

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Hugh E. Riley and Lillian Rosalie Riley, Trustees of the Riley Family Revocable Living Trust dated 6/19/92
Address 2881 Milo Hae Loop, Koloa, Kauai, Hawaii 96756

Project Name(\*): LIHI ESTATES
Address 4580 Puuwai Road, Koloa, Kauai, Hawaii 96756
Registration No. 2845
Effective date: January 27, 2003
Expiration date: February 27, 2004

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.

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

SUPPLEMENTARY: This report updates information contained in the:
[ ] Preliminary Public Report dated:
[X] Final Public Report dated: April 20, 1993
[ ] Supplementary Public Report dated:
And
[ ] Supersedes all prior public reports
[X] Must be read together with above Final Public Report
[X] This report reactivates the Final public report(s) which expire on May 20, 1994

(\* ) Exactly as named in the Declaration

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:

**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. The Short form Supplementary Public Report is for Apartments E and F the remaining unsold units of this Project. The Project now consists of 7 dwellings and 1 shed. Apartments A, B, C, D, F, G and H have dwellings. Apartment E still has a shed. The material changes that have taken place is the construction of a dwelling for Apartment F by the Developer and the change in the boundary line between Apartments E and F which changed the square footage for the limited common element land area for Apartment E from 13,,594 square feet to 11,019 square feet and for Apartment F from 15,916 square feet to 18,492 square feet.
2. Apartment F cannot be sold for a period of one year from July 28, 2002, date of completion of Apartment F since the Developer secured an Owner-Builder building permit to construct the single family residence in accordance with the requirements of the Building Code of the County of Kauai. The Department of Public Works which has issued a Certificate of Occupancy effective July 17, 2002 Section 444-2, (7), Hawaii Revised Statutes does not permit a person securing an owner builder permit to offer to sell or lease for a period of one year from the date of completion in this case July 28, 2002.
3. The First Amendment to the Declaration dated May 28, 1993, recorded in the Bureau of Conveyance, State of Hawaii as Document No. 93-094475 added a new sentence to paragraph 20.0 Uninsured Casualty to have the damage or destruction of any apartment to be allowed upon the vote of two percent of the common interest of the Association and the identification of the names of the Declarant below their respective signatures on page 13 of the Declaration.
4. The Second Amendment to the Declaration dated November 21, 2001, recorded in said Bureau as Document No. 2001-189374 amended the Declaration to describe the dwelling that was built by the owner of Apartment G who was a purchaser of such Apartment and added the plans for the dwelling of Apartment G to the Condominium Map No. 1816..
5. The Third Amendment to the Declaration dated August 2, 2002, recorded in said Bureau as Document No. 2002-159620 reflects the description of apartments F and H and change in the boundary line for limited common element land areas for Apartment E and F. The amendments to Condominium Map No. 1816 was certified to by the Registered Professional Engineer as to the changes made. The boundary line change between Apartments E and F resulted in the change of the square footage of the limited common element land area of Apartment E to 11,019 square feet and Apartment F to 18,492 square feet.

6. The Fourth Amendment to the Declaration dated January 2, 2003, recorded as Document No. 2003-004223 has amended the Certificate of Engineer in the Third Amendment to the changes made to Condominium Map No. 1618, as amended.

7. 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.

8. 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.

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

10. In addition to the foregoing matters, the Kauai County Planning Department may have further comment on the following matters. You are requested to read the following with care and seek advice from the Kauai Planning Department, your architect/engineer and your attorney, if necessary:

a. The current section 8-7.4 (c) of the Kauai County CZC prohibits the further subdivision of the present Lot 1. The Declaration, paragraph 15.0 states the subdivision must be in accordance with the building code, zoning and subdivision ordinances.)

b. The Kauai County CZC standards presently require a minimum of two (2) parking stalls for each residential dwelling unit. The use of the limited common elements shall be those listed as permissible within the "residential" district.

c. When applying for zoning permits with the Kauai County Planning Department, 75% of the owners or their assignee are required to sign the permit form(s). Should the assignee be designated, such assignee shall present proof of authority from 75% of the owners at the time a permit is applied for.

11. The Developer is unable to offer to sell or lease for a period up through and including July 28, 2003 unless the County of Kauai allows the issuance of a building permit by a licensed building contractor.

12. The Developer has made no changes to Apartment E, a single story storage shed.

13. The Developer's Final Report expired on May 20, 1994. Pursuant to Section 16-107, Hawaii Administrative Rules, sales contracts executed during the period that the Public Report was not in effect may be rescinded at the option of the Purchaser, and all monies refunded to the purchaser. The purchaser's right to rescind under this rule shall be void thirty (30) calendar days after receipt of written notification of these rights from the Developer or his real estate agent.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Hugh E. Riley, Trustee as aforesaid  
Lillian Rosalie Riley, Trustee as aforesaid  
Name  
2882 Milo Hae Loop  
Business Address  
Koloa, Kauai, Hawaii 96756  
Phone: (808) 7429027  
(Business)

Real Estate Broker: None  
Name  
Business Address  
Phone: (808) 8261588  
(Business)

Escrow: Security Title Corporation  
Name  
4270 Kukui Grove Street  
Business Address  
Lihue, Hawaii 967766  
Phone: (808) 2456975  
(Business)

General Contractor: N/A  
Name  
Business Address  
Phone: \_\_\_\_\_  
(Business)

Condominium Managing Agent: Self managed by the Association of Unit Owners  
Name  
Business Address  
Phone: \_\_\_\_\_  
(Business)

Attorney for Developer: Hiroshi, Sakai, Esq.  
Name  
3773 Diamond Head Circle  
Business Address  
Honolulu, Hawaii 96815  
Phone: (808) 7348619  
(Business)

**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. 93-028312  
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 28, 1993, recorded in said Bureau as Document No. 93-094475.  
Second Amendment dated November 21, 2001, recorded in said Bureau as Document No. 2001-189374.  
Third Amendment dated August 21, 2002, recorded in said Bureau as Document No. 2002-159620.  
Fourth Amendment dated January 2, 2003, recorded in said Bureau as Document No. 2003-004223..

- 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. 1816  
 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]:

- Second Amendment dated November 21, 2001, recorded in said Bureau as Document No. 2001-189374.  
Third Amendment dated August 21, 2002, recorded in said Bureau as Document No. 2002-159620.  
Fourth Amendment dated January 2, 2003, recorded in said Bureau as Document No. 2003-004223.

- 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. 93-028313  
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]:

Fee Owner: Hugh E. Riley and Lillian Rosalie Riley, Trustees of the Riley Family Revocable Living Trust dated 6/15/92  
 Name  
2881 Milo Hae Loop, Koloa, Kauai, Hawaii 96756  
 Address  
1030 Spencer Street, Honolulu, Hawaii 96822

C. Buildings and Other Improvements:

1.  New Building(s)     Conversion of Existing Building(s)     Both New Building(s) and Conversion
2. Number of Buildings: 7 and one shed Floors Per Building Apts A-D (1 floor), Apts F,G and H (2 floors)

Exhibit \_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete                     Hollow Tile                     Wood

Other other allied materials

4. Permitted Uses by Zoning:

	No of <u>Apts.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential <u>8</u>	<input checked="" 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 type="checkbox"/> Agricultural	_____	<input 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: \_\_\_\_\_

[ ] Other: \_\_\_\_\_

[X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Apt G and H 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, B, C</u>	<u>3</u>	<u>3BR/3BA</u>	<u>1,058</u>	<u>N/A</u>	
<u>D</u>	<u>1</u>	<u>4BR/3BA</u>	<u>1,689</u>	<u>197</u>	<u>LANAI</u>
<u>E</u>	<u>1</u>	<u>Shed</u>	<u>84</u>	<u>N/A</u>	
<u>F</u>	<u>1</u>	<u>3BR/2BA</u>	<u>1,111</u>	<u>40</u>	<u>Entry</u>
<u>G</u>	<u>1</u>	<u>3BR/2BA</u>	<u>1,189</u>	<u>385</u>	<u>Lanai</u>
<u>H</u>	<u>1</u>	<u>3BR/2BA</u>	<u>1,473</u>	<u>104</u>	<u>Deck</u>

Total Apartments: 8

\*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 boundary of each unit is the exterior finished surfaces of the units' perimeter walls, roofs, foundations, windows and frames, doors, beams, post entries and cesspools, if any.

Permitted Alterations to Apartments:

Each unit owner may alter the structure and any other improvements located within their unit's limited common land area as provided in paragraphs 7.0 and 15.0 of the Declaration of Condominium Property Regime, as amended..

7. Parking Stalls:

Total Parking Stalls: 14

	<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 each unit)	<u>2</u>						<u>14</u>
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open	<u>14</u>		<u>0</u>		<u>0</u>		<u>14</u>

Each Residential apartment will have the exclusive use of at least 2 parking stall(s).

Note: At such time that Apartment E constructs a dwelling unit it shall provide for 2 parking stalls on a covered or open basis.

Commercial parking garage permitted in condominium project.

Exhibit \_\_\_\_\_ 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):

N/A to Apartments E and F..

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 \_\_\_\_.

as follows:

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

Unit A - 7,516 square feet

Unit B - 7,518 square feet

Unit C - 6,866 square feet

Unit D - 10,007 square feet

Unit E - 11,019 square feet

Unit F - 18,492 square feet

Unit G - 7,578 square feet

Unit H - 7,604 square feet

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

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest". It is 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:

Each apartment in the project has a 12.5% 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 reports dated January 14, 2003 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 specific 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. 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 <b>Prior to Conveyance</b></u>
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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:

Apartments A, B and C were completed on March 16, 1992.

Apartment D was completed on April 30, 1992.

Apartment E was completed on February 18, 1993.

Apartment F was completed on July 28, 2002.

Apartment G "as built" certificate was executed on November 20, 2001 by architect Timothy Bradley in an amendment to the Declaration of Condominium Property Regime dated November 21, 2001..

Apartment H was completed in 1993.

H. Project Phases:

The developer  has  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

Specimen Sales Contract

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

Escrow Agreement dated January 2, 2003

Exhibit F 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. (NONE)

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 and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, IIRS) 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, Hawaii 96809, at a nominal cost.

This Public Report is part of Registration No. 2845 filed with the Real Estate Commission on March 25, 1993

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

[ ] yellow paper stock    [ ] white paper stock    [X ] pink paper stock

C. Additional Information Not Covered Above

**NOT A SUBDIVISION.** This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

**MAINTENANCE FEES.** Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. All utilities are separately metered. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report.

Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that the premiums for the insurance be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

**RESERVES.** Developer discloses that no reserve study was done in accordance with Section 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. No reserves are necessary because there are no common elements that require any type of replacement or major repair.

**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.

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- ].

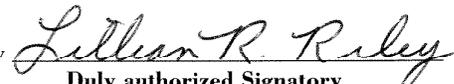
E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information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

HUGH EDWARD RILEY, Trustee of Riley Family Revocable Living Trust dated 6/19/92  
Name of Developer

By  JAN 02 2003  
Duly authorized Signatory Date

HUGH EDWARD RILEY, Trustee of Riley Family Revocable Living Trust dated 6/19/92, Owner  
Print Name and Title of Person signing above

LILLIAN R. RILEY, Trustee of Riley Family Revocable Living Trust dated 6/19/92  
Name of Developer

By  1-2-03  
Duly authorized Signatory Date

LILLIAN R. RILEY, Trustee of Riley Family Revocable Living Trust dated 6/19/92, Owner  
Print Name and Title of Person signing above

**Distribution:**

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

EXHIBIT B  
ENCUMBRANCES AGAINST TITLE

The title reports of Security Title Corporation of January 14, 2002 reports that title to Apartments E and F are subject to the following encumbrances except for real property taxes which reflects different unit numbers:

1. Real property taxes as may be due and owing. Refer to the Director of Finance, County of Kauai, for further information, Tax Key (4) 2-4-12-034 (Unit E) and (4) 2-4-12-035 (Unit F).

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

3. Grant in favor of William Jardin, Jr. and Candace N. Jardin, husband wife, dated June 21, 1974, recorded in Book 10071, Page 274, granting an easement for ingress and egress purposes over, under, across and through a portion of the land herein described.

4. Grant in favor of Eliza G. Jardin, widow, dated June 21, 1974, recorded in Book 10071, Page 281, granting an easement for ingress and egress purposes over, under, across and through a portion of the land herein described.

5. Grant in favor of Citizens Utilities Company, a Delaware corporation, and GTE Hawaiian Telephone Company Incorporated, a Hawaii corporation, dated August 30, 1991, recorded as Document No. 91-148735, granting an easement for utility lines over, under across and through Easement E-1.

6. Grant in favor of Department of Water, County of Kauai, dated February 7, 1992, recorded as Document No. 92-037703, granting an easement for water pipeline purposes over, under, across and through a portion of the land referred to herein.

7. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following Declaration of Condominium Property Regime of "Lihi Estates" dated July 6, 1992, recorded as Document No. 93-028312. Condominium Map No. 1816, to which reference is hereby made. The foregoing Declaration of Condominium Property Regime was amended by the following:

<u>Dated</u>	<u>Document No.</u>
May 28, 1993	93-094475
November 21, 2001	2001-189374
August 21, 2002	2002-159620
January 2, 2003	2003-004223

8. By Laws of the Association of Apartment Owners of Lihi Estates dated July 6, 1992, recorded as Document No. 93-028313, to which reference is hereby made.

9. Any and all easements encumbering the apartment herein identified and described and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, as amended, and/or as shown on said Condominium Map No. 1816, as amended.

10. The terms and provisions of that certain Riley Family Revocable Living Trust dated June 19, 1992, to which reference is hereby made.

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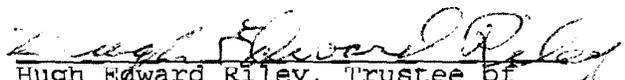
EXHIBIT "E"

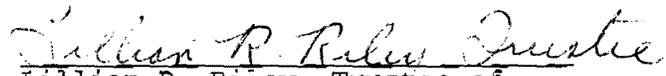
LIHI ESTATES  
REGISTRATION NO. 7845  
DISCLOSURE STATEMENT AS OF January 2, 2003

1. Name of Project: LIHI ESTATES
2. Address: 4580 Puuwai Road, Kalaheo, Kauai, Hawaii
3. Name of Developer: Hugh Edward Riley, Trustee of Riley Family Revocable Trust Living Trust dated 6/19/92 and Lillian R. Riley, Trustee of Riley Family Revocable Living Trust dated 6/19/92.
4. Address: 2881 Milo Hae Loop, Koloa, Kauai, Hawaii 96756
5. Telephone: (808) 7429027
6. Project Manager: Self managed by the Association of Apartment Owners.
7. Address: 4580 Puuwai Road, Kalaheo, Kauai, Hawaii 96756
8. Maintenance Fees: The maintenance fees are set forth in the previously filed Exhibit "A" attached to the Exhibit E and incorporated herein by reference.
9. Commencement of Maintenance Fees: At such time that the Association decides to commence the same for the Project.
10. Warranties: The Project is a fee simple condominium project and there are no warranties except as may be mutually agreed upon by the Developer and and a Purchaser.
11. Project: The Project consists of eight (8) condominium apartments. The Developer has sold six apartments and there are two remaining apartments, Apartment F which is a single story detached dwelling and the other is a single story shed. Apartment F was built by The Developer as an Owner-Builder and notice of completion was published on July 28, 2002 and therefore cannot offer to sell or lease for period of one year from the date of completion in this case July 28, 2002. The uses will be residential and other uses that are permitted by the zoning and building code of the County of Kauai.

Dated: Koloa, Hawaii this 2 day of January, 2003.

DEVELOPER:

  
Hugh Edward Riley, Trustee of  
Riley Family Revocable Trust Living  
Trust dated 6/19/92

  
Lillian R. Riley, Trustee of  
Riley Family Revocable Living  
Trust dated 6/19/92

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