

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer GREGORY KENT SMITH, INC. Address 284-A Huina Street, Kapaa, Kauai, Hawaii 96746

Project Name(*): KAWAIKINI ESTATES Address: 7217 Kuamoo Road, Kapaa, Kauai, Hawaii 96746

Registration No. 2762 Effective date: February 24, 1993 Expiration date: March 24, 1994

Preparation of this Report:

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

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, 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: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

SUPPLEMENTARY: (pink) This report updates information contained in the: [] Preliminary Public Report dated: [] Final Public Report dated: [] Supplementary Public Report dated:

And [] Supersedes all prior public reports [] Must be read together with [] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[] Required and attached to this report [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.

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

[] Changes made are as follows:

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* * * * *
*
*   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 COUNTY PLANNING
*   DEPARTMENT 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 government agency nor does it warrant that all
*   applicable County codes, ordinances and subdivision
*   requirements have necessarily been complied with.
*
*   2. This project does not involve the sale of individual
*   subdivided lots. The dotted lines on the Condominium
*   Map are for illustration purposes only. They
*   represent the approximate location of the limited
*   common element designated to each unit.
*
*   3. Facilities and improvements normally associated with
*   County approved subdivisions such as fire protection
*   devices, street lighting, electricity, upgraded water
*   facilities, improved access for owner and emerging

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* traffic, drainage facilities and so forth, may not *
* necessarily be provided for and services, such as *
* County street maintenance and trash collection, will *
* not be available for interior roads. *
*
* 4. Read Exhibit "G", relating to the dedication of the *
* land. If an owner fails to observe the restrictions *
* on the use of the land, the dedication and special *
* tax assessment privilege shall be cancelled *
* retroactive to the date of dedication, resulting in *
* higher real property taxes. *
*
* * * * *

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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. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Gregory Kent Smith, Inc. Phone: (808) 822-1903
Name (Business)
284-A Huina Street
Business Address
Kapaa, Kauai, Hawaii 96746

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

Gregory Kent Smith, President/Treasurer
Kenneth B. Ball, Vice President/Secretary

Real Estate Broker: First Choice Realty, Inc. Phone: (808) 822-5850
Name (Business)
4-356A Kuhio Highway
Business Address
Kapaa, Hawaii 96746

Escrow: Security Title Corporation Phone: (808) 521-9511
Name (Business)
12th Floor
Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

General Contractor: Owner/Builder Phone: _____
Name (Business)

Business Address

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

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

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. 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. 92-178441
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]:

- 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. 1766
 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]:

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 92-178442
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]:

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 vote of Board</u>

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

2. Developer:

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

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

Developer has reserved the right under Paragraph 15.0 of the Declaration to alter the units in the Project which it owns without the approval of the Association or the other apartment owner and to amend the Condominium Map to note changes resulting from the exercise of the Developer's reserved rights under Paragraph 15.0. Developer has also reserved the right under Paragraph 16.0 to record any "as built" statements as required by law.

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 _____ 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

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-Annually Annually

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

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 7217 Kuamoo Road, Kapaa, Kauai, Tax Map Key: (4) 4-2-07: 15
Hawaii (TMK)

[] Address [] TMK is expected to change because _____

Land Area: 26.605 [] square feet [X] acre(s) Zoning: Agriculture

Lessee

(Fee Owner): Gregory Kent Smith, Inc.
Name
284-A Huina Street
Address
Kapaa, Kauai, Hawaii 96746

Sublessor: _____
Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 6 Floors Per Building 1

Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other Steel _____

4. **Permitted Uses by Zoning:**

	<u>No. of</u>	<u>Use Permitted</u>		<u>No. of</u>	<u>Use Determined</u>
	<u>Apts.</u>	<u>By Zoning</u>		<u>Apts.</u>	<u>By Zoning</u>
<input type="checkbox"/> Residential	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	<u>6</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<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

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: _____

[X] Other: Notice of Dedication dated September 26, 1991 filed as Document No. 92-028493 (See Exhibit G); Building and House Rules

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
Apartment A	<u>1</u>	<u>N/A</u>	<u>18.728 acres</u>	<u>N/A</u>
Apartment B	<u>1</u>	<u>N/A</u>	<u>1.060 acres</u>	<u>N/A</u>
Apartment C	<u>1</u>	<u>N/A</u>	<u>1.055 acres</u>	<u>N/A</u>
Apartment D	<u>1</u>	<u>N/A</u>	<u>1.004 acres</u>	<u>N/A</u>
Apartment E	<u>1</u>	<u>N/A</u>	<u>1.004 acres</u>	<u>N/A</u>
Apartment F	<u>1</u>	<u>N/A</u>	<u>3.112 acres</u>	<u>N/A</u>
Reserve Area G	<u>1</u>	<u>N/A</u>	<u>0.633 acres</u>	<u>N/A</u>
Total Apartments:	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

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

Boundaries of Each Apartment:

The exterior surfaces of the structures and the description of the limited common element for each of the units as set forth in the Condominium Map.

Permitted Alterations to Apartments:

Either apartment owner can increase the total square footage of his structure, add additional structures, alter the location of his structure and/or subdivide in accordance with the building code, zoning and subdivision ordinances.

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> </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 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:** 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 use them, as described in the Declaration, are:

described in Exhibit _____.

as follows:

The land area of each dwelling, consisting of the land beneath it as shown and delineated on the Condominium Map, is a limited common element for the use of the owner of each respective unit.

Unit A - 18.728 acres

Unit B - 1.060 acres

Unit C - 1.055 acres

Unit D - 1.004 acres

Unit E - 1.004 acres

Unit F - 3.112 acres

Reserve Area G - 0.633 acres

NOTE: These are not legally subdivided lots and under County Ordinances an application for subdivision is required to create a legally subdivided lot.

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:

Unit A - 70.45% appurtenant common interest

Unit B - 3.98% appurtenant common interest

Unit C - 3.97% appurtenant common interest

Unit D - 3.78% appurtenant common interest

Unit E - 3.78% appurtenant common interest

Unit F - 11.70% appurtenant common interest

Reserve Area G - 2.38% appurtenant common interest

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 November 9, 1992 and issued by Security Title Corporation.

Blanket Liens:

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

- [] There are no blanket liens affecting title to the individual apartments.
- [X] There are blanket liens which may affect title to the individual apartments.

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

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

Type of Lien

Mortgage dated September 4, 1991, recorded in the Bureau of Conveyances as Document No. 91-120226.

Mortgagee may terminate buyer's interest but latter is entitled to return of all deposits.

Purchase Money Mortgage dated July 15, 1992, recorded in the Bureau of Conveyances as Document No. 92-145267.

Mortgagee may terminate buyer's interest but latter is entitled to return of all deposits.

F. Construction Warranties:

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

1. **Building and Other Improvements:** None

2. **Appliances:** None

G. Status of Construction and Estimated Completion Date:

The apartments were completed on June 9, 1992. As a result of Hurricane Iniki on September 11, 1992, the units were damaged and destroyed. The Developer has contracted to replace the units by contract dated October 8, 1992 and funds to guarantee completion as provided by Letter of Credit from Bank of Hawaii.

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):

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 N/A
- Specimen Sales Contract
Exhibit C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 15, 1992
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;
 - AND
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - 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 Notice of Dedication dated September 26, 1991, filed as Document No. 92-028493.

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

This Public Report is a part of Registration No. 2762 filed with the Real Estate Commission on December 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

1. Each apartment is a free standing dwelling and Units B through D inclusive have direct access to a vehicular easement having direct access to a public street. Unit A abuts a public street. The County of Kauai has water service available only for Units E and F. Units A through D inclusive and Reserve Area G presently has no water service and no right of hookup.
2. The Developer has executed an Escrow Agreement and has submitted the Sales Contract and Apartment Deed forms in the event Developer decides to sell the condominium units.
3. If the owner of Reserve Area G or any other area desires to apply for a subdivision, it may do so, but Developer does not assure such owner as to the success of the subdivision application.

EXHIBIT "A"

Common Elements. The common elements of the project which the apartments have access to include:

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

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE: The title report dated November 9, 1992, issued by Security Title Corporation states that title to the land is subject to the following encumbrances:

1. For real property taxes as may be due and owing, reference is made to the Director of Finance, County of Kauai. Tax Key: 4-2-07: 15 (4) - Area Assessed: 26.605 acres

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

3. Exception and reservations as contained in Land Patent Grant No. 9671 dated February 27, 1929, to which reference is hereby made.

4. Mortgage by and between Gregory Kent Smith, single, as Mortgagor, and Safety Loan Company, Ltd., a Hawaii corporation, as Mortgagee, dated September 4, 1991, recorded in said Bureau as Document No. 91-120226.

5. The terms, conditions and restrictions as contained in Notice of Dedication dated September 26, 1991, recorded in said Bureau as Document No. 92-028493, to which reference is hereby made.

6. The terms and provisions of that certain Waiver and Release dated March 24, 1992, by and between Gregory Kent Smith, and the Building Division of the Department of Public Works of the County of Kauai, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 92-049890, to which reference is hereby made.

7. Purchase Money Mortgage by and between Gregory Kent Smith, inc., an Hawaiian corporation, as Mortgagor, and Gregory Kent Smith, unmarried, as Mortgagee, dated July 15, 1992, recorded in said Bureau as Document No. 92-145267 to secure \$520,000.00, and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.

8. Declaration of Condominium Property Regime Kawaikini Estates dated June 18, 1992, recorded in said Bureau as Document No. 92-178441. Condominium Map No. 1766, to which reference is hereby made.

9. By Laws of the Association of Apartment Owners of Kawaikini Estates dated June 18, 1992, recorded in said Bureau as Document No. 92-178442.

EXHIBIT "C"

Summary of Sales Contract

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

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

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

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

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

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

(f) If Buyer defaults, Seller shall give written notice to Buyer by certified mail and if such default is not cured within 10 days after receipt of notice, Seller may terminate the Sales Contract and retain the Buyer's deposits as liquidated damages. Seller may in addition pursue any other remedy including specific performance and all costs by reason of such default shall be borne by Buyer.

(g) If Buyer has paid all payments required under the Sales Contract, Buyer shall be entitled to specific performance.

(h) Seller is not responsible for the following: (1) grading of the unit; (2) landscaping, and (3) retaining walls.

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

EXHIBIT "D"

Summary of Escrow Agreement

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

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

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

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

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

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

EXHIBIT E

KAWAIKINI ESTATES

REGISTRATION NO. 2762

DISCLOSURE STATEMENT AS OF OCTOBER 15, 1992

1. Name of Project: KAWAIKINI ESTATES
2. Address: Kuamoo Road, Kapaa, Kauai, Hawaii 96746
3. Name of Developer: GREGORY KENT SMITH, INC.
4. Address of Developer: 284-A Huina Street, Kapaa, Kauai,
Hawaii 96746
5. Telephone Number: (808) 822-1903
6. Project Manager or Agent: James D. Hughes
7. Address: 284-A Huina Street, Kapaa, Kauai, Hawaii 96746
8. Maintenance Fees: None at present. In the future as the need and necessity arises for maintenance fees it shall be based upon generally accepted accounting principles. At such time the sale of the first apartment occurs each owner to maintain his own insurance for the apartment and limited common element land area and add the name of the Association as an additional insured.
9. Commencement of Maintenance Fees: At such time that the sale of the first unit occurs or when the budget and amount to be paid is determined, whichever occurs later.
10. Warranties: The Project is a fee simple condominium project and there are no warranties.
11. Project: The Project consists of 6 condominium apartments and a Reserve Land Area G, the land areas of which are to be utilized for agricultural, residential and other uses permitted under the zoning ordinances for the County of Kauai.

DATED: October, 15th, 1992.

GREGORY KENT SMITH, INC.

By *Gregory Kent Smith*
Its
President

Subscribed and sworn to before me
this 15th day of October, 1992.

Linda D. Maestri
NOTARY PUBLIC, STATE OF ARKANSAS

My commission expires:

LINDA D. MAESTRI
NOTARY PUBLIC
WASHINGTON COUNTY ARKANSAS
MY COMMISSION EXPIRES 6 16 2002

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EXHIBIT "F"

BUILDING AND HOUSE RULES
KAWAIKINI ESTATES

The purpose of these Building and House Rules ("Rules") is to protect all owners and occupants from annoyance and nuisance caused by improper conduct and improper use of the **KAWAIKINI ESTATES** Condominium, hereinafter referred to as "Project", and to provide for the maximum enjoyment of the premises. All owners and occupants, their agents, employees and invitees shall be bound by these Rules and standards of reasonable conduct whether covered by these Rules or not.

1. Definitions. As used herein:

a. The "Area" refers to the land set aside for the use of each owner as a limited common element.

b. The "Apartment" refers to the existing buildings built on the land designated as the limited common element for the owner and any subsequent improvements built within the Area.

c. The "lot" refers to Lot 31-B of a portion of Lot No. 31 and Lot No. 30-N, of a portion of Lot No. 30 of the "Wailua Homesteads, First Series", situate at Wailua, District of Lihue, Island and County of Kauai, State of Hawaii, and described in Deed dated June 18, 1991, filed as Document No. 92-145266. The condominium unit described in the Declaration of Condominium Property Regime established for said Lot 31-B shall be referred to as an "apartment" or "unit" in the project.

2. Building Permit. Any owner desiring to make an addition to the existing buildings and/or construct any new building will have to comply with the building and zoning ordinances as the same may be changed from time to time. The requirements of the County of Kauai Ordinance No. 317 approved on June 27, 1977 is required to be observed in the construction of a single family dwelling as well as the following:

a. No building shall exceed two (2) stories in height.

b. No structure of a temporary character, trailer, quonset hut, tent and/or shack shall be used as a permanent residence.

c. In any grading and/or excavation of the Apartment the grade of the Apartment shall not be altered in such a manner as to affect the drainage of any adjoining Apartment.

3. Garbage and Trash. Each unit shall place his own garbage, trash and rubbish in covered receptacles or in plastic or fastened bags. Each owner shall exercise reasonable care to avoid exposure of waste materials to flies, roaches, rodents and other insects or materials.

4. General Appearance.

a. Storage. No open storage of furniture, fixtures, appliances and other goods not in use will be permitted if not screened from the street and the other apartment.

b. Mailboxes and Street Address. Mailboxes and street address shall be in an Area that is set aside for each apartment at the driveway entrance.

5. Water and Utilities. The water, cable, electricity and telephone lines will be drawn from the street to each Apartment abutting the street at their own cost and expense.

6. Sewage Disposal. There are no sewer lines and sanitary sewer system. Each owner shall have to install his own septic tank and/or cavitette to be located within his own Area. A cesspool will be permitted only if the State Board of Health and/or the County of Kauai permits it.

7. Setbacks. Any dwelling and/or structure placed in an Area by an owner will observe a minimum 10-foot setback from the perimeter boundaries of each Area.

8. Use Restrictions. The use restrictions contained in the Notice of Dedication dated September 26, 1991, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 92-02493 to which reference is hereby made.

9. Building Permit and Construction. The following shall be observed to secure the Association's approval to obtain the building permit, the construction of the improvements and the amendment of the Declaration of Condominium Property Regime.

a. The plans shall conform to the Building Code of the County of Kauai.

b. The plans are to be submitted to the County of Kauai for the issuance of the building permit.

c. Upon the completion of the dwelling a Notice of Completion shall be published in the Garden Isle for two (2) successive weeks at least seven (7) days apart and the Notice of Completion filed with the Clerk of the Fifth Circuit Court.

d. The plans as drawn should meet the requirements of a Condominium Map. The plan should show a site plan indicating where the dwelling will be located in the unit's limited common element land area. There should be a floor plan indicating the living/dining room, bedrooms, kitchen, bathrooms, lanai, etc. and the total net living area. The plans should show the elevations of the dwelling. The project and the architect's or engineer's stamp should be stamped on the plans.

e. An architect or engineer's certificate should be executed reflecting the "as built" condition of the dwelling.

f. The owner should have prepared at his own cost the amendment to the Declaration reflecting the change in description of the apartment and the amendment to the Condominium Map.

g. The amendment to the Declaration should then be filed for record in the Registrar of Conveyances, State of Hawaii.

Adopted at Farmville, Arkansas, this
17th day of October, 1992.

GREGORY KENT SMITH, INC.

By Gregory Kent Smith
Its
President

EXHIBIT "C"

Document No. 92-028493

RECORDATION REQUESTED BY

AFTER RECORDATION RETURN TO

County of Kauai
Real Property Tax Division
Department of Finance
4200A Rice St. Bldg. B
Lihue, HI 96766

NOTICE OF DEDICATION

All persons are hereby informed that the foregoing property is subject to the terms, conditions and restrictions of an approved dedication with the County of Kauai.

Tap Map Key: (4) 4-2-07-15	Owner's Name: Gregory K. Smith
Area of Parcel: 26.605 acres	Mailing Address: 2247 Sweetbriar Fayetteville AR 72701
Petition Number: K-273A	Dedicated Area/Use Restrictions: Cattle and horse pasture - 26.479 acres
Effective Date:	
Type of Dedication: <input checked="" type="checkbox"/> 10-year	Unusable Area:
<input type="checkbox"/> 20-year	Non-Dedication Area: Homesite - .126 acres
<input type="checkbox"/> Change of use	

RESTRICTIONS

Approval by the director of the petition to dedicate constitutes a forfeiture on the part of the owner to change the use of the land to a use other than the approved ranching or agriculture use for a minimum period of ten or twenty years as the case may be. Upon any conveyance or any change in ownership during the period of dedication the lands shall continue to be subject to the terms and conditions of the dedication.

Any new parcel created from the dedicated land, which has not been cancelled or released, shall be subject to the covenants, obligations, and assessment liabilities of the dedication.

BREACH OF DEDICATION

Failure to observe the restrictions on the use of the land shall cancel the dedication and special tax assessment privilege retroactive to the date of the dedication. The difference in the amount of taxes that were paid and those that would have been due from the assessment in the higher use shall be payable with a ten per cent per annum penalty. The additional taxes and penalties, due and owing as a result of a breach of the dedication, shall be a paramount lien upon the property.

Contact the Real Property Tax Division, Department of Finance, County of Kauai, for further information.

Said tax liens affect the following registered lands of the taxpayer(s) covered by Certificates of Title shown below:

COUNTY OF KAUAI
DEPARTMENT OF FINANCE
REAL PROPERTY ASSESSMENT DIVISION
4280-A RICE ST., BLDG. B.
LIHUE, HI 96766
(808) 245-7366

AGRICULTURAL LAND DEDICATION

Assessment Year: 1992
Petition No.: K-273A
Tax Map Key No(s): 4-2-07-15

Gregory K. Smith
2247 Sweetbriar
Fayetteville AR 72701

Cattle and Horse Pasture - 26.479 acres
Homesite- .126 acres
Total - 26.605 acres

NOTICE OF APPROVAL

Based on the favorable findings of the Director of Finance, your petition for land dedication for the agricultural uses listed above is hereby approved. Your land is hereby declared dedicated land in accordance with the agricultural land dedication provisions of the Real Property Tax Ordinance, and shall be assessed at its value in such dedicated use effective January 1 of the next assessment year. The homesite shall be excluded from dedication.

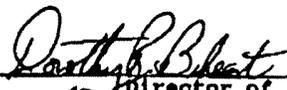
The approval by the Director of Finance of the petition to dedicate shall constitute a forfeiture on the part of the owner of any right to change the use of his land to a use other than agriculture for a minimum period of ten or twenty years as the case may be, automatically renewable indefinitely, ...subject to proper notice of cancellation as prescribed in the agricultural land dedication assessment provisions.

"Upon any conveyance or any change in ownership during the period of dedication the land shall continue to be subject to the terms and conditions of the dedication unless a release has been issued by the director." The owner shall notify and submit information concerning the subdivision of any land dedication to the property assessor. Portion(s) of land unusable for any agricultural or ranching use shall be subject to the agricultural deferred tax provisions, if applicable.

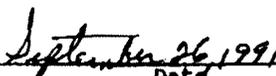
Failure of the owner to observe the restrictions on the use of his land shall cancel the dedication and special tax assessment privilege retroactive to the date of the dedication, but shall not exceed the term of the original dedication, and all differences in the amount of taxes due from assessment in the higher use shall be payable with a ten per cent annum penalty from the respective dates that these payments would have been due. The additional taxes and penalties, due and owing as a result of a breach of the dedication, shall be a paramount lien upon the property pursuant to the tax lien provisions. Failure to observe the restrictions on the use means failure for a period of twelve consecutive months to use the land in that manner requested in the petition or the overt act of changing the use for any period.

A change in the dedicated use may be made by petition, and will be subject to the same requirements as the initial petition.

If you have any questions pertaining to your dedication, kindly address them to the property assessor. Please inform the assessor in writing of ANY changes that are made or become necessary on the dedicated land.



Director of Finance



Date

STATE OF HAWAII)
)
COUNTY OF KAUAI)

On this Tuesday of Sept., 1991, before me appeared DOROTHY R. BEKEART, to me personally known, who, being by me duly sworn, did say that she is the Deputy Director of the FINANCE DEPARTMENT of the COUNTY OF KAUAI, and that the instrument was signed on behalf of said FINANCE DEPARTMENT by authority of said Deputy Director; and that said DOROTHY R. BEKEART acknowledged that she executed the same as the free act and deed of said FINANCE DEPARTMENT. Said FINANCE DEPARTMENT has no seal.

Louise H. Kauhuna
Notary Public, State of Hawaii

My commission expires: 5/19/92