

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 ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY. THERE ARE NO RESIDENTIAL STRUCTURES ON THE PROPERTY AT THIS TIME.

1. This Public Report does not constitute an approval of the project nor that all County Codes, Ordinances and subdivision requirements have been complied with.
2. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map (Exhibit A) are for illustration purposes only. They merely represent the approximate location of the limited common element assigned to each unit.
3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance, enhanced water facilities, fire service, related services and trash collection will not be available for interior roads.
4. Read Exhibit I with care.

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

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer:

JON F. ANDERTON
Name
P.O. BOX 1308
Business Address
HANAIEI, HI 96714

Phone: (808)826-7223
(Business)

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

NONE

Real Estate
Broker:

NA PALI PROPERTIES, INC.
Name
P.O. BOX 475
Business Address
HANAIEI, HI 96714

Phone: (808)826-7272
(Business)

Escrow:

NONE
Name

Business Address

Phone: *

(Business)

General
Contractor:

NONE-CONSTRUCTION COMPLETED
Name

Business Address

Phone: _____
(Business)

Condominium
Managing
Agent:

SELF-MANAGED BY THE ASSOCIATION
OF APARTMENT OWNERS
Name

Business Address

Phone: _____
(Business)

Attorney for
Developer:

KIMO C. LEONG, ESQ.
Name
737 BISHOP ST., #2060
Business Address
HONOLULU, HI 96813

Phone: (808)528-2222
(Business)

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

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

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

The Declaration for this condominium is:

Proposed

Recorded - Bureau of Conveyances: Document No. 93-151949
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. 1927

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. 93-151950
Book _____ Page _____

Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

| | <u>Minimum Set by Law</u> | <u>This Condominium</u> |
|--------------------------------|-------------------------------|-------------------------|
| Declaration (and Condo Map) | 75%* | <u>75%</u> |
| Bylaws | 65% | <u>65%</u> |
| House Rules | --- | <u>N/A</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:

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: HALAULANI ROAD, LOT 20, KALIHIWAI Tax Map Key: (4) 5-2-22-19
RIDGE II, KILAUEA, KAUAI, HI 96754 (TMK) (4) 5-2-22-30 AND THROUGH 33

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

Land Area: 30.373 [] square feet [X] acre(s) Zoning: AGRICULTURAL

Fee Owners: JON FRANKLIN ANDERTON and MARY VIRGINIA ANDERTON, husband and wife
 PERRY N SCOTT MORGAN and IRENE WAI HIN MORGAN, husband and wife
 CHARLES YASAUCHI TABA and RUTH NAOMI TABA, husband and wife
 CHARLES DANIEL HAYES and JEANNETTE NICOLE HAYES, husband and wife
PETER DEMETRIUS KALFAS, unmarried

Name
c/o JON F. ANDERTON
 Address
P.O. BOX 1308, HANALET, HI 96714

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: 5 Floors Per Building 1

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>5</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 checked="" type="checkbox"/> Other: <u>*</u> | ___ | <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

*SEE PAGE 20 FOR FURTHER EXPLANATION.

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: residence. The uses on the limited common elements shall be limited to those listed as permissible within the "A" Agricultural District in the State Land Use Commission Rules.

[] 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 Living Area (sf)* | STORAGE SHED AREA Kauai Patio (sf) |
|-----------|----------|---------|-----------------------|---------------------------------------|
| A | 1 | 0 | 0 | 192 |
| B | 1 | 0 | 0 | 192 |
| C | 1 | 0 | 0 | 64 |
| D | 1 | 0 | 0 | 192 |
| E | 1 | 0 | 0 | 192 |

Total Apartments: 5

*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: SEE EXHIBIT A (CONDOMINIUM MAP)

Permitted Alterations to Apartments: As allowed by the Kauai County zoning ordinances upon each permanent improvement, an amendment to the Declaration of Condominium Property Regime and the Condominium Map (Ex.A) by the Association of Unit Owners will be required in order to disclose actual improvements as a matter of public record.

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 B .

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:

[x] described in Exhibit C.

[X] as follows: That portion of land set aside for the use of each owner of a Unit as set forth in the Condominium Map attached hereto as Exhibit A:

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:

[x] described in Exhibit D.

[] as follows: ⁴

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 E describes the encumbrances against the title contained in the title report dated JANUARY 19, 1995 and issued by TITLE GUARANTY OF HAWAII.

Blanket Liens:

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

[] There are no blanket liens affecting title to the individual apartments.

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

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

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u> |
|---------------------|--|
| Mortgage | Refund of Buyer's deposit in the event of foreclosure, and cancellation of contract. Buyer may thereupon lose all rights to purchase the property. |

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: N/A

2. Appliances: No appliances are included, therefore, no warranties apply.

G. Status of Construction and Estimated Completion Date:

Construction of Units A, B, C, D and E were completed in February 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):

IV. CONDOMINIUM MANAGEMENT

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

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

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer the Developer or the Developer's affiliate.
- self-managed by the Association of Apartment Owners other _____

B. Estimate of Initial Maintenance Fees:

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

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

Exhibit F contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. Utility Charges for Apartments:

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

- None Electricity Gas Water
- Sewer Television Cable Other Not applicable.

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 G contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated MARCH 13, 1995
Exhibit J 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 Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge

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. 3281 filed with the Real Estate Commission on 1/31/95.

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

Prospective Purchaser:

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. You will be required to comply with zoning codes to be allowed to construct a residence on your limited common element. No new improvement may be made nor may any existing improvement be materially altered unless the plans are approved by the Kalihiwai Ridge Environmental Committee.

You should also conduct your own investigations and ascertain the validity of information provided. Please remember that issuance of this Report does not mean the Hawaii Real Estate Commission has approved the project.

The County of Kauai Planning Department has advised that, in order to process the necessary permits for the construction and the processing of a farm dwelling agreement on agriculturally zoned parcels, authorization from at least 75% of the legal and equitable ownership of the entire project shall be required, consistent with the Declaration of Condominium Property Regime, the Bylaws, and the Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge Subdivision.

Except as limited by the Declaration of Condominium Property Regime, the Bylaws, and the Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge Subdivision, and other documents of record, all uses permitted in the Agricultural Zone are permitted. Such uses include, but are not limited to growing crops, raising animals, residence, diversified agriculture, forestry, orchards and nurseries and wildlife management. See Kauai County Comprehensive Zoning Ordinance, Article 8.7. In relation to specifically permitted uses of buildings and other improvements, structures shall only be occupied or used for agriculture, associated residential uses, and/or other uses permitted by law and the recorded project documents. An agricultural residence may not be constructed unless the Unit Owner demonstrates to the County his ability to derive income and/or agricultural products from his property. Agricultural use must be established and verified prior to any building permit approval.

The uses on the limited common elements shall be limited to those listed as permissible within the "A" Agricultural District in the State Land Use Commission Rules and Regulations. Farm dwellings on the lot shall mean a single-family dwelling located on and used in connection with a farm or where agricultural activity provides income to the family occupying the dwelling. Please see the advisory letter from Kauai County Planning Department attached as Exhibit H.

A buyer should understand that development and use of the properties shall comply with all County Codes and Ordinances. If County of Kauai facilities are not already in place, the prospective purchaser is advised that owners in this project will not necessarily receive the same County benefits as owners of approved subdivided lots; owners who develop their properties later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations. Zoning and land use restrictions are subject to change and each purchaser should maintain awareness of such conditions.

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Developer/Owner, Jon F. Anderton, RS-41363, is a current and active Hawaii-licensed real estate salesperson with Na Pali Properties, Inc. 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'."

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.

JON F. ANDERTON

Name of Developer

By: Jon F. Anderton
Duly Authorized Signatory

1/16/95
Date

Jon F. Anderton, Developer

print name & title of person signing above

Distribution:

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

LAND COURT

REGULAR SYSTEM

93K0432

After recordation, return by mail () pickup () to:

Kimo C. Leong, Esq.
Law Offices of Taylor, Leong & Chee
737 Bishop Street, Suite 2060
Honolulu, Hawaii 96813
Telephone No. 528-2222

SITE PLAN, FLOOR PLANS AND ELEVATIONS
OF THE
NANI NAMAHAHA CONDOMINIUM PROJECT

Condominium Map No. 1927

DEVELOPER/OWNER: JON FRANKLIN ANDERTON and MARY VIRGINIA
ANDERTON, husband and wife, PERRY SCOTT
MORGAN and IRENE WAI HIN MORGAN, husband and
wife, CHARLES YASUICHI TABA and RUTH NAOMI
TABA, husband and wife, CHARLES DANIEL HAYES
and JEANNETTE NOELLE HAYES, husband and wife,
and PETER DEMETRIUS KALFAS, unmarried

Property description:

Lot 19, Kalihiwai Ridge Subdivision
Phase II, File Plan No. 2053,
Kalihiwai and Kilauea, Hanalei,
Kauai, Hawaii

Doc. No. 91-168807

VERIFIED STATEMENT OF
REGISTERED PROFESSIONAL ARCHITECT

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

WILLIAM HENRY BESS, being first duly sworn on oath,
certifies as follows:

1. That this statement is made pursuant to the requirements of §514A-12 of the Hawaii Revised Statutes.

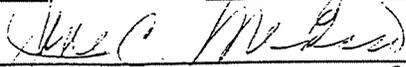
2. That I am a registered professional architect in the State of Hawaii and my license number is 6161.

3. That to the best of my knowledge, information and belief, the attached site plan, floor plans and elevations of the NANI NAMAHAHA Condominium Project located at Kalihiwai Ridge, Kauai, Hawaii (Tax Map Key No. 5-2-22-19) are accurate copies of portions of the plans of the buildings as filed with and approved by the County of Kauai Building Department. Said plans fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments, as well as the land and yard area assigned to the apartments of said condominium project as built.



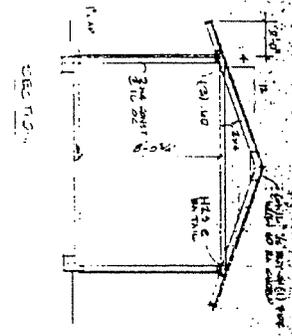
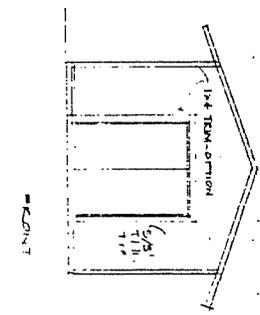
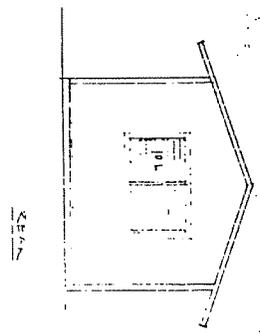
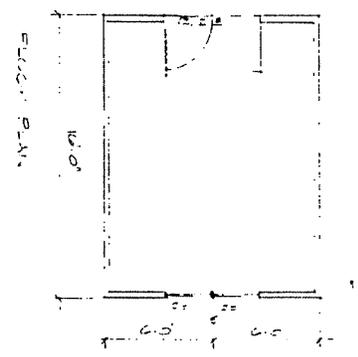
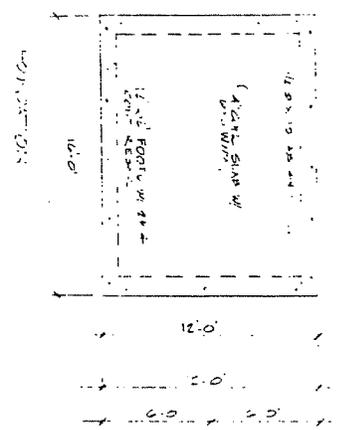
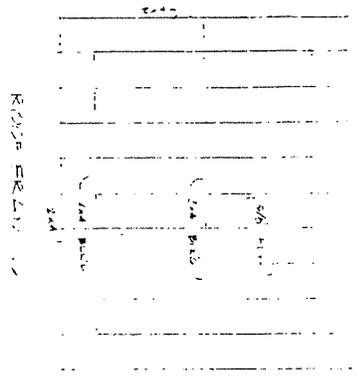
WILLIAM HENRY BESS
Registered Professional Architect
License No. 6161

Subscribed and sworn to before me this
31 day of August, 1992.



Notary Public, State of Hawaii
My commission expires: 8-20-96

LD



NANI NANAIANA
 UNITS A B D E
 AGRICULTURAL BUILDING
 TMK: 5-2-22-9



93K0245

EXHIBIT B

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (1) The land in fee simple;
- (2) The common area for trash pickup designated on the Condominium Map;
- (3) All ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water, sewage, irrigation and telephone;
- (4) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.

EXHIBIT C

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, herein referred to as the "limited common elements", are hereby designated and set aside for the exclusive use of one or more apartments, and such apartment(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

- (1) The immediate land area upon and around which each apartment is located, the boundaries of which are as so shown and designated on the Conominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective apartment.

| <u>Apartment No.</u> | <u>Area of Limited Common Element</u> |
|----------------------|---------------------------------------|
| A | 5.001 acres |
| B | 5.502 acres |
| C | 5.502 acres |
| D | 5.500 acres |
| E | 8.868 acres |

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement shall be borne solely by the owner of the apartment to which said limited common elements are appurtenant.

EXHIBIT D

SCHEDULE OF APARTMENTS AND COMMON INTERESTS
FOR NANI NAMAHAHA CONDOMINIUM PROJECT

| QTY. | APT. NO. | AREA OF LIMITED COMMON ELEMENT (SQ. FT.) | NO. OF BR/BATH | APPX NET LIVING AREA (SQ. FT.) | APPX FARM SHED AREA (SQ. FT.) | % OF COMMON INT. |
|------|-------------|--|-------------------|--|--|------------------------|
| 1 | A | 5.001 AC | 0 | 0 | 192 | 20 |
| 1 | B | 5.502 AC | 0 | 0 | 192 | 20 |
| 1 | C | 5.502 AC | 0 | 0 | 64 | 20 |
| 1 | D | 5.500 AC | 0 | 0 | 192 | 20 |
| 1 | E | 8.868 AC | 0 | 0 | 192 | 20 |

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration, each unit owner may use his unit, alter or add to it in any manner he deems desirable, so long as it is permitted by law. If adjoining unit owners desire to alter and/or transfer portions of their respective units, they can do so by the filing of an amendment to the Condominium Map and the Declaration of Condominium Property Regime, together with their respective signatures.

END OF EXHIBIT D

EXHIBIT E

ENCUMBRANCES AGAINST TITLE:

1. Real Property Taxes: Reference is made to the Kauai County Department of Finance, Real Property Assessment Division for further information.
2. Designation of Easement "D-7", for drainage purposes, as shown on File Plan No. 2053.
3. Designation of Easement "D-10" (area 0.015 acre), for drainage purposes, as shown on File Plan No. 2053.
4. Setback for building and drainageway purposes, as shown on File Plan No. 2053.
5. Agreement dated March 16, 1977, recorded in Liber 12110 at Page 330, by and between the STATE OF HAWAII and C. BREWER AND COMPANY, LIMITED; re: use of land for agricultural purposes.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DECLARATION dated October 3, 1988, recorded in Liber 22452 at Page 429.

Said Declaration was amended and supplemented by Correction to Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge dated July 5, 1990, recorded as Document No. 90-104733, and by Annexing Declaration and Declaration of Restrictive Covenants dated November 7, 1991, recorded as Document No. 91-155979.

Said Declaration was amended by instrument dated August 9, 1993, recorded as Document No. 94-037305.

7. Unrecorded Kalihiwai Ridge Environmental Design Rules and Guidelines Pursuant to Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge dated October 12, 1988, as amended.

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DECLARATION dated April 6, 1991, recorded as Document No. 91-097979.

Said Declaration was amended by instruments dated November 26, 1991, recorded as Document No. 91-166866, and dated December 12, 1994, recorded as Document No. 94-210073.

9. Agreement to Incorporate Agricultural Restrictions Into Instruments of Conveyance dated November 7, 1991, recorded as Document No. 91-155967, by and between C. BREWER PROPERTIES, INC., and THE COUNTY OF KAUAI PLANNING DEPARTMENT.

10. Indemnity Agreement dated ---, recorded as Document No. 91-164222, by C. BREWER PROPERTIES, INC., a Hawaii corporation, and DEPARTMENT OF PUBLIC WORKS of the COUNTY OF KAUAI, a political subdivision of the State of Hawaii.

11. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DEED dated December 4, 1991, recorded as Document No. 91-168807.

12. MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : JON FRANKLIN ANDERTON and MARY VIRGINIA ANDERTON, husband and wife, PERRY SCOTT MORGAN and IRENE WAI HIN MORGAN, husband and wife, CHARLES YASUICHI TABA and RUTH NAOMI TABA, husband and wife, CHARLES DANIEL HAYES and JEANNETTE NOELLE HAYES, husband and wife, and PETER DEMETRIUS KALFAS, a single man

MORTGAGEE : C. BREWER PROPERTIES, INC., a Hawaii corporation

DATED : December 4, 1991
RECORDED : Document No. 91-168808
AMOUNT : \$496,250.00

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : December 16, 1991
RECORDED : Document No. 92-022090

THE ABOVE MORTGAGE WAS ASSIGNED

TO : FIRST HAWAIIAN CREDITCORP, INC., a Hawaii corporation

DATED : December 26, 1991
RECORDED : Document No. 91-181269

13. Waiver and Release dated July 23, 1993, recorded as Document No. 93-120858, whereby JON F. ANDERTON, agree, promise and covenant that the issuance of a building permit by the County of Kauai will not be construed to infer, warrant of guarantee that water or water services by the County will be provided at any time in the future.

14. Claims arising out of rights customarily and traditionally exercised for subsistence, cultural, religious, access or gathering purposes as provided for in the Hawaii Constitution or Sections 1-1 or 7-1 of the Hawaii Revised Statutes.

15. The terms and provisions, including the failure to comply with the covenants, conditions and reservations, contained in Declaration of Condominium Property Regime for "NANI NAMAHAHA" Condominium Project dated August 19, 1993, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-151949, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map(s) No(s). 1927.)

Notice of Metes and Bounds Description of the Common Elements of the Nani Namahana Condominiu, Project dated November 30, 1994, recorded as Document No. 94-201631.

16. The terms and provisions, including the failure to comply with the covenants, conditions and reservations, contained in the By-Laws of the Association of Apartment Owners of said Condominium Project dated August 19, 1993, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-151950, as the same may hereafter be amended.

17. Confirmation of the conveyances by PERRY N SCOTT MORGAN and IRENE WAI HIN MORGAN, as Trustees.

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

19. -AS TO ITEM I ONLY:-

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 3, 1994, recorded as Document No. 94-171376.

Said Deed was amended by instrument dated October 28, 1994, recorded as Document No. 94-182259.

(B) Notice of Metes and Bounds Description of the Limited Common Elements Appurtenant to Apartment Unit A of the Nani Namahana Condominium Project dated November 30, 1994, recorded as Document No. 94-201626.

20. -AS TO ITEM II ONLY:-

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 3, 1994, recorded as Document No. 94-182261.

Said Deed was amended by instrument dated October 28, 1994, recorded as Document No. 94-182261.

(B) Notice of Metes and Bounds Description of the Limited Common Elements Appurtenant to Apartment Unit B of the Nani Namahana Condominiu, Project dated November 30, 1994, recorded as Document No. 94-201627.

21. -AS TO ITEM III ONLY:-

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 3, 1994, recorded as Document No. 94-171374.

(B) Notice of Metes and Bounds Description of the Limited Common Elements Appurtenant to Apartment Unit C of the Nani Namahana Condominiu, Project dated November 30, 1994, recorded as Document No. 94-201628.

22. -AS TO ITEM IV ONLY:-

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 3, 1994, recorded as Document No 94-171375.

Said Deed was amended by instrument dated October 28, 1994, recorded as Document No. 94-182260.

(B) Notice of Metes and Bounds Description of the Limited Common Elements Appurtenant to Apartment Unit D of the Nani Namahana Condominium Project dated November 30, 1994, recorded as Document No. 94-201629.

23. -AS TO ITEM V ONLY:-

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated October 3, 1994, recorded as Document No. 94-171377.

Said Deed was amended by instrument dated October 28, 1994, recorded as Document No. 94-182262.

(B) Notice of Metes and Bounds Description of the Limited Common Elements Appurtenant to Apartment Unit E of the Nani Namahana Condominium Project dated November 30, 1994, recorded as Document No. 94-201630.

EXHIBIT E CONTINUED

SUMMARY OF CERTAIN ENCUMBRANCES AGAINST TITLE

The following is a summary of certain of the encumbrances noted above. This is a general summary only, and it is not intended to be a thorough and exhaustive explanation of all of the terms and conditions of said encumbrances. An interested party must refer to the documents giving rise to the encumbrances themselves ("encumbrance documents"), copies of which documents will be provided by the Developer, upon request. If any conflict or difference exists between this summary and the encumbrance documents themselves, the encumbrance documents will control this summary.

The following numbers correspond to the item number given in the preceding list of encumbrances.

5. Agreement dated March 16, 1977, recorded in Liber 12110 at Page 330, by and between the STATE OF HAWAII and C. BREWER AND COMPANY, LIMITED, regarding the use of land for agricultural purposes.

Summary: This Agreement was entered into by the State of Hawaii and C. Brewer Company, Limited ("C. Brewer"). Pursuant to this Agreement, C. Brewer agreed, in exchange for certain promises made by the State of Hawaii, to do the following: (i) restrict the uses of the lands of which this condominium project is a part to agricultural uses (the Agreement contains a list of the permitted uses), (ii) to make any subsequent conveyance of any of the lands subject to these restrictions, and (iii) to reinstall portions of a water irrigation transmission system to provide water to purchasers of agricultural lots from C. Brewer.

6. Declaration dated October 3, 1988, recorded in Liber 22452 at Page 429 regarding the general use and development of Kalihiwai Ridge.

Summary: A summary of the Declaration is attached to this Final Public Report as Exhibit I.

7. Kalihiwai Ridge Environmental Design Rules and Guidelines dated October 12, 1988.

Summary: These rules and guidelines establish the criteria and guidelines for the Environmental Committee to use in controlling the use and development of real property in the Kalihiwai Ridge area. All improvements, site work, buildings, structures and landscaping are subject to the rules and guidelines. All improvements or alterations must be approved by the Committee prior to construction.

There are general guidelines as to the siting of improvements, architectural style, drainage, landscaping, roofing, fences, quality of construction and materials, and overall design. Site improvement standards are established for occupancy limitations, utilities, water, sewage disposal, propane gas use, drainage, construction hours, setbacks, building height, site grading, dwelling requirements, construction schedules, and the keeping of animals.

Architectural standards are established for plans, prohibition of geodesic domes, portable buildings, mobile homes and quonset huts, labor and materials, exterior walls, roofs, solar heating systems, glare prevention, chimneys, garages, foundations, maintenance of lots, driveways and lighting.

The requirements and procedures for submitting plans to the Environmental Committee and receiving approval therefrom are explained on a step-by-step basis and the Environmental Committee's rights and remedies for the failure of any owner to comply with the rules and guidelines are set forth.

8. Declaration of Conditions and Grant of Conservation Easement dated July 16, 1991, recorded as Document No. 91-097979.

Summary: On May 28, 1991, the State Land Use Commission ("LUC") reclassified 16.489 acres of land, which land included the land upon which this Condominium Project is situated, from a conservation classification to an agricultural classification, subject to certain conditions. Attached as Exhibit "A" to said Declaration is the LUC's Decision and Order reclassifying the land and imposing the conditions. Under Hawaii law, the conditions imposed by the LUC must be recorded in the Bureau of Conveyances and the Declaration was recorded for that purpose.

One of the conditions imposed by the LUC is that entity which conveyed title to the Developer, C. Brewer Properties, Inc. (hereinafter "Brewer Properties"), was required to grant a conservation easement in favor of the State of Hawaii and the Declaration does grant such an easement. The Declaration and attachments thereto impose upon the fee owners of the land an obligation to maintain the easement area in its natural state. Another condition imposed by the LUC is that the property be developed in such a manner so as to not adversely affect the Kalihiwai Reservoir and surrounding wetlands.

9. Agreement to Incorporate Agricultural Restrictions into Instruments of Conveyance dated November 7, 1991, recorded as Document No. 91-155967.

Summary: This Agreement is an agreement between Brewer Properties and the State of Hawaii whereby Brewer Properties agreed to incorporate into all conveyance documents conveying any portion of the lands (of which this condominium project is

a part), a stipulation that the land by used primarily for agricultural purposes. Exhibit A attached to the Agreement lists the permitted uses within agricultural districts.

13. Waiver and Release dated July 23, 1993, recorded as Document No. 93-120858.

Summary: In this document, Jon F. Anderton, one of the developers of the Nani Namahana Condominium Project agrees that the issuance of a building permit by the County of Kauai will not be construed by him to infer, warrant or guarantee that water or water services will be provided by the County in the future.

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment

A, B, C, D, E

Monthly Fee x 12 months = Yearly Total

\$0.00

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services All are or will be separately metered

- Air Conditioning
- Electricity
 - common elements only
 - common elements and apartments
- Elevator
- Gas
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL \$0.00

I, KIMO C. LEONG, ^{attorney} ~~agent and~~ employed by JON F. ANDERTON, the condominium managing agent or the developer, for the condominium project NANI NAMAHAHA, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Date: June 14, 1995

(*) Mandatory reserves in effect January 1, 1993

EXHIBIT G
SUMMARY OF SALES CONTRACT

The NANI NAMAHAHANA Condominium Project Sales Contract, (the "contract") contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to other terms.

2. The purchase price does not include the closing costs, prorations and additional costs provided in other sections of the contract.

3. If at the time of execution of the contract, a final public report has not been issued, the contract is merely a reservation agreement and it may be cancelled at any time by either the Buyer or Seller.

4. The terms and conditions of the sale which include, among other provisions, the following:

(a) Buyer has received the Declaration of Condominium Property Regime, Bylaws of the Association of Apartment Owners, form of Apartment Deed, and Escrow Agreement and acknowledges that he has had adequate opportunity to read those documents and to examine the project plans and accepts them.

(b) Buyer agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement.

(c) Risk of loss to the apartment and percentage interest in the common elements will be borne by Seller until the date of closing as defined in the contract. Buyer will not be entitled to possession of the apartment until the date of closing.

(d) Until the Apartment Deed conveying title is delivered to Buyer, the Seller may exercise all of the powers of the Association and of the Buyer as a member thereof.

(e) After issuance of the Final Public Report and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Buyer shall have the right to rescind the contract only if there is a material change in the project which directly, substantially and adversely affects the use or value of Buyer's apartment or appurtenant limited common elements or those amenities of the project available for the Buyer's use subject to waiver by the Buyer pursuant to the terms set forth in the contract and Hawaii Revised Statutes Section 514A-63.

(f) Time is of the essence of the obligations of Buyer under the contract.

(g) Neither Seller nor any of its representatives has made any representations as to the rental income to be derived from the unit.

(h) The contract shall not be construed as a present transfer of any interest in the property but it is an agreement to transfer in the future.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CONTRACT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE BUYER'S RIGHTS AND OBLIGATIONS, THE BUYER MUST REFER TO THE BUYER'S CONTRACT TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONTRACT, THE CONTRACT WILL CONTROL NOT THIS SUMMARY.

END OF EXHIBIT " ____ "

EXHIBIT "H"
SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between GUARDIAN ESCROW SERVICES, INC. ("Escrow") and JON FRANKLIN ANDERTON, et al. ("Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contracts and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.

3. Escrow will release from the Trust Fund and disburse Buyer's funds at closing. No disbursements will be made from Buyer's fund until: (a) the Real Estate Commission has issued a Final Public Report on the project and forty-eight (48) hours have elapsed since Buyer's receipt of a copy of the Final Public Report; (b) Buyer has waived its right to cancel the sales contract; and (c) Seller has notified Escrow that all other requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Where sales contracts are entered into Escrow will disburse funds upon presentation by Seller of Buyer's signed receipt for the Final Public Report and with notification by Seller that all of the requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Escrow will call for payments by the Buyer upon receipt of notice from Seller that any payments are due under any sales contract.

4. Escrow will return deposited sums to the Buyer without interest if Seller gives Escrow written notice to return the funds to Buyer, or with respect to a Buyer whose funds were obtained before the issuance of a Final Public Report, Escrow receives from the Buyer a written request to cancel the sales contract or after issuance of the Final Public Report and Buyer's waiver of his right to cancel the sales contract in accordance with Section 514A-62, Hawaii Revised Statutes, there shall be any material change in the project which directly, substantially and adversely affects the use or value of the Buyer's apartment or appurtenant common elements or those amenities of the project available for Buyer's use, of a nature entitling the Buyer to cancel his contract pursuant to Section 514A-63, Hawaii Revised Statutes. These funds shall be returned to Buyer less Escrow's cancellation fee, if any, any mortgagee's cancellation fee and all other costs incurred in connection with the Escrow, but in the aggregate shall not be less than \$100.00 per apartment.

5. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive \$1,250.00 for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. Title insurance will also cost an additional amount not ascertainable at the present time.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

END OF EXHIBIT "H"

EXHIBIT I

SUMMARY OF PROTECTIVE COVENANTS AND RESTRICTIONS OF KALIHIWAI RIDGE SUBDIVISION

This Project is located on one of the lots of the Kalihiwai Ridge Subdivision. The Subdivision is affected by a "Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge" (herein called the Protective Covenants") recorded on October 11, 1988 at Book 22452, Page 429 of the records of the State of Hawaii Bureau of Conveyances, as now or hereafter amended and supplemented by Correction to Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge dated July 5, 1990, recorded as Document No. 90-104733, and by Annexing Declaration of Restrictive Covenants dated November 7, 1991, recorded as Document No. 91-155979.

This is a summary of the types of restrictions applicable to the subdivision as a whole, and to the Lot upon which this Project is located. This is not meant to completely recite the actual provisions of the Protective Covenants, nor to cover every issue in which a purchaser might have interest. The prospective purchaser is urged to obtain a full copy of the Protective Covenants from the Developer prior to entering into an agreement to purchase a unit in this Project.

ARTICLE II CONTROL OF REAL PROPERTY USE

Article II of the Protective Covenants has to do with the organization of the Subdivision, including identifying the subdivision's developer and architects, the creation of an Association of Lot Owners, Bylaws, common area designations, Environmental Design Rules, limitation to single family residential and agricultural uses and explaining the underlying purpose controlling the use of the subdivision to enhance agricultural potential and orderly growth and development of the subdivision. Control of the subdivision by an architectural review committee includes control of structure siting, architectural style, agricultural development, drainage and landscaping. It is also necessary to receive environmental committee approval before any construction occurs.

ARTICLE III THE ASSOCIATION

This Article discusses the Lot Owner's Association, election of Boards of Directors, voting rights, notices regarding Association meetings and similar matters.

ARTICLE IV

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

This Article deals with the right of the Association to govern the lots, enter onto lots to determine compliance with rules, and to manage and maintain Association Property. It includes the right to incur expense on behalf of the Association and acquire and hold necessary personal property to perform its functions. The Association also has the power to implement rules and regulations to enhance the value of the property and prohibit noxious and offensive activities. Each Owner is entitled to a copy of every rule and regulation passed. The Association also has the power to levy fines and collect them.

ARTICLE V ASSESSMENTS

Each Lot Owner, in this case the Project itself, will be required to pay Association fees. Payment for such fees is contemplated in the Common Expenses to be assessed for the project. This Article also deals with the method of establishing a budget and assessments. Additional assessments may be made when the need arises.

ARTICLE VI RIGHTS AND RESTRICTIONS

No Lot owner will be allowed to engage in activities which would risk removal of liability insurance coverage, nor may they violate the law of the State of Hawaii or ordinances of the County of Kauai. This Article also prohibits subdivision of lots or consolidation of lots without the consent of the environmental committee in compliance with certain procedures.

Condominiums must have approval under Article VI of the developer, C. Brewer Properties, Inc. No timesharing is permitted. There are specific limits on the nature and number of vehicles and other activities that would be deemed "unsightly" as well as preclusion of other activities such as unusual accumulations of trash, garbage, refuse, lumber and other bulky materials, including farm implements which are not consistent with the use of the land or not adequately screened from public view. There is also a limitation on excessive noise and light. Agricultural animals are limited to those approved by the environmental committee for the subdivision. Animals must be properly cared for, particularly livestock, poultry, fish and game. No storage shed may be used for residential purposes. No temporary buildings are permitted.

No new improvement may be made nor may any existing improvement be materially altered unless the plans are approved by the Kalihiwai Ridge Environmental Committee.

This Article limits the nature and size of signs. The Article precludes mining and drilling. Clearing and grading are subject to prior approval by the environmental committee and the County of Kauai. Cultivation of crops must be performed in a good, safe manner with environmental approval on methods used to control dust, insects, weeds, and drainage. Unit Owners must protect against flooding and erosion and dangerous chemicals. They must also maintain their lots at all times so that they do not become overgrown and unsightly. Owners causing damage to Association property will be required to pay for it.

ARTICLE VII LAKE LOTS

This Article deals with the regulation of lots that surround subdivision lake, including the operation of boats and the utilization of lots fronting the lake.

ARTICLE VIII EASEMENTS

Easements are to be granted through each Lot for emergency repair and other items needed for the benefit of the subdivision.

ARTICLE IX THE COMMITTEE

This Article discusses the creation and maintenance of the environmental committee, including its initial members and subsequent members. It outlines committee functions, including design review for all improvements to the subdivision lots and project limited common elements. This includes the requirement of the posting of improvement bonds in the amount of \$10,000.00 per Lot. The committee cannot assess a fee exceeding \$500.00 for the review of proposed plans. The committee can also adopt rules for its own procedures. Fines are discussed, including fines of over \$2,500.00 for engaging in construction without proper clearance and permission. These fines may be enforced as liens against individual lots for violative activity.

ARTICLE X
INSURANCE

This outlines insurance requirements for the project, including minimum One Million Dollar liability coverage. Individual Owners will be required to maintain insurance on their own Lot.

ARTICLE XI
DESTRUCTION/CONDEMNATION AND RESTORATION

This dealt with the condemnation of subdivision improvements by public authorities.

ARTICLE XII
EXPANSION OF KALIHIWAI RIDGE

This Article deals with the right of the Declarant to annex additional property, up to approximately three thousand acres of adjacent lands to the Kalihiwai Subdivision, and the means by which this may be accomplished. This right to annex land shall expire on or before the twentieth anniversary date of the covenants which were recorded on October 11, 1988.

ARTICLE XIII
ENFORCEMENT

This Article deals with the method by which the rules of the Subdivision may be enforced.

ARTICLE XIV
MISCELLANEOUS

This Article has to do with many miscellaneous items. It includes the duration of the covenant, being initially for twenty years and an automatic extension for ten year terms unless and until seventy-five percent (75%) of the Owners of lots vote to the contrary at least one year prior to the scheduled termination of the Covenants. It also deals with amendments to the Covenants requiring a two-thirds majority of the voting power of the Association. The amendment does not apply to the duration of the Covenants, which can only be amended by One hundred percent (100%) vote. The same is true as to expansion of Kalihiwai Ridge. Other miscellaneous provisions are enclosed including the means by which the Covenants would be interpreted in a court of law, assignability of rights, severability of clauses that might be found illegal in similar matter.

END OF EXHIBIT I