



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

4730 MENEHUNE ROAD

4730 Menehune Road
Waimea, Kauai, Hawaii

Registration No. 2696

Issued: September 15, 1992
Expires: October 15, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 31, 1992, 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
(yellow) Real Estate Commission minimal information sufficient for a Preliminary Public Report. A
Final Public Report will be issued when complete information is filed.

 X **FINAL:** The developer has legally created a condominium and has filed complete
(white) information with the Commission.
 [X] 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 [X] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

Special Attention

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

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION WITH REGARDS TO THE FOREGOING.

TABLE OF CONTENTS

page

Report Purpose 1
Type of Report 1
Summary of Changes from Earlier Public Reports 2
Table of Contents 3
General Information on Condominium 4
Summary of the Condominium Project 5

I. PEOPLE CONNECTED WITH THE PROJECT 6
Developer Managing Agent
Real Estate Sales Agent Attorney for Developer
Escrow Company

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A. Declaration 7
B. Condominium Map (File Plan) 7
C. Bylaws 7
D. House Rules 8
E. Changes to Condominium Documents 8

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer 9
B. Underlying Land 10
C. Buildings and Other Improvements 10
D. Common Elements, Limited Common Elements, Common Interest 14
E. Encumbrances Against Title 15
F. Management of the Common Elements 15
G. Maintenance Fees 16
H. Utility Charges 16
I. Construction Warranties 16
J. Status of Construction 17
K. Project Phases 17
L. Sales Documents Filed with the Real Estate Commission 17

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE 18

Buyer's Right to Cancel Sales Contract 19
Signature of Real Estate Commission Chairman 20

EXHIBIT A: Description of Common Elements
EXHIBIT B: List of Encumbrances
EXHIBIT C: Estimate of Maintenance Fees and Disbursements
EXHIBIT D: Summary of Sales Contract
EXHIBIT E: Summary of Escrow Agreement
EXHIBIT F:
EXHIBIT G:
EXHIBIT H:
EXHIBIT I:
EXHIBIT J:

C 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. Nos.</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area (sf)*</u> | <u>Lanai/Patio (sf)</u> |
|------------------|-----------------|----------------|------------------------------|-------------------------|
| 1 | 1 | 5/3 | 1,775 | |
| 2 | 1 | 5/3 | 1,775 | |

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) | <u>4</u> |
| Guest Stalls | _____ |
| Unassigned Stalls | _____ |
| Extra Stalls Available for Purchase | _____ |
| Other: _____ | _____ |
| | <u>4</u> |
| Total Parking Stalls | <u><u>4</u></u> |

7. Recreational amenities: None

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Abe Lee Development, Inc. Phone: 988-8077
Name (Business)
2752 Woodlawn Drive, Ste. 5-205
Business Address
Honolulu, Hawaii 96822

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

Abraham Lee, President
Sally Lee, Vice-President

Real Estate Broker: Tad T. Miura; Kauai Realty, Inc. Phone: 246-0230
Name (Business)
P.O. Box 1246
Business Address
Lihue, Hawaii 96766

Escrow: Title Guaranty Escrow Services, Inc. Phone: 245-6975
Name (Business)
235 Queen Street
Business Address
Honolulu, Hawaii 96813

General Contractor: G.S. Taba Phone: 246-2164
Name (Business)
4371 Rice Street
Business Address
Lihue, Hawaii 96766

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

Attorney for Developer: Glenn M. Adachi Phone: 526-3880
Name (Business)
841 Bishop Street, Ste. 1601
Business Address
Honolulu, Hawaii 96813

**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. 92-122525
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. 1706
 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. 92-122526
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

The Condominium Statute (Chapter 46A, 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% | 100% |
| Bylaws | 65% | 65% |
| House Rules | --- | Board of Directors |

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

2. **Developer:**

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

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

1. To amend the Declaration, By-Laws and Condominium Map at anytime prior to recording of the sale of the unit.
2. To amend the Declaration and Condominium Map to file the "as built" certificate.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

For 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.

B. Underlying Land:

Address: 4730 Menehune Road Tax Map Key: 1-6-11-13 (4)
Waimea, Kauai, Hawaii (TMK)

Address TMK is expected to change _____

Land Area: 23,656 square feet acre(s) Zoning: R-4

Fee Owner: Abe Lee Development, Inc.

Address: 2752 Woodlawn Drive, Ste. 5-205
Honolulu, Hawaii 96822

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 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

| | No. of Apts. | Use Determined By Zoning | | No. of Apts. | Use Determined By Zoning |
|---|-----------------|-----------------------------|---------------------------------------|-----------------|-----------------------------|
| <input type="checkbox"/> Commercial | _____ | _____ | <input type="checkbox"/> Industrial | _____ | _____ |
| <input checked="" type="checkbox"/> Residential | <u>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: No livestock or poultry. Only animals that are customarily kept as pets will be allowed.

Number of Occupants:

Other:

There are no special use restrictions.

6. Interior(fill in appropriate numbers):

Elevators -0- Stairways -0- Trash Chutes -0-

| <u>Apt. Nos.</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area (sf)*</u> | <u>Lanai/Patio (sf)</u> |
|----------------------|-----------------|----------------|----------------------------------|-------------------------|
| 1 | 1 | 5/3 | 1,775 | |
| 2 | 1 | 5/3 | 1,775 | 451 |

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 Apartm:

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

Permitted Alterations to Apartments:

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

7. Parking Stalls:

Total Parking Stalls: 4

| | <u>Regular</u> | | <u>Compact</u> | | <u>Tandem</u> | | <u>TOTAL</u> |
|---------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|---------------|
| | <u>covered</u> | <u>open</u> | <u>covered</u> | <u>open</u> | <u>covered</u> | <u>open</u> | |
| Assigned (for individual units) | <u>4</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u>4</u> |
| Guest Unassigned | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Extra Available for Purchase | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Other: | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Covered & Open | <u>4</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool
- Storage Area
- Recreation Area
- Laundry Area
- Tennis Court
- Trash Chute
- Other: _____

9. Present Condition of Improvements N/A

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

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

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

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

Exhibit A describes the common elements.

As follows:

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

There are no limited common elements in this project.

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

described in Exhibit

as follows:

The areas beneath and immediately adjacent to the dwelling as shown on the condominium map. Areas referenced herein are not legally subdivided lots.

As noted on pg. 12 of this report, the carports are part of the apartments and are not limited common elements.

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:

| <u>Unit No.</u> | <u>Common Interest</u> |
|-----------------|------------------------|
| 1 | 50% |
| 2 | 50% |

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

Exhibit B describes the encumbrances against the title contained in the title report dated July 7, 1992 and issued by Title Guaranty of Hawaii, Inc. .

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.

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

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

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest If Developer Defaults</u> |
|---------------------|--|
| Mortgage | Buyer's contract will be cancelled and Buyer's deposit will be refunded. |

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

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

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other

G. **Estimate of Initial Maintenance** **s:**

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

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

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

H. **Utility Charges for Apartments:**

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

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

Other _____

I. **Construction Warranties:** None

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:

2. Appliances:

J. Status of Construction and Estimated Completion Date:

Construction of units is finished. Units were completed in February 1992.

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

Specimen Sales Contract

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

Escrow Agreement dated July 8, 1992

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

Other _____

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; Declaration of Covenants and Restrictions of the Waiwai Subdivision.

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 part of Registration No. 2696 filed with the Real Estate Commission on
July 31, 1992.

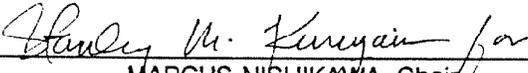
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

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



MARCUS NISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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

EXHIBIT A

DESCRIPTION OF COMMON ELEMENTS

1. The land in fee simple as described in the Declaration of Condominium Property Regime.

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

3. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, and normally in common use.

EXHIBIT B

LIST OF ENCUMBRANCES

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

2. A 5 1/2 foot road widening reserved along Menehune Road as shown on survey map prepared by Masami Murakami, Registered Professional Land Surveyor, dated March 4, 1989.

3. "All lots are in flood zone AH with 100 year flood elevation 6 feet.", per survey of Masami Murakami, Registered Professional Land Surveyor, dated March 4, 1989.

4. Covenants, conditions and restrictions set forth in Declaration dated July 6, 1989, recorded in said Bureau of Conveyances in Liber 23413, Page 15. Said Declaration includes among other things:

- a. The lot is to be used for residential purposes only.
- b. Construction shall be new masonry or lumber free of dry rot and termites. No secondhand material can be used. No existing dwelling may be moved onto the lot.
- c. A 5 1/2 foot roadway widening reserve has been established along frontage of Menehune Road. No new structures may be built within the reserve and must be setback from reserve in accordance with government standards.
- d. No noxious or offensive activity shall be carried on upon the lot, nor any activity which may be or become an annoyance or nuisance.
- e. Owner shall maintain lot in good, neat and clean condition. Lot shall not be used as a dumping ground. Trash, garbage or waste shall be kept in sanitary containers.
- f. No temporary structure shall be placed for more than 30 days on the lot, except as may be necessary during construction, not to exceed 12 months.
- g. No animals, livestock or poultry shall be raised, bred or kept, except a reasonable number of dogs, cats or other household pets may be kept, provided they are not kept, raised or bred for commercial purposes.
- h. The lot is in a flood zone. No part of any lot shall be filled, excavated or altered as to grade in such manner as to adversely affect drainage of adjoining lot.
- i. Easement Appurtenant to Lot C-2 for utilities.

- ingress and egress.
- j. Easement S-1 appurtenant to Lot C-3 for sewer purposes.

5. Mortgage, Security Agreement and Financing Statement in favor of GECC FINANCIAL CORPORATION, a Hawaii corporation, dated July 10, 1989, recorded in said Bureau of Conveyances in Liber 23413, Page 34.

6. Right-of-entry in favor of Citizens Utilities Company dated April 16, 1990, for the purpose of building, constructing, repairing and operating pole and wire lines, and/or underground lines, etc., for the transmission and distribution of electricity, etc., recorded in said Bureau of Conveyances as Document No. 90-163622.

7. Mortgage in favor of KFS, INC., a Hawaii corporation, dated September 18, 1991, recorded in said Bureau of Conveyances as Document No. 91-173348. The above Mortgage, besides other mortgages, were assigned by Assignment of Notes and Mortgages as Security and Financing Statement dated February 10, 1992, recorded as Document No. 92-022739, made by KFS, INC., a Hawaii corporation, and KAUAI FINANCIAL SERVICES, INC., a Hawaii corporation, "Assignor", to CENTRAL PACIFIC BANK, a Hawaii corporation, "Assignee", as security for the payment of a certain promissory note in the principal amount of \$500,000.00.

8. Real property taxes due and payable. For more information contact County of Kauai, Department of Finance, Real Property Tax Assessment.

Note: The title search also indicates that the property is in a Flood Zone AH with 100 year flood elevation 6' per survey of M. Murakami dated March 4, 1989.

"4730 MENEHUNE ROAD"
PROJECTED ANNUAL MAINTENANCE BUDGET
AND ESTIMATED OPERATING EXPENSES

Project Name: 4730 Menehune Road
 Address: 4730 Menehune Road
 Waimea, Kauai
 Units: 1 & 2

| | <u>Monthly Unit Cost</u> | <u>Annual AOAO Cost</u> |
|---------------------------|------------------------------|-----------------------------|
| Water and Sewer | \$0 | \$0 |
| Insurance for Common Area | 20 | 480 |
| Insurance for Dwellings* | 11 | 250 |
| Repairs and Maintenance | 0 | 0 |
| Management Fees | 0 | 0 |
| Utilities | 0 | 0 |
| Yard Maintenance | 0 | 0 |
| Maintenance Reserve Fund | 20 | 480 |
| CPA Audit | 12 | 288 |
| Total | \$63 | \$1,498 |

* Each homeowner may purchase his own policy insurance policy if approved by the Board.

I, Abraham Lee, certify and swear that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: Aug 28, 1992 Abraham Lee
Signature

STATE OF HAWAII)
 CITY AND COUNTY OF Honolulu) ss.

On this 28th day of August, 1992, before me personally appeared Abraham Lee, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

[Signature]
 Notary Public, State of Hawaii
 My commission expires 8/10/94.

15

EXHIBIT D

Summary of Sales Contract

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

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

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

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

(d) In the event of default:

If buyer defaults:

- (1) Seller may bring an action for breach of contract;
- (2) Seller may retain the deposits as liquidated damages;
- (3) Buyer is responsible for any costs incurred under the sales contract.

If Seller defaults:

- (1) Buyer may bring an action for breach of contract;
- (2) Buyer may bring an action for specific performance;
- (3) Seller is responsible for any costs incurred under the sales contract.

The prevailing party is entitled to recover all costs incurred including reasonable attorney's fees. Escrow fees incurred shall be deducted before disbursement to the prevailing party.

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

EXHIBIT E

Summary of Escrow Agreement

The escrow agreement sets up an arrangement under which the deposits a buyer makes under a sales contract will be held by a neutral party ("Escrow"). Under the escrow agreement these things will or may happen:

- (a) Escrow will collect payments due pursuant to the sales contract.
- (b) Escrow will deposit all monies received pursuant to the sales contract in a special account with a financial institution.
- (c) Escrow will let buyers know when payments are due.
- (d) The escrow agreement says under what conditions escrow will disburse buyer's funds.
- (e) The escrow agreement says under what conditions buyer's funds will be refunded if buyer cancels the sales contract.
- (f) The escrow agreement says what will happen to a buyer's funds upon default under the sales contract.
- (g) Escrow will arrange for and supervise the signing of all necessary documents.
- (h) The escrow agreement sets forth Escrow's responsibilities in the event of any disputes.

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