyor, dated September 3, 1986.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Declaration of Condition of Non-Development dated September 9, 1986, recorded in said Bureau, in Book 20255, Page 497.

8. Right-of-Entry to Citizens Utilities Company, whose interest in currently held by Kauai Island Utility Co-Op, and GTE Hawaiian Telephone Incorporated, now known as Verizon Hawaii, Inc., dated May 7, 1987, recorded said Bureau, in Book 20791, Page 749; granting a right-of-entry for the purpose of building, constructing, repairing, maintaining and operating pole and wire lines, and/or underground lines, etc., for the transmission and distribution of electricity, etc.

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Declaration of Condominium Property Regime for the "Lawai Mountain View" Condominium Project, dated February 16, 1992, recorded in said Bureau, as Document No. 92-035874.

Condominium Map No. 1616 and any amendments thereto.

Said Declaration were amended as follows:

<u>DATED:</u>	<u>DOCUMENT NO:</u>
May 18, 1992	92-085684
June 15, 1992	92-098274
July 7, 1992	92-110934
January 11, 1993	93-023532
July 20, 1993	93-207223

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the By-Laws of the Association of Apartment Owners, dated February 16, 1992, recorded in said Bureau, as Document No. 92-035875.

Said By-Laws was amended as follows:

<u>DATED:</u>	<u>DOCUMENT NO:</u>
May 18, 1992	92-085684

11. Any unrecorded leases and matters arising from or affecting the same.

12. AS TO ITEM I (Unit A):

a. Condominium Conveyance Document dated February 24, 1993, in favor of Raynette Gum Yuk Younge, unmarried, for a term commencing one minute after midnight, on March 17, 1993, and terminating one minute after midnight, on December 31, 2043, recorded in said Bureau, as Document No. 93-042641.

The Lessee's Interest by mesne assignments was assigned in favor of Lawai Mountain View Co., a Hawaii registered limited partnership, dated June 9, 2003, recorded in said Bureau, as Document No. 2003-125170.

Above Condominium Conveyance amended by instrument dated December 30, 1998, recorded in said Bureau, as Document No. 2000-139037.

NOTE: A new Condominium Conveyance Document would be issued for a new purchaser.

Said Lease is subject to the following:

a. Money Mortgage dated February 10, 1998, in favor of Carl Isamu Oshiro, husband of Chung Sue Oshiro, recorded in said Bureau, as Document No. 98-019728.

b. Judgment against Carl Oshiro and Construction Hardware in favor of Calvary Investments, LLC, dated September 26, 2002, filed in the Circuit Court of the Fifth Circuit, State of Hawaii, Case No. L-02-201, on September 20, 2002.

(NOTE: Title Guaranty of Hawaii, Incorporated is unable to determine whether said above Carl Oshiro and Carl Isamu Oshiro, previous Lessee herein, are one and the same person.)

c. Tax Lien by Real Property Division, Department of Finance, County of Kauai, against Carl I. Oshiro, dated April 20, 2003, recorded in said Bureau, as Document No. 2003-077841.

d. Judgment against Carl Oshiro dba Construction Hardware & Supplies in favor of Hawaii Planning Mill, Ltd., dated May 2, 2003, recorded in said Bureau, as Document No. 2003-205675.

e. Judgment against Carl Oshiro dba Construction Hardware & Supplies, et al., in favor of White Cap Industries, dated May 3, 2004, recorded in said Bureau, as Document No. 2004-235516.

NOTE: Any conveyance of Unit A will not be subject to any of the foregoing encumbrances.

13. AS TO ITEM V (Unit D):

a. Condominium Conveyance Document dated February 24, 1993, in favor of Raynette Gum Yuk Younge, unmarried, for a term commencing one minute after midnight, on March 17, 1993, and terminating one minute after midnight, on December 31, 2043, recorded in said Bureau, as Document No. 93-042643.

The Lessee's Interest by mesne assignments was assigned in favor of Lawai Mountain View Co., a Hawaii registered limited partnership, dated September 21, 1994, recorded in said Bureau, as Document No. 94-190818.

NOTE: A new Condominium Conveyance Document would be issued for a new purchaser.

14. For real property taxes, your attention is directed to the Director of Finance, County of Kauai.

EXHIBIT "C"

Summary of Sales Contract

The Sales Contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.
2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.
3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, By-Laws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:
 - a. substantially and materially impairs the use and enjoyment of the apartment;
 - b. substantially and materially alters the arrangement of the rooms or usable space of an apartment or building;
 - c. renders unenforceable a purchasers' loan commitment;
 - d. increases the purchaser's share of common expenses or maintenance fees;
 - e. reduces the obligations of Developer of common expenses on unsold apartments.
5. Provides that the Developer is selling the apartments in "AS-IS WHERE-IS" condition. This means that the Developer is not making any warranties or representations with respect to the apartments and Project.
6. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.

7. Provides that the closing cost shall be paid as follows:

a. By purchaser: title insurance, drafting of any note and mortgage, purchaser notary fees, recording fees, one half of escrow fees, and also a start fee for common expenses, if any.

b. By Developer: drafting of apartment deed and Developer notary fees, conveyance taxes, preliminary title report, and one half of escrow fees.

8. Provides the following remedies, in the event of default under the Sales Contract:

by purchaser:

- a. Developer may bring an action against purchaser for breach of contract;
- b. Developer may retain initial deposit;
- c. Purchaser shall be responsible for expenses incurred.

by Developer:

- a. Purchaser may bring an action against Developer for breach of Contract;
- b. Purchaser may bring an action compelling Developer to perform under contract;
- c. Developer shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

9. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

The Sales Contract contains various other provisions which purchaser should become acquainted with. If there is a conflict between the terms of this summary and the Sales Contract, the latter shall control.

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"). Escrow is TITLE GUARANTY ESCROW SERVICES, INC. Under the Escrow Agreement dated July 12, 2005, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

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

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the apartment unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. If there is a conflict between the terms of this summary and the Escrow Agreement, the latter shall control.

EXHIBIT "E"

LAWAI MOUNTAIN VIEW
Registration No. 2627 (conversion)

DISCLOSURE ABSTRACT
Pursuant to Section 514A-61, Hawaii Revised Statutes

1. Project Name : Lawai Mountain View
and Address : 3575 Lauoho Road
Koloa, Kauai, Hawaii

Tax Map Key No. : (4) 2-5-04-71
2. Developer : Lawai Mountain View Co.
2970 Kress Street
Lihue, Kauai, Hawaii 96766
Telephone: 245-1651
3. Real Estate Broker : Kauai Realty, Inc.
2970 Kress Street
Lihue, Kauai, Hawaii 96766
Telephone: 245-1651
4. Escrow Agent : Title Guaranty Escrow Services, Inc.
235 Queen Street
Honolulu, Hawaii 96813
Telephone: 245-3381
5. Managing Agent : None
(if any)
6. BREAKDOWN OF ANNUAL MAINTENANCE FEES AND MONTHLY ESTIMATED COSTS FOR EACH APARTMENT: See the maintenance budget attached hereto as Exhibit "1".

The undersigned does hereby certify that the budget and break down of maintenance fees attached hereto for each apartment and the estimated monthly and annual disbursements are based upon the best judgment of data available at this time and the undersigned does not present that any of the results set forth herein will be obtained. The estimated monthly and annual disbursements are calculated upon generally accepted accounting principles. THE MAINTENANCE FEES DO NOT INCLUDE THE APARTMENT LEASE RENTS.

IN WITNESS WHEREOF, the Developer has executed this Disclosure Abstract on
Aug 30, 2005.

DEVELOPER:

LAWAI MOUNTAIN VIEW CO.

BY M. S. + JOY PROPERTIES, INC. *General Partner*

By *Clinton I. Shiraishi*

Name: *Clinton I. Shiraishi*

Title: *Its President*

EXHIBIT "1"

<u>ESTIMATED</u>	LAWAI MOUNTAIN VIEW OPERATING STATEMENT (Excluding R.P. Tax)		<u>ESTIMATED</u>
	<u>MONTHLY</u>		<u>ANNUAL</u>
Accounting & Legal	20.00		240.00
Advertising & Licenses	0.00		0.00
Property Liability Insurance	80.00		960.00
Property Fire Insurance	1,110.07		13,320.86
Property Management	0.00		0.00
Payroll - Resident Manager			0.00
Other			0.00
Taxes/Workmen Comp			0.00
Personal Property Taxes			0.00
Repairs & Maintenance	0.00		0.00
Services:			
Elevator			0.00
Janitorial			0.00
Lawn	100.00		1,200.00
Pool			0.00
Rubbish			0.00
Septic System	35.00		420.00
Other			0.00
Supplies	0.00		0.00
Utilities:			
Electricity	50.00		600.00
Gas & Oil			0.00
Water	50.00		600.00
Septic System	50.00		600.00
Telephone			0.00
Other	0.00		0.00
Parking			0.00
Miscellaneous	10.00		120.00
	<u>TOTAL</u>		<u>18,060.86</u>
	1,505.07		18,060.86

MAINTENANCE FEES

<u>NUMBER OF APARTMENT</u>	<u>% COMMON INTEREST</u>	<u>MONTHLY MAINTENANCE FEES</u>	<u>ANNUAL MAINTENANCE FEES</u>
A	35%	\$ 526.77	\$ 6,321.29
B-1	19.95%	\$ 300.26	\$ 3,603.14
B-2	15.05%	\$ 226.51	\$ 2,718.15
C	15%	\$ 225.76	\$ 2,709.12
D	<u>15%</u>	<u>\$ 225.76</u>	<u>\$ 2,709.12</u>
	100%	\$ 1,505.06	\$18,060.82

NOTE: There may have been some rounding of the figures in order to make the totals balance.

EXHIBIT "F"

**BUILDING AND HOUSE RULES
LAWAI MOUNTAIN VIEW**

The purpose of these Building and House Rules is to protect all owners and occupants from annoyance and nuisance caused by improper conduct and improper use of the LAWAI MOUNTAIN VIEW condominium, hereinafter referred to as the "Project", to provide for uniformity of appearance to enhance the Project's desirability and value, and to provide for the maximum enjoyment of the premises. All owners and occupants, their agents, employees and invitees shall be bound by these Building and House Rules and standards of reasonable conduct whether covered by these Building and House Rules or not.

1. Definitions. As used herein:

a. The "Apartment" or "Unit" refers to the cubical space of the apartment as described in the Declaration of Condominium Property Regime for the Lawai Mountain View ("Declaration").

b. The "Association" refers to the Association of Apartment Owners of the Lawai Mountain View, its Board of Directors, its authorized officers and/or Management Agent vested with authority to act on behalf of the Association.

c. The "Landlord" refers to Lawai Mountain View Co., the Landlord and Grantor of the Tenant.

d. The "Tenant" also includes the Apartment or Unit Owner and any person holding or desiring its rights of possession and/or ownership from the Apartment or Unit Owner.

e. "Definitions" as used in the Declaration, By Laws and Condominium Conveyance shall be used herein unless the context indicates otherwise.

2. Uses. The Apartment shall be used for general commercial use, non-conforming residential use and any other uses permitted under the zoning ordinances of the County of Kauai, subject to such limitations contained in the Declaration, By Laws, and any House Rules promulgated thereunder.

3. Building Permit. Any Tenant desiring to improve the apartment shall submit to Landlord and the Association the plans and specifications for the proposed improvements. Upon approval by the Landlord pursuant to the Condominium Conveyance and the Association pursuant to the Declaration, the Tenant may proceed to obtain a building permit for the construction of the improvements.

4. Building Requirements. The Tenant shall comply with the requirements of the Landlord and the Association for improvement of the Apartment and provide a 50% mechanic's and materialman's lien bond, if required by the Landlord and/or the Association for their protection against any lien that may be filed against the Apartment and the common elements of the Project.

5. Architectural Committee. The Board of Directors of the Association may appoint a 3-member Architectural Committee which could be Board members for purposes of reviewing any request for building permits. The role of the Architectural Committee is to have Tenant observe the various requirements as set forth in the Declaration, By Laws and Building and House Rules. Until the Developer of the Project has sold all of the units in the Project, a representative of the Developer shall be a member of the Architectural Committee.

6. Usage of Apartment. No noxious, hazardous and/or illegal activities may be carried on in the Apartment, including the limited common element land area of the Apartment.

7. Utilities. The use of utilities shall be by separate meter or a check meter. A Tenant may bring in a reasonable amount of computer, electrical and/or other equipment to conduct its business. The cost of providing for any extraordinary or heavy use of utilities resulting from the equipment or use by a Tenant shall be borne by that Tenant.

8. Parking Areas. Each Tenant shall use its own parking area for parking and ingress and egress from their respective apartments. In the event that any Tenant requires the temporary usage of the parking area or access of the other Tenants then they shall make their own arrangements for such temporary use.

9. Building Modifications.

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

b. No awnings, windbreaks, signs or any other similar structure or device shall be affixed to the exterior of the building without the observance of the Building Code of the County of Kauai.

c. Each Apartment shall be entitled to one sign facing the street identifying the occupant of the Apartment. Such sign shall not exceed a total of 15 square feet or what is required by the ordinances of the County of Kauai, whichever is stricter, and shall be affixed to an exterior portion of an Apartment. The type and coloring of lettering and designs of the sign shall be approved by the Landlord and Architectural Committee, in their sole discretion, and all such signs shall be in conformity with such approved sign standard.

d. In addition to the one sign in the preceding paragraph, each apartment shall also be entitled to place one window sign on the glass window next to the door to the Apartment. This window sign shall not exceed 30 inches in width by 24 inches in height, and shall be of the lettering type and coloring approved by the Landlord and the Architectural Committee in their sole discretion. The contents of the sign shall be subject to the approval of the Architectural Committee, and shall be in conformity with the standards adopted by the Landlord and Architectural Committee for such signs.

e. Except for the signs permitted by paragraphs "c" and "d" above, no other signs shall be affixed to the windows or the building by the Tenant or occupants of the building. Any free standing signs placed within any Apartment which is visible from the Courtyard or exterior of the building and intended to advertise or solicit shall be tasteful in content and color; should the Architectural Committee feel, in its discretion, that such signs are inappropriate or distasteful, the Tenant or occupant of the Apartment shall remove such signs upon written notice from the Architectural Committee. Specifically excluded from the sign restrictions are building directory or directories, apartment identification, or sign(s) identifying Lawai Mountain View, as well as any temporary sales or marketing signs, as may be erected or placed by the Developer. Also excluded are any signs which may be required by law or code.

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

10. Enforcement. The Association shall have the power to enforce these Building and House Rules. For the failure of any Unit Owner to observe these Building Rules the Association after giving ten (10) days written notice to the offending party and the failure to correct the default by such offending party will permit the Association to obtain an injunction, mandatory or prohibitory, without the necessity of any bond and/or recover damages resulting from the default. If the damages are liquidated, the Association may file a lien against the Unit. If

the damages are unliquidated, then a court order or judgment will be necessary to file a lien against the Unit.

11. Costs and Expenses. The Association or the alleged defaulting Unit Owner whoever prevails is entitled to costs and expenses including statutory interest and reasonable attorney's fees in the event of any dispute under these Building and House Rules.

Adopted effective this 16th day of February, 1992.

ASSOCIATION OF APARTMENT
OWNERS OF LAWAI MOUNTAIN VIEW

By LAWAI MOUNTAIN VIEW CO.,
a Hawaii limited partnership

By Its General Partner,
M. S. & JOY PROPERTIES, INC.

By *Alvin J. Shiraiishi*
Its President

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

March 8, 1991

COPY

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

Mr. Hiroshi Sakai
Attorney at Law
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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.

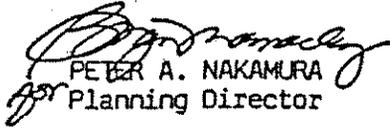

PETER A. NAKAMURA
for Planning Director

EXHIBIT "H"

Lease Rent Schedule/Lease Summary

LEASE RENT:	(Fixed for Thirty (30) Years)
Year 1 - 2	First two years the Annual lease rent of \$38,105 divided by 12 providing for the monthly rent of \$3,175.42.
Year 3 - 10	During the lease term from years 3 through 10 the Annual lease rent of \$58,625 divided by 12 providing for the monthly rent of \$4,885.42.
Year 11 - 20	During the lease term from years 11 through 20 the Annual lease rent of \$80,100 divided by 12 providing for the monthly rent of \$6,675.00.
Years 21 - 30	During the lease term from years 21 through 30 the Annual lease rent of \$107,640 divided by 12 providing for the monthly rent of \$8,970.00.

*Subject to change with notification to Real Estate Commission.

RENT RE-NEGOTIATION (See Section 5.03 of the Condominium Conveyance)

(1) During the lease term from Year 30 through Year 40 the Annual lease rent and monthly lease rent as shall be mutually agreed upon in writing by Landlord and Tenant; and

(2) During the lease term from Year 41 through Year 50 the Annual lease rent and monthly lease rent as shall be mutually agreed upon in writing by Landlord and Tenant.

ARBITRATION (See Section 5.04 of the Condominium Conveyance)

If, at least one hundred eighty (180) days prior to the beginning of the rental period referred to in item (1) and/or item (2) of the above, as the case may be, if the Landlord and all of the tenants in the Project shall fail to reach a written agreement regarding the minimum rent to be payable during such period, then the Tenant grants to the Association the right to act on behalf of the Tenant and other tenants to arbitrate the minimum rent to be payable during the period in question. The Landlord or association may give the other notice of desire that the minimum rental to be payable during the period in question shall be determined by a board of three (3) arbitrators, pursuant to Chapter 658 of the Hawaii Revised Statutes. The minimum rent shall be determined for the Project as provided hereinafter, shall be determined for the Project as provided hereafter, however, the rental

for Tenant shall be equal to its proportionate share based on Tenant's percentage undivided interest in the common elements as established by the Declaration, or any amendment thereto.

SURRENDER UPON TERMINATION (See Section 22.01 of the Condominium Conveyance)

At the expiration of the tenancy hereby created, Tenant shall surrender the Demised Premises and the improvements thereon in the same condition of cleanliness, repair and sightliness as they were in upon Tenant's commencement of business under this Lease, reasonable wear and tear and damage by unavoidable casualty excepted. Tenant shall surrender to Landlord at the place then fixed for the payment of rent all keys for locks on the Demised Premises and shall inform Landlord of the combinations of all locks, safes and vaults, if any, permanently situated thereon. On the day which the tenancy hereby created expires all alterations, additions, improvements, hard surface bonded or adhesively fixed flooring and all fixtures on the Demised Premises other than Tenants trade fixtures, operating equipment and carpeting, will become the property of Landlord and will remain upon and be surrendered to Landlord with the Demised Premises as a part thereof, without disturbances, molestation or injury and without credit to Tenant or Tenant's sublessees. On or before the last day of term of this Lease or the earlier termination thereof, Tenant, if not then in default, shall remove from the Demised Premises all of Tenant's trade fixtures, operating equipment and other personal property and repair any damage occasioned by such removal. If the Demised Premises are not surrendered at such time, Tenant shall indemnify Landlord against loss or liability resulting from delay by tenant in so surrendering the repairs, including, without limitation, any claims made by any succeeding tenant based on such delay. Tenant's obligation to observe or perform this covenant will survive the expiration or other termination of the terms of this Lease.

LIQUIDATED DAMAGES (See Section 22.02 of the Condominium Conveyance)

If, upon the expiration or other termination of this Lease, Tenant fails to yield to Landlord possession of the Demised Premises and the improvements thereon, Landlord will have the option of requiring Tenant to pay, for each day possession is withheld, an amount equal to double the daily rent (as of such expiration or termination), computed on a thirty-day-month basis. If Landlord exercises that option, Tenant shall pay said amount as liquidated damages.

HOLDING OVER (See Section 22.03 of the Condominium Conveyance)

Any holding over by Tenant after the expiration of the term of this Lease with the consent of Landlord will be construed to be a tenancy from month to month at the rent herein provided for the last lease year of the term of this Lease and will otherwise be on the terms and conditions herein specified, so far as applicable.