

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer STEVEN JUN NISHIMURA and WAYNE KEIO NISHIMURA
Address P. O. Box 328, Lihue, Kauai, Hawaii 96766

Project Name(*): HARBOR VIEW CONDOMINIUM
Address: Hulemalu Road, Niualu, Lihue, Kauai, Hawaii

Registration No. 3074

Effective date: June 17, 1994

Expiration date: July 17, 1995

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:

* * * * *

* **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 IS ALSO 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. THERE ARE PRESENTLY NO RESIDENTIAL STRUCTURES ON *

* THE PROPERTY. THE ONLY BUILDINGS ON THE PROPERTY *

* ARE TWO (2) STORAGE SHEDS, EACH OF WHICH IS *

* DEFINED AS AN APARTMENT UNDER THE CONDOMINIUM *

* PROPERTY ACT. *

* *

* 2. This Public Report does not constitute an approval *

* of the project nor that all County Codes, *

* Ordinances and subdivision requirements have been *

* complied with. *

* *

* 3. This project does not involve the sale of *

* individual subdivided lots. The dotted lines on *

* the Condominium Map are for illustration purposes *

* only. *

* *

* 4. Facilities and improvements normally associated *

* with County approved subdivision, 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. *

* 5. In addition to the foregoing matters, the Kauai *
* County Planning Department has advised as to the *
* following matters in the past. You are requested *
* to read the following information 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 68. (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. *

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

* D. The use of the limited common elements shall *
* be limited to those listed as permissible *
* within the "A" Agricultural District in the *
* State Land Use Commission's Rules and *
* Regulations. (See Exhibit "H", B. *
* AGRICULTURAL USE COVENANTS which sets forth *
* the foregoing matter.) *

* E. Any dwelling constructed after the first one *
* will require an inspection of the property by *
* the Kauai Planning Department to verify *
* whether agricultural activities are being *
* conducted on the property. If not, such *
* permits to construct additional farm *
* dwellings could be denied. *

* **THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY** *
* **REVIEW THE DOCUMENTS FOR FURTHER INFORMATION WITH** *
* **REGARD TO THE FOREGOING.** *

* * * * *

TABLE OF CONTENTS

	page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer Attorney for Developer General Contractor	
Real Estate Broker Escrow Company Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Common Elements	
EXHIBIT B: Encumbrances Against Title	
EXHIBIT C: Summary of Sales Contract	
EXHIBIT D: Summary of Escrow Agreement	
EXHIBIT E: Disclosure Statement	
EXHIBIT F: Building and House Rules	
EXHIBIT G: Summary of Rules and Regulations and Cost Allocation for the Water System	
EXHIBIT H: Summary of Covenants, Conditions and Restrictions Attached to the Declaration of Condominium Property Regime of Harbor View Condominium	

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: STEVEN JUN NISHIMURA and
WAYNE KEIO NISHIMURA Phone: 245-6935
Name (Business)
P. O. Box 328
Business Address
Lihue, Kauai, Hawaii 96766

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

Real Estate Broker: None selected See p. 20 Phone: _____
Name (Business)
Business Address

Escrow: Title Guaranty Escrow Services, Inc. Phone: 245-3381
Name (Business)
4414 Kukui Grove St., Suite 104
Business Address
Lihue, Hawaii 96766

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

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

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

- 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 of Directors</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 owners 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: Hulemalu Road, Niimalu, Lihue, Kauai, Hawaii Tax Map Key: (4) 3-2-01: 07, Lot 75
(TMK)

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

Land Area: 5.0 [] square feet [X] acre(s) Zoning: Agriculture

Lessor/ STEVEN JUN NISHIMURA and
(Fee Owner): WAYNE KEIO NISHIMURA

Name
 P. O. Box 328

Address
 Lihue, Kauai, Hawaii 96766

Sublessor: _____
Name

Address

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion
 when submitted to condominium property regime
 2. Number of Buildings: 2 Floors Per Building 1 Floor

Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other _____

4. **Permitted Uses by Zoning:**

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<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>2</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: See Building and House Rules (Exhibit F) and Covenants, Conditions and Restrictions (Exhibit I)

[] 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>
<u>1</u>	<u>1</u>	<u>N/A</u>	<u>64 sq. ft.</u>	<u>N/A</u>
<u>2</u>	<u>1</u>	<u>N/A</u>	<u>64 sq. ft.</u>	<u>N/A</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

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

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

Boundaries of Each Apartment:

The exterior 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.

7. Parking Stalls:

Total Parking Stalls: None at this time.

	<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)	_____	_____	_____	_____	_____	_____	_____
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	_____	_____	_____	_____	_____	_____	_____

Each apartment will have the exclusive use of at least such/ ^{number of} parking stall(s) as required by Buyers are encouraged to find out which stall(s) will be available for their use. the County of Kauai.

- 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. 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. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

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.

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

[] described in Exhibit _____.

[X] 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 1 - 2.500 acres

Unit 2 - 2.500 acres

NOTE: These are not legally subdivided lots under the Kauai County Ordinances. Until a change permitting subdivision of the lot is enacted the apartment owner cannot subdivide as referred to under Permitted Alterations to Apartments on page 11 of this Report.

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 _____.

[X] as follows:

Unit 1 - 50% appurtenant common interest

Unit 2 - 50% 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 June 7, 1994 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of 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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

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

F. Construction Warranties:

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

1. Building and Other Improvements: None

2. Appliances: None

G. Status of Construction and Estimated Completion Date:

The apartments were completed on December 27, 1992.

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
- Specimen Sales Contract
Exhibit C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated April 7, 1993 as amended
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 Covenants, Conditions and Restrictions, Rules and Regulations and Cost Allocation for the Water System

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. 3074 filed with the Real Estate Commission on April 8, 1994

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. Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Developer/Owner STEVEN J. NISHIMURA (RS-20552) is a current and active Hawaii-licensed real estate salesperson. Pursuant to section 16-99-11(c), HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."
2. This public report shall not bind a purchaser to the sale of any apartment until the Developer submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, a copy of which shall be attached to this public report, and a duly executed copy of a broker listing agreement with a Hawaii licensed real estate broker, as applicable. If the developers will represent themselves, or if the brokerage with which Steven J.Nishimura is associated is designated, the disclosure abstract shall so state.
3. Purchasers should examine Exhibit "F" carefully. Each purchaser must obtain a building permit should he desire to construct a dwelling on the premises, pull purchaser's own utility lines and install purchaser's own cesspool. The moving on to the project of used homes and quonset huts is prohibited..
4. Purchasers should be aware that the land is subject to agricultural activities being pursued as required by Chapter 205, Hawaii Revised Statutes, as amended. Purchasers should be aware that the Menehune Bluffs Subdivision has its own water distribution system and that there are Rules and Regulations and Cost Allocation for the Water System that each purchaser shall be obligated to join in and share in the cost of the operation and maintenance of such water system.
5. Purchasers should be aware that the land is subject to Covenants, Conditions and Restrictions relating to the use of the land (Exhibit H) and an architectural review committee to pass upon the plans and specifications for building improvements, including residential farm dwellings and fences.
6. PURCHASERS SHOULD BE AWARE OF BUILDING PERMIT REQUIREMENTS BY BOTH THE COUNTY OF KAUAI AS WELL AS THE DECLARATION OF CONDOMINIUM REGIME, BY LAWS AND BUILDING RULES (EXHIBIT "F"), THE AVAILABILITY OF UTILITIES AND THE SIZE AND LOCATION OF CONNECTIONS AND BUILDING PERMITS

AND CONSTRUCTION OF IMPROVEMENTS AND ALL OTHER MATTERS RELATING TO THE COST, USE AND ENJOYMENT OF THE CONDOMINIUM UNITS PRIOR TO THEIR ENTERING INTO A PURCHASE CONTRACT. THE COMMISSION, BY ISSUING AN EFFECTIVE DATE FOR THIS REPORT, IS NOT APPROVING OR DISAPPROVING THE PROJECT, NOR IS IT WARRANTING THE CORRECTNESS OR COMPLETENESS OF INFORMATION SUPPLIED TO IT BY ANY PARTY OR PARTIES.

The County of Kauai requires among other things, that 75% of the owners must concur on any application for building permit. Consultation with appropriate County agencies by prospective buyers is urged before entering into a sales contract.

D. 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.

STEVEN J. NISHIMURA

Name of Developer

By: _____

Steven J. Nishimura

Duly Authorized Signatory

2/23/94

Date

STEVEN J. NISHIMURA, OWNER

print name & title of person signing above

Distribution:

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

EXHIBIT "A"

Common Elements. The common elements of the project which the apartments have access 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"

The encumbrances against title are as follows:

1. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Deed dated August 3, 1990, filed as Land Court Document No. 98888.

2. A flood fringe building setback line, as shown on Map 31, as set forth in Land Court Order No. 98888, filed August 3, 1990.

3. Agreement dated June 10, 1991, filed as Land Court Document No. 1830383 by and between Okada Trucking Co., Ltd., a Hawaii corporation, Roy K. Miyake, aka Roy K. Miyaki, Trustee under that certain unrecorded Revocable Living Trust Agreement dated March 16, 1982, Roy K. Miyake, aka Roy K. Miyaki, Trustee under that certain unrecorded Revocable Living Trust Agreement dated March 16, 1982 made by Janet Y. Miyake aka Janet Y. Miyaki, Ralph Shoji Kouchi, unmarried, Etsuko Miyake, unmarried, William Ulrich Asing, Jr. and Patsy Leilani Asing, husband and wife, Kaipō Ralph Asing, unmarried, Healani Ann-Faith Asing, unmarried, Kaili Robert Asing, unmarried, Linekona Jay Asing, unmarried, and Maile-Lei Bobbie Asing, unmarried, in re Rules and Regulations and Cost Allocation for the Water System.

4. Designation of Easement "11" (area 0.320 acres) as shown on Map 33, as set forth by Land Court Order No. 107467, filed June 22, 1992.

5. Waiver and Release dated --- (acknowledged October 20, 1992), recorded as Document No. 92-173295, by Dennis M. Esaki, re: building permit from the Building Division of the Department of Public Works of the County of Kauai. (Not noted on Transfer Certificate(s) of Title referred to herein)

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Declaration of Condominium Property Regime for "HARBOR VIEW CONDOMINIUM" Condominium Project dated April 7, 1993, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 2030557, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 977.)

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in the By Laws of the Association of Apartment Owners of said Condominium Project dated April 7, 1993, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 2030558, as the same may hereafter be amended.

8. Any lien (or claim of lien) for services, labor or material arising from any improvement or work related to the land described in Exhibit "A" of the Declaration of Condominium Property Regime for Harbor View Condominium.

9. Real Property Taxes as may be due and owing - Check with the Director of Finance, County of Kauai.

NOTE: Lot 75 shall have access over Easements 11 through Easement 6 as shown on Map 31 into Halemalu Road, as set forth by Land Court Order No. 107467, filed June 22, 1992.

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.

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"

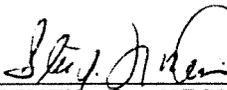
HARBOR VIEW CONDOMINIUM

REGISTRATION NO. 3074

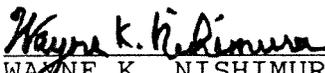
DISCLOSURE STATEMENT AS OF FEBRUARY 23, 1994

1. Name of Project: HARBOR VIEW CONDOMINIUM
2. Address: Off Hulemalu Road, Niumalu, Lihue, Kauai, Hawaii
3. Name of Developers: Steven J. Nishimura and Wayne K. Nishimura
4. Address of Developers: P. O. Box 328, Lihue, Kauai, Hawaii 96766
5. Telephone Number: (808) 245-6935
6. Project Manager or Agent: Steven J. Nishimura
7. Address: P. O. Box 328, Lihue, Kauai, Hawaii 96766
8. Maintenance Fees: The breakdown of the annual maintenance fees and the monthly estimated costs for each apartment, which is hereby certified to be based on generally accepted accounting principles, is more particularly set forth in Exhibit "A" attached hereto and made a part hereof.
9. Commencement of Maintenance Fees: At the time of the closing of the first sale of the apartments.
10. Warranties: The Project is a fee simple condominium project and there are no warranties.
11. Project: The Project consists of 2 condominium apartments, 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: Kalaheo, Kauai, Hawaii, February 23, 1994.



STEVEN J. NISHIMURA



WAYNE K. NISHIMURA

EXHIBIT "F"

**BUILDING AND HOUSE RULES
HARBOR VIEW CONDOMINIUM**

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 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 the 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 building built on the land designated as the limited common element for the owner and any subsequent improvements built within the Area.

c. The "lot" used in the Menehune Bluffs Covenants attached as Covenants, Conditions and Restrictions ("CC&R") to the Declaration of Condominium Property Regime for the Project shall also refer to an "apartment" or "unit" in the Project.

d. The "lot owner" or "unit owner" used in the CC&R shall also refer to an "apartment owner" or "unit owner" in the Project.

2. Menehune Bluffs Covenants. The Menehune Bluffs Covenants are incorporated herein by reference and all apartment and unit owners shall abide by these covenants in the use of their units in the Project.

3. Building Permit. Any owner desiring to apply for a building permit to build a dwelling unit and/or any structure or improvement will be required to observe the following:

a. Submit the plans and drawing for the proposed dwelling unit, addition, repair and/or replacement to the Architectural Review Committee ("Committee") for the Menehune Bluffs Subdivision for their approval as set forth in the CC&R.

b. After receiving the approval of the Committee, the plans and drawings shall be submitted to the County of Kauai pursuant to the requirements of the County of Kauai Ordinance No. 317 approved on June 27, 1977.

c. There shall be submitted to the Committee a construction contract, a 100% bond which would protect against any mechanics and materialmen's liens being filed against the Project and the Association of Apartment Owners of the Project or having the persons doing the work or supplying the material to execute a lien waiver against the Project prior to doing any work or supplying material.

4. Completion. After completion of the dwelling and/or improvements, the owner shall proceed to do the following:

a. Publish a Notice of Completion in the Garden Isle or newspaper of general circulation in the State of Hawaii for two (2) consecutive weeks at least seven (7) days apart and have it filed with the Clerk of the Fifth Circuit Court.

b. The plans and drawings should meet the requirements of a Condominium Map. The plan should show a site plan indicating where the dwelling and improvements 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 plan should show the elevations of the dwelling or improvement. The project's name, Tax Map Key, and the architect's or engineer's stamp should be stamped on the plans.

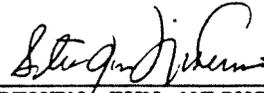
c. The architect or engineer's certificate should be executed reflecting the obtaining of a building permit from the County of Kauai and reflecting the "as built" condition of the dwelling.

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

e. The amendment to the Declaration should then be filed for record in the Office of the Assistant Registrar of the Land Court, State of Hawaii.

5. Agricultural Use Covenants. The owners are required to observe the agricultural use covenants as set forth in the CC&R which are incorporated herein by reference.

Adopted at Kalaheo, Kauai, Hawaii, this 14th day of October, 1993.



STEVEN JUN NISHIMURA



WAYNE KEIO NISHIMURA

EXHIBIT "G"

SUMMARY OF RULES AND REGULATIONS AND COST ALLOCATION FOR THE WATER SYSTEM

The summary of Rules and Regulations and Cost Allocation for the Water System dated June 10, 1991 ("Rules") was filed in the Bureau of Conveyances, State of Hawaii, on June 26, 1991 as Land Court Document No. 183038 and noted on Transfer Certificate of Title No. 356897. The reading of the Rules is important since it will be the basis upon which water services will be provided to the lot and/or apartment owners in the Menehune Bluffs Subdivision of which the Project is one of the lots.

1. Menehune Bluffs Subdivision. The original subdivision consisted of Lots 68 through 74 inclusive as shown on Map 31 of Land Court Application No. 947. Subsequently Lot 72 was subdivided into Lots 75 and 76. The project consists of Lot 75.

2. Definitions. The definitions define a lot to be a subdivided lot in the Subdivision. A unit refers to a dwelling unit that is existing or can be built within a Lot or is a unit that is created under the Condominium Property Regime. A unit owner is a voting member with one vote.

3. Association. The Association is a nonprofit corporation organized to maintain and operate the water system for the subdivision and provides the following:

a. Maintenance and creation of the water system, pay real property taxes and assessments, and insurance for the water system.

b. To enter into any lot or unit to maintain, inspect and repair the improvements and facilities of the water system.

c. To pay for the costs and expenses of operating, maintaining and repairing the water system including administrative costs and repairs.

d. A member to pay the hook up fee when they hook up to the water system. There is a formula provided to determine the manner in which the water usage bill is to be charged together with a meter to determine the billing which period of billing shall be set by the Board of Directors of the Association.

e. If a member fails to pay his bill within 10 days notice and mailing time of 72 hours, the member shall pay a 1% late charge which shall constitute a lien against the unit. The Association shall have the power to turn off the water service if the delinquent owner fails to pay his bill.

f. To accept real property and interests for the purposes of the Association and reserve to itself easements for roadway and utilities provided that it shall not unreasonably interfere with the use of the lot and the units.

g. Provision is made as to what happens when there is an uninsured casualty and condemnation.

h. Notices shall be delivered personally or by mail and shall be deemed mailed 72 hours after deposited in the United States mail and is sufficient if given to one of the owners of a unit.

i. The Board of Directors of the nonprofit association have adopted these Rules and Regulations.

EXHIBIT "H"

SUMMARY OF COVENANTS, CONDITIONS AND RESTRICTIONS ATTACHED TO THE DECLARATION OF CONDOMINIUM PROPERTY REGIME OF HARBOR VIEW CONDOMINIUM

A. MENEHUNE BLUFF COVENANTS

The Menehune Bluff Subdivision ("Subdivision") consists of Lots 68 through 74 inclusive as noted on Map 31 filed with the Land Court Application No. 957 and noted on Transfer Certificate of Title No. 280,300. Subsequently Lot 72 was subdivided into Lots 75 and 76 and the Project (Lot 75) is subject to the following. The reading of the Covenants, Conditions and Restrictions ("Covenants") is important since it will be the basis upon which an apartment owner will be able to construct and use his unit in the Project and Subdivision.

1. Structures. No mobile home or temporary type structure, used materials or structures and geodesic dome type structures shall be used or constructed as a permanent residence.

2. Construction. In the construction of improvements a unit owner shall conduct excavation with lateral support for adjoining owners, no mining or quarrying, permit for grading and clearing, observing natural flow of drainage, have no overhead power lines and observe a 20-foot building setback line from the edge of the bluff. Driveways shall be asphalt or concrete. There is a design review process by the County of Kauai on the visual impact of structures.

3. Architectural Review Committee. Three (3) members made up of owners of property in the Subdivision who shall be majority vote review and approve, or deny the plans and specifications for any improvements. Design standards shall be consistent with the provisions of these covenants and in harmony with the natural surroundings.

4. Use. No noxious, hazardous, or offensive activities, unsightliness, noise, bright exterior lighting and offensive odors are permitted. Typical household pets shall be kept in reasonable numbers and reasonable conditions. Other animals shall be kept in conformance with good animal husbandry including the removal of excessive manure and waste and control of flies and insects and provide adequate fencing for the animals.

5. Utilities. Sewage disposal shall conform to appropriate governmental standards, any gas tank shall be kept underground or

within a shielded enclosure. All owners shall be required to join the Menehune Bluffs Water System Owners' Association.

6. Cultivation of Crops. The cultivation of crops shall follow good farming practices making adequate provisions for chemical sprays and insect control and control of water to prevent flooding, erosion or deposit of silt.

7. Term of Covenants. The covenants relating to setback and easements, gas tank installation, joining the water system and agricultural use shall continue indefinitely. Other covenants shall run for 25 years and automatically extended for successive periods of 10 years unless a majority of the lots agree to change the covenants in whole or in part.

8. Run with the Land. The covenants shall be included in any transfer document. Any threatened violation or violation is subject to injunctive relief and the covenants run with the land.

B. AGRICULTURAL USE COVENANTS

1. The use of lots and units in the Subdivision shall be limited to the "A" Agricultural District uses as set forth in the State Land Use Commission's Rules and Regulations, as amended.

2. These include cultivation of crops, game and fish propagation, raising of livestock and the construction of farm dwellings, employee housing, farm buildings or activity or use related to farming and animal husbandry.

3. The agricultural use covenants as set forth in the Covenants to the Declaration of Condominium Property Regime should be examined before undertaking any activities or uses of the lot or unit.