CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer LAWRENCE L. T. CHING
Address P. O. Box 426, Hanalei, Hawaii 96714
See additional names of Developers and addresses in page 1A
Project Name(*): KALIHIWAI MOUNTAINS ESTATES
Address: Kahiliholo Road, Kalihiwai, Kauai, Hawaii

Registration No. 3341

Effective date: July 28, 1995
Expiration date: August 28, 1996

Preparation of this Report:

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

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

___ PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

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

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

(*) Exactly as named in the Declaration

PREPARED AND ISSUED BY

Developer: JENNIE P. CHING
Address: P. O. Box 426, Hanalei, Hawaii 96714
Telephone: (808) 8267222

Developer: EDITH H. ALBURGER, Trustee under that certain Revocable trust of Edith Alburger dated November 13, 1991
Address: P. O. Box 280, Hanalei, Hawaii 96714
Telephone: (808) 8266577

Developer: GERALD R. CLERC and MARJORIE E. CLERC
Address: P. O. Box 1456, Hanalei, Hawaii 96714
Telephone: (808) 8269078

Developer: ALLAN S. TAKASE, Trustee of the Revocable Trust of Allan S. Takase dated February 22, 1989
Address: 287 Kaneolani Street, Hilo, Hawaii 96720
Telephone: (808) 9612881

Developer: JEAN H. TAKASE, Trustee of the Revocable Trust of Jean H. Takase dated February 22, 1989
Address: 287 Kaneolani Street, Hilo, Hawaii 96720
Telephone: (808) 9612881

Developer: W. GREGORY CHUCK, Custodian for JONATHAN YI PING CHUCK, under Hawaii Uniform Gifts to Minor Act
Address: 3325 Paty Drive, Honolulu, Hawaii 96822
Telephone: (808) 5333614

Developer: W. GREGORY CHUCK, Custodian for ADRIENNE YI LING CHUCK, under Hawaii Uniform Gifts to Minor Act
Address: 3325 Paty Drive, Honolulu, Hawaii 96822
Telephone: (808) 5333614

Developer: YEN CHUN, Trustee under Declaration of Trust made by Yen Chun dated January 16, 1985
Address: 3325 Paty Drive, Honolulu, Hawaii 96822
Telephone: (808) 5333614

Developer: W. Gregory Chuck
Address: 3325 Paty Drive, Honolulu, Hawaii 96822
Telephone: (808) 5333614

PROJECT NAME: KALIHIWAI MOUNTAINS ESTATES

Address: Kahiliholo Road, Kalihiwai, Kauai, Hawaii

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 ATTENTION

1. This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of acreage in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of a legally subdivided lot.

2. There are county restrictions on the number of farm dwelling units or other structures, which may be built on Lot 24 on which this Project is located. The purchaser should consult with the appropriate county and state agencies to determine whether the purchaser may build a farm dwelling and the conditions under which a building permit will be issued by the County of Kauai. 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.

3. The project is also subject to a Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge dated October 3, 1988 as corrected on July 5, 1990 together with an unrecorded Kalihiwai Ridge Environmental Design Rules and Guidelines which contain various restrictions relating to the construction of any structures and approval procedure by the Kalihiwai Ridge Environmental Committee and the uses and restrictions relating to the use of each unit.

4. The Units 1 through 5 inclusive are storage sheds, each of which may be defined as an "apartment" under the condominium act.

5. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, WATER FACILITIES, improved access

for owners and emergency traffic, drainage facilities, etc. may not be provided, and services such as County street maintenance and trash colleciton may not be available for interior roads and driveways.

6. This public report does not constitute approval of the Project by the Real Estate Commission or any other governmental agency, nor does it ensure that all applicable County codes and ordinances have been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM AND OTHER DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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EXHIBIT A: Common Elements
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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: See pages 1 and 1A — Phone: _____
Name (Business)

Business Address

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

Real Estate Broker: Na Pali Properties, Inc. — Phone: (808) 826-7272
Name (Business)
P.O. Box 475
Business Address
Hanalei, Hawaii 96714

Escrow: First Hawaii Title Corporation — Phone: (808) 8266812
Name (Business)
201 Merchant Street, Suite 2000
Business Address
Honolulu, Hawaii 96813

General Contractor: N/A — Phone: _____
Name (Business)

Business Address

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

Business Address

Attorney for Developer: Hiroshi Sakai, Attorney at Law, A Law Corporation — Phone: (808) 5314171
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
[x] Recorded - Bureau of Conveyances: Document No. 95-046942
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
[x] Recorded - Bureau of Conveyances Condo Map No. 2231
[ ] 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
[x] Recorded - Bureau of Conveyances: Document No. 95-046943
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 [X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	—	Majority vote of Board

* 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.

[X] 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:

[x] 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: Kahiliholo Road, Kahiliwai, Kauai, Hawaii Tax Map Key: (4) 5-2-22: 23 (TMK)

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

Land Area: 27.295 [ ] square feet [X] acre(s) Zoning: Agriculture

Fee Owner : See pages 1 and 1A
Name

Address

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 [X] Wood

[ ] Other

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning			No. of Apts.	Use Determined By Zoning
[ ] Residential	____	[ ] Yes [ ] No	[ ] Ohana		____	[ ] Yes [ ] No
[ ] Commercial	____	[ ] Yes [ ] No	[ ] Industrial		____	[ ] Yes [ ] No
[ ] Mix Res/Comm	____	[ ] Yes [ ] No	[X] Agricultural		5	[X] Yes [ ] No
[ ] Hotel	____	[ ] Yes [ ] No	[ ] Recreational		____	[ ] Yes [ ] No
[ ] Timeshare	____	[ ] Yes [ ] No	[ ] Other:		____	[ ] Yes [ ] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X] 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:_____

Exh. F - Building and House Rules

[x] Other: Exh G - Delaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge

[ ] 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)*	Lanai/Patio (sf)	Net Shed Area (sf)
Shed	5	N/A	N/A	-0-	64

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:

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

Permitted Alterations to Apartments:

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

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

Total Parking Stalls: _____

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each unit)	____	____	____	____	____	____	____
Guest	____	____	____	____	____	____	____
Unassigned	____	____	____	____	____	____	____
Extra for Purchase	____	____	____	____	____	____	____
Other:	____	____	____	____	____	____	____
Total Covered & Open	____		____		____		

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:

[X] 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

[X] 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. [X] 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.

	Conforming	Non-Conforming	Illegal
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:

[X] described in Exhibit A.

[ ] as follows:

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

[ ] There are no limited common elements in this project.

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

[ ] described in Exhibit _____.

[x] as follows:

The land area of each 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.

Unit 1 - 5.461 acres
Unit 2 - 5.462 acres
Unit 3 - 5.459 acres
Unit 4 - 5.458 acres
Unit 5 - 5.454 acres

Note: The land areas referenced above 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 _____.

[x] as follows:

Unit 1 - 20% appurtenant common interest
Unit 2 - 20% appurtenant common interest
Unit 3 - 20% appurtenant common interest
Unit 4 - 20% appurtenant common interest
Unit 5 - 20% appurtenant common interest

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit B describes the encumbrances against the title contained in the title report dated 4/8/95 and issued by First Hawaii Title Corporation.

Blanket Liens:

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

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage and Financing Statement dated December 4, 1991 recorded as Document No. 91-177420	In the event of foreclosure of this mortgage, Buyer's interest may be terminated in which event Buyer will be entitled to a refund of deposit, less an escrow cancellation fee.

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:

All 5 sheds were completed on December 16, 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:

[X] not affiliated with the Developer
[ ] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] 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 E contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

None at present.

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 [X] Other The apartments shall be billed separately for the respective limited common elements use as set forth in 4.5 of the Declaration of Condominium Property Regime.

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

[X] Specimen Sales Contract
Exhibit C contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated 1/30/95
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 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. 3341 filed with the Real Estate Commission on May 4, 1995.

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

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

C. Additional Information Not Covered Above

Interested Purchasers are advised to obtain from Developer and review copies of the items covered in paragraphs nos. 3, 4, 9, 11 through 17 and 19 through 23 of Schedule B to the Preliminary Title Report dated April 15, 1995, issued by First Hawaii Title Corporation, as well as any other encumbrances listed therein.

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.

LAWRENCE L. T. CHING
Name of Developer

By: _____ 3/31/95
Duly Authorized Signatory — Date

LAWRENCE L. T. CHING, DEVELOPER
print name & title of person signing above

JENNIE P. CHING
Name of Developer

By: _____ 3/31/95
Duly Authorized Signatory — Date

JENNIE P. CHING, DEVELOPER
print name & title of person signing above

Distribution:

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

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.

EDITH H. ALBURGER, Trustee under that certain Revocable Trust of Edith Alburger dated November 13, 1991

Name of Developer

By: Edith H. Alburger
Duly Authorized Signatory

3/31/95
Date

EDITH H. ALBURGER, Trustee as aforesaid, Developer

print name & title of person signing above

Distribution:

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

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.

GERALD R. CLERC
Name of Developer

By: Gerald R. Clerc
Duly Authorized Signatory

3-24-95
Date

GERALD R. CLERC, DEVELOPER
print name & title of person signing above

MARJORIE E. CLERC
Name of Developer

By: Marjorie E. Clerc
Duly Authorized Signatory

3/24/95
Date

MARJORIE E. CLERC, DEVELOPER
print name & title of person signing above

Distribution:

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

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.

ALLAN S. TAKASE, Trustee of the Revocable Trust for Allan S. Takase Dated February 22, 1989

Name of Developer

By: Allan S. Takase — Duly Authorized Signatory

3/31/95 — Date

ALLAN S. TAKASE, Trustee as aforesaid, Developer

print name & title of person signing above

JEAN H. TAKASE, Trustee of the Revocable Trust of Jean H. Takase dated February 22, 1989

Name of Developer

By: Jean H. Takase — Duly Authorized Signatory

3/30/95 — Date

JEAN H. TAKASE, Trustee as aforesaid, Developer

print name & title of person signing above

Distribution:

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

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

W. GREGORY CHUCK, Custodian for JONATHAN YI PING CHUCK, under Hawaii Uniform Gifts to MInor Act

Name of Developer

By: W. Gregory Chuck — 3/21/95

Duly Authorized Signatory — Date

W. GREGORY CHUCK, Custodian as aforesaid, Developer

print name & title of person signing above

W. GREGORY CHUCK, Custodain for ADRIENNE YI LING CHUCK, under Hawaii Uniform Gifts to MInor Act

Name of Developer

By: W. Gregory Chuck — 3/21/95

Duly Authorized Signatory — Date

W. GREGORY CHUCK, Custodian as aforesaid, Developer

print name & title of person signing above

Finance, County of Kauai
tment, County of Kauai
g Administration

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.

YEN CHUN, Trustee under Declaration of Trust made by Yen Chun dated January 16, 1985

Name of Developer

By: _____ 3/21/95

Duly Authorized Signatory — Date

YEN CHUN, Trustee as aforesaid, Developer

print name & title of person signing above

W. GREGORY CHUCK

Name of Developer

By: _____ 3/21/95

Duly Authorized Signatory — Date

W. GREGORY CHUCK, DEVELOPER

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 immediate access to include:

a. The land in fee simple from the depth of 50 feet below the surface of the land to the center of the earth ("Subsurface Land").

b. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities when and only those items are or shared installations.

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 First Hawaii Title Corporation reports that title to the land is subject to the following encumbrances:

1. Taxes for the fiscal year 1994-1995 have been paid for in full. For confirmation regarding real property taxes due and owing contact the office of the County of Kauai Director of Finance.

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

3. The terms and certain 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.

4. Covenants, conditions and restrictions set forth in the Kalihiwai Ridge Declaration dated October 3, 1988, recorded in Liber 22452 at Page 429, 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 and Declaration of Restrictive Covenants dated November 7, 1991, recorded as Document No. 91-155979.

5. Designation of Easement "D-11", area 0.017 acre for drainage purpose as shown on File Plan No. 2053.

6. Designation of Easement "R-3", area 9.306 acre for vehicular and pedestrian access as shown on file Plan No. 2053.

7. Designation of Easement "W-20", area 0.837 area, for irrigation ditch and access purposes as shown on File Plan No. 2053.

8. Setback for Building and Drainageway as shown on File Plan No. 2053.

9. Declaration of Conditions and Grant of Conservation Easement dated July 16, 1991, recorded as Document No. 91-097979, as amended by Amendment dated November 26, 1991, recorded as Document No. 91-166866, as further amended by Amendment dated December 12, 1994, recorded as Document No. 94-210073.

10. Right-of-Entry in favor of Citizens Utilities Company dated June 24, 1991, recorded as Document No. 91-138222 granting of temporary easement and right of entry across a portion of land herein described.

11. The terms and provisions of that certain 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.

12. Grant of Easement in favor of Kilauea Agronomics, Inc., dated November 7, 1991, recorded as Document No. 91-155973, for irrigation ditch, pipeline and facility and vehicular and pedestrian access purposes.

13. Grant of Easement in favor of Kilauea Irrigation Co., Inc., dated November 7, 1991, recorded as Document No. 91-155974, for irrigation ditch, pipeline and facility and vehicular and pedestrian access purposes.

14. Grant of Easement in favor of Kilauea Agronomics, Inc., dated November 7, 1991, recorded as Document No. 91-155975, for roadway, vehicular and pedestrian access and underground utility purposes.

15. Grant of Easement in favor of Kilauea Irrigation Co., Inc. dated November 7, 1991, recorded as Document No. 91-155976, for roadway, vehicular and pedestrian access and underground utility purposes.

16. 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, as set forth in that certain Deed dated December 4, 1991, recorded in the Bureau of Conveyances, State of Hawaii as Document No. 91-177419.

17. Reservations, covenants, conditions and restrictions set forth in Deed dated December 4, 1991, recorded as Document No. 91-177419.

18. Mortgage and Financing Statement made by Lawrence L. T. Ching, Jennie P. Ching, Edith H. Alburger, Trustee under Revocable Trust dated November 13, 1991, Gerald R. Clerc and Marjorie E. Clerc, Allan S. Takase, Trustee under Revocable Trust dated February 22, 1989, Jean H. Takase, Trustee under Revocable Trust dated February 22, 1989, Chee Kwon Chun and Sau Chun Wong Chun, Trustees under Trust dated January 14, 1985, Sau Chun Wong Chun and Chee Kwon Chun, Trustees under Trust dated January 14, 1985, Yen Chun, Trustee under Trust dated January 16, 1985, W. Gregory Chuck, collectively as Mortgagor, and C. Brewer Properties, Inc., as Mortgagee dated December 4, 1991, recorded as Document No. 91-177420 for the principal sum of $432,000.00, assigned by Assignment of Mortgage dated December 26, 1991, recorded as Document No. 91-181265.

19. Waiver and Release dated May 26, 1994, recorded on June 6, 1994 in said Bureau of Conveyances as Document No. 94-095026.

20. Waiver and Release dated May 31, 1994, recorded on June 9, 1994 in said Bureau of Conveyances as Document No. 94-097597.

21. Waiver and Release dated June 10, 1994, recorded on June 15, 1994 in said Bureau of Conveyances as Document No. 94-1001296.

22. Waiver and Release dated June 6, 1994, recorded on June 24, 1994 in said Bureau of Conveyances as Document No. 94-106687.

23. Waiver and Release dated June 8, 1994, recorded on July 12, 1994 in said Bureau of Conveyances as Document No. 94-116289.

24. Restrictions, covenants, agreements, obligations, conditions, easements and other provisions set forth in Declaration of Condominium Property Regime dated March 16, 1995, recorded in said Bureau as Document No. 95-046942. Condominium Map No. 2231, filed in said Bureau.

25. Restrictions, covenants, agreements, obligations, conditions and other provisions set forth in By laws of the Association of Apartment Owners of Kalihiwai Mountains Estates dated March 16, 1995, recorded in said Bureau as Document No. 95-046943.

26. Terms, conditions and provisions contained in that certain Revocable Trust of Edith S. Alburger dated November 13, 1991.

27. Terms, conditions and provisions contained in the Revocable Trust of Allan S. Takase dated February 22, 1989.

28. Terms, conditions and provisions contained in the Revocable Trust of Jean H. Takase dated February 22, 1989.

29. Terms, conditions and provisions contained in that certain Declaration of Trust made by Yen Chun dated January 16, 1985.

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. An application for a mortgage loan within 10 days after notification by Seller and if approval is not concluded within 30 days after submission of the application then Seller has the option to terminate the contact. 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 Seller unless Buyer arranges with Escrow to establish a separate savings account and to pay $25.00 to Escrow for the establishment and maintenance of such account, then such interest shall accrue to the benefit of the Buyer.

(d) That the unit will be subject to various legal documents, including Declaration, By Laws, Final Public Report including Encumbrances and Disclosure Statement attached thereto, Building/House Rules, Escrow agreement, Apartment Deed, Certificate of Architect and Condominium Map and any other documents which the buyer is given a copy of and for which he has receipted for the same.

(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 states the following conditions under which a refund will be made to a purchaser. Developer and Purchaser make a written request to Escrow: (a) To return to purchaser the funds; (b) To notify Developer's exercise of any option to rescind the sales contact or (c) That the conditions provided for a refund under Sections 514A-62 or 514A-63 of the Condominium Act have been met.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract, that is, the Purchaser's funds shall be retained by the Seller as liquidated damages.

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

Note: Section 514A-63, Hawaii Revised Statutes provides for Rescission Rights to a purchaser under a binding contact if there is a material change in the project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the project available for such purchaser's use.

EXHIBIT "E"

KALIHIWAI MOUNTAINS ESTATES

REGISTRATION NO. 3341

DISCLOSURE STATEMENT AS OF January 30, 1995

1. Name of Project: Kalihiwai Mountains Estates

2. Address: Kahiliholo Road, Kalihiwai, Island and County of Kauai, State of Hawaii

3. Name and addresses of Developers:

   Lawrence L. T. Ching and Jennie P. Ching
   P. O. Box 426, Hanalei, Hawaii 96714

   Edith H. Alburger, Trustee
   P. O. Box 280, Hanalei, Hawaii 96714

   Gerald R. Clerc and Marjorie E. Clerc
   P. O. Box 1456, Hanalei, Hawaii 96714

   Allan S. Takase, Trustee and Jean H. Takase, Trustee
   287 Kanoelani Street, Hilo, Hawaii 96720

   W. Gregory Chuck and Yen Chun, Trustee
   W. Gregory Chuck, Custodian for Jonathan Yi Ping Chuck
   W. Gregory Chuck, Custodian for Adrienne Yi Ling Chuck
   3325 Paty Drive, Honolulu, Hawaii 96822

5. Project Manager or Agent: Self managed by the Association of Apartment Owners.
   Telephone Number: (808) 8267222

6. Address: P. O. Box 426, Hanalei, Kauai, Hawaii 96714

7. Maintenance Fees: The fees are set forth in Exhibit "A" attached hereto and incorporated herein by reference.

8. Commencement of Maintenance Fees: At such time that the first sale of an apartment is made. If not, the Declarant will continue to maintain the premises at their own cost and expenses.

9. Warranties: The Project is a fee simple condominium project of 5 storage sheds as units and there are no warranties.

10. Project: The Project consists of five (5) condominium apartments. All of the Apartments are wooden storage sheds. The land areas are to be utilized for agricultural and other uses permitted under the zoning ordinances for the County of Kauai.

DATED: Hanalei, Kauai, Hawaii, January 30, 1995.

Lawrence L. T. Ching

Jennie P. Ching

Gerald R. Clerc

Marjorie E. Clerc

Edith H. Alburger, Trustee under Revocable Trust dated 11/13/91

Allan S. Takase, Trustee under Revocable Trust dated 2/22/89

Jean H. Takase, Trustee under Revocable Trust dated 2/22/89

Yen Chun, Trustee under Declaration of Trust dated 1/16/85

W. Gregory Chuck, Custodian for Jonathan Yi Ping Chuck under Hawaii Uniform Gifts to Minors Act.

W. Gregory Chuck, Custodian for Adrienne Yi Ling Chuck under Hawaii Uniform Gifts to Minors Act.

W. Gregory Chuck

b:\kme.DS

EXHIBIT A

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment		Monthly Fee x 12 months = Yearly Total
Apartment 1		$4.17 x 12 = $50.04
Apartment 2		$4.17 x 12 = $50.04
Apartment 3		$4.17 x 12 = $50.04
Apartment 4		$4.17 x 12 = $50.04
Apartment 5		$4.17 x 12 = $50.04
	TOTALS	$50.04 x 12 = $150.20

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		
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	LIability	$8.33 x 12 = $99.96
Reserves(*)		
Taxes and Government Assessments		
Audit Fees		
Other		$4.17 x 12 = $50.04
Note: No billings from the Kalihiwai Ridge Coumunity Association.		
TOTAL		$12.50 x 12 = $150.00

I, Lawrence L.T Ching, as agent ~~and employee of~~ for ~~the condominium managing agent~~ or the developer, for the condominium project KALIHIWAI MOUNTAIN ESTATES, 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: 7/08/91

(*) Mandatory reserves in effect January 1, 1993

EXHIBIT "F"

BUILDING AND HOUSE RULES
KALIHIWAI MOUNTAINS ESTATES

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

1. Definitions. As used herein:

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

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

c. The "lot" refers to Lot 24 described in the Kalihiwai Ridge Declaration dated October 3, 1988, recorded in Liber 22452, Page 429, as now or hereafter amended and supplemented by Correction to Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge dated July 5, 1989, 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 in the Bureau of Conveyances, State of Hawaii, and shall also refer to an "apartment" or "unit" in the project.

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

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

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

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

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

4. General Appearance.

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

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

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

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

7. Setbacks. Any dwelling and/or structure placed in an Area by an owner will observe a 50 foot setback abutting Kahiliholo Road, a minimum 10-foot setback from the common boundary with the neighboring apartment boundary of each Area and other setbacks along the draingage channel as noted on the condominium map .

8. Use Restrictions. The use restrictions for the use of the unit shall be observed as set forth in the recorded covenant, conditions and restrictions against Lot 24.

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

a. The owner shall have plans for the dwelling prepared by a licensed architect or engineer and submit it to the Kalihiwai Ridge Environmental Committee, for its approval.

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

c. After approval by the Association, the plans are to be submitted to the County of Kauai for the issuance of the building permit.

d. The owner should provide a construction contract and a 100% bond against mechanic's and materialmen's lien to the Association with the Association as an additional obligee.

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

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

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

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

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

Adopted at Hanalei, Kauai, Hawaii, this 30th day of January, 1995.

Lawrence L. T. Ching

Jennie P. Ching

Gerald R. Clerc

Marjorie E. Clerc

Edith H. Alburger, Trustee under Revocable Trust dated 11/13/91

Allan S. Takase, Trustee under Revocable Trust dated 2/22/89

Jean H. Takase, Trustee under Revocable Trust dated 2/22/89

Yen Chun, Trustee under Declaration of Trust dated 1/16/85

W. Gregory Chuck, Custodian for Jonathan Yi Ping Chuck under Hawaii Uniform Gifts to Minors Act

W. Gregory Chuck, Custodian for Adrienne Yi Ling Chuck under Hawaii Uniform Gifts to Minors Act

W. Gregory Chuck

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EXHIBIT "G"

SUMMARY OF DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR KALIHIWAI RIDGE

INTRODUCTION

The Declaration of Protective Covenants, Conditions and Restrictions for KALIHIWAI RIDGE dated October 3, 1988 was filed in the Bureau of Conveyances, State of Hawaii in Book 25452, page 429 by C. Brewer Properties, Inc., for the purpose of enhancing the agricultural potential of aesthetic values of the Kalihiwai Ridge area which includes Lots 1 through 25 inclusive as shown on File Plan No. 1934 of the Kalihiwai Ridge subdivision, Phase 1. 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 since Lot 24 is a part of such subdivision.

ARTICLE I DEFINITIONS

This Article sets forth the defined terms that are used throughout this Declaration. The Kalihiwai Ridge - Phase 1 means all of the land described in Exhibit "A" of the Declaration.

ARTICLE II CONTROL OF REAL PROPERTY USE

To control the real property for the purpose stated herein there are criteria and guidelines for the ordered growth of the real property which includes but is not limited to structure siting, architectural style, agricultural development, drainage, landscaping and minimizing conflicts of use. No change in the existing state of lot shall be permitted without the prior written approval of the Kalihiwai Ridge Environmental Committee.

ARTICLE III THE ASSOCIATION

An Association consisting of all of the lot owners shall constitute the Association managed by a Board of Directors composed of not fewer than three members. Declarant shall also be a member of the Association until Declarant's right to annex additional real property without the consent of the Owners expire on the 20th anniversary from October 11, 1988.

ARTICLE IV CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

The Association is authorized to enforce the Declaration upon 24 hours notice, maintain the Association property and make and enforce rules and regulations governing the use of the real property. The Association may charge reasonable fees for the use of its property.

ARTICLE V ASSESSMENTS

Within 60 days prior to the commencement of the fiscal year which is the calendar year the Board shall determine the total amount to be raised by regular assessments during each fiscal year. The assessments are apportioned according to the point system assigned to the lot owned by such owner and are due and payable 30 days after notice of the amount due is given by the Association to the owner. Any unpaid assessment shall be a lien against the lot and may be foreclosed in the same manner as a mortgage foreclosure.

ARTICLE VI USE RIGHTS AND RESTRICTIONS

The use by an owner of his lot is subject to this Declaration, the charter, by laws and rules and regulations of the Association. The use of lot shall not imperil insurance, no violation of law, no noxious or offensive activity, no hazardous activities, no unsightliness, no exterior noise, light, lights fixtures, odors, temporary structures, animals to be maintained in accordance with good animal husbandry and other restrictions relating to the use of the real property as set forth in the Declaration. No two or more lots shall be consolidated and/or developed as one lot, nor shall any lot be divided or subdivided or a fractional portion thereof conveyed or otherwise transferred so as to be held in divided ownership without the prior written approval of the Kalihiwai Ridge Environmental Committee. Any such owner seeking approval shall prepare a suitable map prepared by a licensed surveyor showing the proposed consolidation or subdivision together with a reasonable fee as required by the Committee for the review of such request. The Committee has 60 days to approve or disapprove such submission. No lot shall be made subject to any declaration of condominium property regime or declaration of restrictive covenant or similar document without the written consent of Declarant. No time sharing is permitted.

ARTICLE VII REGULATION OF LAKE LOTS

Within one year after any lot is designated as a Lake Lot by this Declaration or by an annexing Declaration, the Declarant will convey to the Association in fee simple determinable a Lake Lot for the use of owners in this Kalihiwai Ridge subdivision. The Lake Lot to have regulation of boating use within the Lake Lot. The owners abutting shall be responsible for the care and maintenance of such Lake Lot and any appurtenant mooring area within the boundaries of his Lot. Introduction of species of animals and the building of any improvements will require the approval of the Environmental Committee.

ARTICLE VIII EASEMENTS

The Association shall have an easement for access through

each lot for making emergency repairs thereon necessary to prevent damage to Association property or to another lot. Any damage to any lot caused by the gross negligence or willful misconduct of the Association or any of its agents during any entry into the Lot shall be repaired by and at the expense of the Association.

ARTICLE IX KALIHIWAI RIDGE ENVIRONMENTAL COMMITTEE

The Declarant shall have the right to appoint and remove the three members and the alternate to the Committee. The function of the Committee is to consider and approve or disapprove any plans, specifications or other material submitted to it for the erection, construction, installation, alteration, placement or maintenance of any buildings or other improvements on the lots. The committee sets up procedures for review of plans, the requirements for plans, standards of review and a bond requirement of $5,000.00 cash to guarantee the completion of all improvements, landscaping and other work other than interior portions of enclosed structures approved by the Committee.

ARTICLE X INSURANCE

The Association to obtain such fire and public liability insurance that is necessary for Association property. Each owner shall obtain insurance he deems desirable.

ARTICLE XI DESTRUCTION, CONDEMNATION AND RESTORATION OF KALIHIWAI RIDGE

Upon the occurrence of any damage or destruction to the Common Area or any part thereof or upon a complete or partial taking of the common Area under eminent domain or damage or destruction the Board shall to send to each owner a written description of what is taking place on a ballot and asking each owner as to their desires. The Board shall take such action as is necessary to restore unless there is a vote of by 2/3rds of the votes against such restoration. The award of any compensation for the taking of any Association property shall be paid over to the Association.

ARTICLE XII EXPANSION OF KALIHIWAI RIDGE

Declarant reserves the right to expand by annexing nor more than 3,000 acres of additional land located on the Island of Kauai in the vicinity of Kalihiwai Ridge as shown in Exhibit B of the Declaration, as corrected plus buildings and improvements located thereon. Such expansion shall not require the consent of any owners. The Declarant shall exercise the right of expansion and annexation of the additional real property for the Kalihiwai Ridge. The new land annexed shall be subject to the terms and conditions of this Declaration.

CLE XIII ENFORCEMENT

In addition to any other remedies provided in this aration, the Association by its Environmental Committee, by arant or by any owner to enforce by injunction or action to ver damages. If an owner commences construction of any new ovements or a material alteration on any existing ovements without first obtaining the approval of the ronmental Committee, and if the Association shall fail to ect the minimum fine within 45 days, the Declarant shall have power to impose and collect said minimum fine. The minimum may not be imposed until the accused Owner has been afforded right to have a hearing before a committee designated by arant to conduct such hearing or has in writing or otherwise ed such right. The failure of any owner to appear at a ing, the notice of which has been delivered to such Owner not than 30 days prior to such hearing shall constitute a waiver ıch Owner's right to be heard prior to imposition of the num fine.

CLE XIV MISCELLANEOUS

The duration of this Declaration is for 20 years beginning recordation of this Declaration which is October 11, 1988. Declaration can be amended by 2/3rds vote of the Association ot for Articles XII or XIII and certain sections which will ire the vote of 100% of the voting power of the Association approved by the Declarant or its assigns.

There is protection of encumbrances recorded prior to this ıration. This Declaration shall be incorporated into any eyance instrument. The enforcement, remedies and protection ıcumbrances is provided for. Other miscellaneous provisions he construction, assignment of powers, non-avoidance, ed liability, successors and assigns, severability, ons, no waiver, further assurances, notices, and word usage ovided for.

Exhibit "A" provides for the legal description of the real rty. Exhibit "B" provides for the land which may be annexed e Declaration by the Declarant and the Kalihiwai Ridge onmental Design Rules and Regulations adopted by the iwai Ridge Environmental Committee.

THE FOREGOING IS A SUMMARY OF THE DECLARATION OF PROTECTIVE ANTS, CONDITIONS AND RESTRICTIONS FOR KALIHIWAI RIDGE AND IS HE CONVENIENCE OF THE READER AND IF THERE IS ANY QUESTION RIGINAL DOCUMENT SHOULD BE EXAMINED AND SUCH ORIGINAL ENT CONTROLS OVER THIS SUMMARY

C&R