

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer LOKA PARTNERS
Address 3955 Montgomery Road, Cincinnati, Ohio 45212

Project Name(*): KAPUNA BEND
Address: Lot 7, Waipake Subdivision, Unit II, Hanalei, Kauai, Hawaii

Registration No. 3105

Effective date: July 12, 1994
Expiration date: August 12, 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: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
(yellow)

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

 SUPPLEMENTARY: This report updates information contained in the:
(pink)
[] 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 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, *

* *

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 Declaration of Covenants Waipake Subdivision Unit II	
EXHIBIT H:	
EXHIBIT I:	

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: LOKA PARTNERS Phone: (808) 822-0518
Name (Business)
3955 Montgomery Road Hawaii Office:
Business Address P. O. Box 518
Cincinnati, Ohio 45212 Anahola, Hawaii 96703

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

United Dairy Farmers Development and Leasing Company, Inc.
Jeffrey S. Lindner

Real Estate Broker: Michael M. Dyer, dba
Kilauea Real Estate Company Phone: (808) 826-1432
Name (Business)
P. O. Box 68
Business Address
Kilauea, Kauai, Hawaii 96754

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 245-3381
Name (Business)
4414 Kukui Grove St., #104
Business Address
Lihue, Hawaii 96766

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

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

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

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

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

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 93-204312
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. 1966
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 93-204313
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: Lot 7, Kapuna Road, Waipake Subdivision Tax Map Key: (4) 5-1-6: 21
Unit II, Waipake, Hanalei, Kauai, Hawaii (TMK)

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

Land Area: 5,893 [] square feet [x] acre(s) Zoning: Agriculture

~~/Yes/~~

(Fee Owner): LOKA PARTNERS

Name _____

3955 Montgomery Road

Address _____

Cincinnati, Ohio 45212

Sublessor: _____

Name _____

Address _____

C. Buildings and Other Improvements:

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

2. Number of Buildings: 2 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Composition Roofing

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: _____

Other: See Building and House Rules attached as Exhibit "F" and Declaration of Covenants of Waipake Subdivision Unit II, a summary of which is attached as Exhibit "G" herein.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Shed	
			Living Area (sf)*	Lanai/Patio (sf)
A	1	N/A	48 sq. ft.	N/A
B	1	N/A	48 sq. ft.	N/A
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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 boundary of each apartment is the exterior surfaces of the apartment and each boundary also has appurtenant to it the limited common element land area as set forth in the Condominium Map for its own exclusive use.

Permitted Alterations to Apartments:

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

7. Parking Stalls: Open stalls not designated. By ordinance, two (2) parking stalls for each residential apartment is required.
 Total Parking Stalls: _____

	<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	_____	_____	_____	_____	_____	_____	_____

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

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

8. Recreational and Other Common Facilities:

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

9. 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):

N/A

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	X _____	_____	_____
Structures	X _____	_____	_____
Lot	X _____	_____	_____

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

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

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

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

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

described in Exhibit A .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

The land area of each apartment 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 apartment.

Apartment A - 2.788 acres

Apartment B - 3.105 acres

NOTE: The limited common element land areas for each apartment 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:

Apartment A - 50%

Apartment B - 50%

- 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 May 18, 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>
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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

2. Appliances: None

G. Status of Construction and Estimated Completion Date:

The 2 sheds were completed on May 3, 1994.

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 December 7, 1993
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 Declaration of Covenants, Conditions and Restrictions for the Waipake Subdivision Unit II

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. 3105 filed with the Real Estate Commission on May 24, 1994

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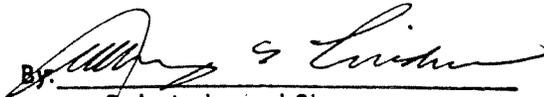
C. Additional Information Not Covered Above

Paragraph 3 of the Building and House Rules requires that each owner who obtains a building permit satisfy the requirement for income or sustenance from farming immediately.

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.

JEFFREY S. LINDNER

Name of Developer

By: 

Duly Authorized Signatory

12/17/93
Date

JEFFREY S. LINDNER, GENERAL PARTNER, 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 to include:

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

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE: The title report of Title Guaranty of Hawaii, Inc. dated May 18, 1994 reports that title to the land is subject to the following encumbrances:

1. Real Property Taxes have been fully paid up to and including June 30, 1994.

Tax Key: 5-1-006-021 (4) Area Assessed: 5.893 acres

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

3. Building setback line and drainageway, as shown on survey map prepared by Dennis M. Esaki, Registered Professional Surveyor, dated December 6, 1990.

4. Agreement dated March 16, 1977, recorded in Liber 12110 at Page 330, entered into by and between State of Hawaii and C. Brewer and Company, Limited; re: use of the land described herein for agriculture purposes.

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DEED dated April 26, 1989, recorded in Liber 23119 at Page 472.

The foregoing includes, but is not limited to, the following:

"EXCEPTING AND RESERVING unto Grantor, its successors and assigns, forever, with respect to both the Warranty Property and the Quitclaim Property (the 'granted premises'), as appurtenant to the lands of Grantor which are located adjacent to or in the vicinity of the granted premises and which are now owned or used or hereafter acquired and used by Grantor in its agricultural operations, the perpetual right and easement over and upon the granted premises to discharge, emit, diffuse and inflict noise, smoke, soot, dust, lights, noxious vapors, odors and other minor nuisances of every description created by and resulting from the agricultural operations of Grantor on its lands, including, but not limited to, burning sugar cane and bagasse, milling, generating power, trucking, hauling, spraying pesticides, irrigation, crop dusting, and all other activities incidental to the farming, harvesting and processing of agricultural products and by-products. Grantor shall not be responsible or liable to Grantee, its successors and assigns, for the creation of such nuisance and Grantee shall indemnify and hold Grantor harmless from any liability or expense resulting from any claims whether made by Grantee or guests of other persons using the granted premises arising from such nuisance.

AND FURTHER EXCEPTING AND RESERVING unto Grantor, its successors and assigns, all water and water rights within or appurtenant to the granted premises, provided, however, that in the exercise of said rights, Grantor, its successors and assigns, shall not have the right to drill for water or otherwise disturb the surface of the land or any improvements thereon."

6. Right-of-Entry Agreement in favor of the County of Kauai, by and through the Board of Water Supply, County of Kauai, dated June 28, 1990, recorded as Document No. 90-192765; granting a right-of-entry over and across the land described herein for the purposes of conducting all necessary inspections for an don behalf of the Board, and, if appropriate, for constructing, maintaining, conducting water meter readings on, and repairing any and all facilities and improvements for the conveyance of potable water.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration dated February 20, 1991, recorded as Document No. 91-024030. Said Declaration was amended by instrument dated March 8, 1991, recorded as Document No. 91-038792.

8. Agreement to Release Rights to Three-Phase Power Installation dated December 13, 1990, recorded as Document No. 91-022853, made by and between Loka Partners, an Ohio general partnership, and Citizens Utilities Company, a Delaware corporation.

9. Right-of-Entry to Citizens Utilities Company dated May 13, 1991, recorded in said Bureau as Document No. 92-035473 granting the right-of-entry for the purpose of building, constructing, repairing, maintaining and operating pole and wire lines, and/or underground lines, etc., for the transmission and distribution of electricity.

-Note:- No joinder by LOKA PARTNERS.

10. Waiver and release dated September 15, 1993, recorded as Document No. 93-152883; re: inadequate water supply.

-Note:- No joinder by LOKA PARTNERS.

11. Possible claim of interest by reason of implied and/or constructive trust by Llewella Zablan and Randy Rego, individually and as representatives of the heirs of the Estate of David Trask, Deceased, as set forth by Notice of Implied and/or Constructive Trust dated September 30, 1993, recorded as Document No. 93-163744.

12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained

in Declaration of Condominium Property Regime for "KAPUNA BEND" Condominium Project dated November 5, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-204312, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1966.)

13. 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 November 5, 1993, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-204313, as the same may hereafter be amended.

14. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.

EXHIBIT "C"

Summary of Sales Contract

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

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

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

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

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

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

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

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

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"

KAPUNA BEND

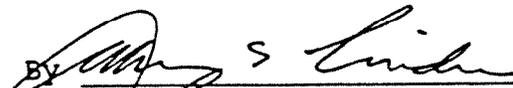
REGISTRATION NO. 3105

DISCLOSURE STATEMENT AS OF December 17, 1993

1. Name of Project: KAPUNA BEND
2. Address: Waipake, Hanalei, Kauai, Hawaii
3. Names of Developer: LOKA PARTNERS, an Ohio general partnership
4. Address of Developer: c/o Jeffrey S. Lindner,
5066 Aliomanu Road, Anahola, Hawaii
96703 or P. O. Box 518, Anahola,
Hawaii 96703
5. Telephone Number: (808) 822-0518
6. Project Manager or Agent: Jeffrey S. Lindner
7. Address: 5066 Aliomanu Road, Anahola, Hawaii 96703 or
P. O. Box 518, Anahola, Hawaii 96703.
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 such time that the Association decides to assess maintenance fees.
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: Anahola, Hawaii, December 17, 1993.

LOKA PARTNERS,
an Ohio general partnership

By 
JEFFREY S. LINDNER,
General Partner

C:\WP5\CONDO.

EXHIBIT "F"

BUILDING AND HOUSE RULES
KAPUNA BEND

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 **KAPUNA BEND** Condominium, hereinafter referred to as "Project", and to provide for the maximum enjoyment of the premises. All owners and occupants, their agents, employees and invitees shall be bound by these Rules and standards of reasonable conduct whether covered by these Rules or not.

1. Definitions. As used herein:

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

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

c. The "lot" refers to Lot 7 described in the Declaration of Covenants, Conditions and Restrictions for The Waipake Subdivision Unit II dated February 20, 1991, recorded as Document No. 91-024030 in the Bureau of Conveyances, State of Hawaii, as amended on March 8, 1991, recorded as Document No. 91-038792, and the Design Review Restrictions incorporated therein ("CC&R) and 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. Private Building Approvals. Any owner desiring to construct or install any building or improvements in a Unit is required to submit the plans and specifications to the Design Review Committee for approval of such plans and specifications to be in conformance with the CC&R.

3. Building Permit. Any owner desiring to construct a single family dwelling in a Unit will have to comply with the building and zoning ordinances as the same may be changed from time to time. The requirements of the Comprehensive Zoning

Ordinance, Kauai County Code 1987 and in particular the requirements of Article 1, Section 8-1.5 Definitions, Subparagraph (10) as to Applicant and Subparagraph (99) as to Owner having a controlling interest of 75% or more of the equitable and legal title of the lot have to be observed in order to obtain a building permit. The County of Kauai presently requires an owner to sign an affidavit that they obtain income or sustenance from farming on the unit and such owner shall satisfy such requirement immediately in order that the next owner seeking a building permit will not be delayed in securing their own building permit.

4. Use Restrictions. The agricultural restrictions for the use of the Unit for agricultural purposes for 20 years from March 16, 1977 are set forth in the Agreement dated March 16, 1977, recorded in Book 12110, Page 330, from such date for Lot 7 of which this Condominium is located.

5. Water and Utilities. The water, electricity and telephone will be drawn from Kapuna Road to each Unit's boundary abutting said street at each Unit Owner's cost and expense to the dwelling and/or building.

6. Cesspools/Septic Tanks. There are no sewer lines and a sanitary sewer system. Each Unit Owner will have his own cesspool or septic tank located within his own area no closer than 5 feet to any area boundary and in compliance with the State of Hawaii Department of Health laws, rules and regulations.

7. 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 Bureau of Conveyances, State of Hawaii.

Adopted at Anahola, Kauai, Hawaii, this 19th day of January, 1994.

LOKA PARTNERS,
an Ohio general partnership

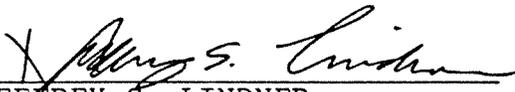
BY 
JEFFREY S. LINDNER,
Its General Partner

EXHIBIT "G"

SUMMARY OF DECLARATION OF COVENANTS

WAIPAKE SUBDIVISION UNIT II

The Summary of Declaration of Covenants, Conditions and Restrictions for the Waipake Subdivision Unit II dated February 20, 1991, filed in the Bureau of Conveyances, State of Hawaii, as Document No. 91-024030 and as amended on March 8, 1991 as Document No. 91-038792 are applicable to the Project. The reading of the Declaration is important and various requirements have to be met before any construction and development of any improvements can be undertaken.

1. There are Lots 1 through 23 inclusive, in Waipake Subdivision Unit II of which Lot 7 is the Project and therefore affected by this Declaration.
2. Before any improvements can be commenced, the plans and specifications have to be reviewed and approved by a Design Review Consultant appointed by the Declarant (Loka Partners II, Subdivider) and thereafter the Homeowners Association for the lots in the Subdivision Unit II of which the project is a part of.
3. The Consultant will conduct a design review in accordance with standards established and in compliance with public regulatory requirements. The standards to include among other things setback, height, roof materials, reflective materials, minimum size of unit, construction schedule and height limitation.
4. There are restrictions as to temporary structures, overhead utility lines, screening of transmission and receiving facilities.
5. There are restrictions on use of property such as noxious or offensive activities, unsightliness, noise, bright exterior lighting, number of animals and aquatic life kept and maintained and governmental health requirements that have to be observed.
6. Prior to the commencement of site improvements grading permits need to be obtained from the County of Kauai and appropriate steps taken to provide lateral support to adjoining lot owners, controlling dust during grading or grubbing and observance of run off and drainage control ordinances.

7. The lots to be maintained and landscaped and the sign requirements as set forth in the Declaration have to be observed.

8. There is a list of prohibited uses and activities which unless 75% of the lot owners of the subdivision and the governmental authority agrees to such use, then such activity is prohibited.

9. There are State Land Use Restrictions for "agricultural activities" and "dwellings" that have to be observed as contained in Section 205-4.5, Hawaii Revised Statutes.

10. There is an agreement with Citizen Utilities Company in which Citizen is released from its refusal or failure to supply three phase electrical power to the subdivision lots.

11. The restrictive covenants to continue to December 31, 2015 with earlier termination dates for governmental and Citizen Utility Company release as to Three-Phase Power Installation.

12. For breach of covenants enforcement can be by injunctive relief or other legal remedies by Declarant, a lot owner in Subdivision Unit II or the County of Kauai and if successful entitled to recover its attorney's fees and cost of enforcement.

13. There are easements, reservations and restrictions set forth for the various Lots 1 through 23 in the Subdivision Unit II of which this Project is Lot 7 and Lot 7 is required to observe such easements, reservations and restrictions as set forth in the Declaration. These relate to flood zone, run off, historical sites, drainage, roadway, pedestrian and vehicular access and utilities.