

**CONDOMINIUM PUBLIC REPORT**

Prepared &  
Issued by: Developer: JAMES DESIGN SHOPPE OF HAWAII, LTD  
Address: P.O. BOX 287, KALAHEO, KAUAI, HAWAII 96741

Project Name(\*): KUKUIULA BAY CONDOMINIUM  
Address: 4730 and 4736 Lawai Beach Road, Koloa, Kauai, Hawaii 96756

Registration No. 3508

Effective date: July 1, 2003  
Expiration date: August 1, 2004

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

  X   **SUPPLEMENTARY:**           This report updates information contained in the:  
**(pink)**                                   [ ] Preliminary Public Report dated: \_\_\_\_\_  
[ x ] Final Public Report dated: March 22, 1996  
[ ] Supplementary Public Report dated: \_\_\_\_\_

And [ ] Supersedes all prior public reports  
[ x ] Must be read together with Final  
[ x ] This report reactivates the Final  
public report(s) which expired on April 22, 1997

(\*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report (attached as Exhibit E, as amended)                       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.

No prior reports have been issued by the developer.

Changes made are as follows:

The Developer completed construction of the structures in 1996 and subsequently sold Unit 2. The public report expired on April 22, 1997. The purpose of the Supplementary Public Report is to reactivate the public report and to certify that **no material changes** have occurred to the project since the expiration date. Changes to the public report include the following:

Real Estate Broker: Pacific Ocean Properties, Inc., 2253 Poipu Road, Koloa, Hawaii 96756  
Phone: (808) 742-8025

Escrow Company: Title Guaranty Escrow Services Inc., 235 Queen Street, Box 1678, Honolulu, HI 96813  
Phone: (808) 521-0211

Attorney: Glen T. Hale, 2970 Kele Street, Suite 110, Lihue, Hawaii 96766  
Phone: (808) 245-4100

Page 15 of the Supplemental Public Report and Exhibit B identify two encumbrances effecting Unit 1. The encumbrances include a Mortgage in favor of Bank of Hawaii dated October 26, 2001, recorded as Document No. 2001-172051 and a revolving line of credit secured by a Mortgage in favor of Central Pacific Bank dated March 3, 2003 recorded as Document No. 2003-041383.

**SPECIAL ATTENTION**

The Developer's Final Public Report expired on April 22, 1997. Pursuant to Section 16-107-19 of the Hawaii Administrative Rules, sales contracts executed during the period that the public report was not in effect may be rescinded at the option of the purchaser and all moneys refunded to the purchaser. The purchaser's right to rescind under this Rule, shall be void thirty (30) calendar days after receipt of written notification of these rights from the developer or his real estate agent.

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 square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

The public report format currently in use by the Real Estate Commission ("Commission") is different from that upon which the final public report for this project was issued. This supplementary public report must be read together with the earlier report, and a prospective purchaser may desire to compare the previous report with this supplementary public report. Information contained on a specific page of this supplementary public report may not coincide to the same page number in the Final public report. Therefore, it is suggested that the table of contents be referred to when making comparisons between reports.

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

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I. PERSONS CONNECTED WITH THE PROJECT

Developer: James Design Shoppe of Hawaii, LTD Phone: (808) 742-9688  
Name\* (Business)  
P.O. Box 1214  
Business Address  
Koloa, Kauai, Hawaii 96756

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

James Parsonson, President  
Lori Decker, Secretary  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker\*: Pacific Ocean Properties, Inc. Phone: (808) 742-8025  
Name (Business)  
2253 Poipu Road  
Business Address  
Koloa, Hawaii 96756

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211  
Name (Business)  
235 Queen Street, Honolulu, HI 96813, P.O. Box 1678  
Business Address  
Honolulu, HI 96806

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\*: Law Offices of Glen T. Hale, LLLC Phone: (808) 245-4100  
Name (Business)  
2970 Kele Street, Suite 110  
Business Address  
Lihue, Hawaii 96766

\*For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

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

There are no limited common elements in this project.

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

described in Exhibit \_\_\_\_\_.

as follows:

The land area delineated and designated in the Condominium Map consisting of the following:

- a. Apartment 1. The land area surrounding and under Apartment 1 for the exclusive use of Apartment 1 and consists of approximately 15,500 square feet.
- b. Apartment 2. The land area surrounding and under Apartment 2 for the exclusive use of Apartment 2 and consists of approximately 15,500 square feet.

3. Common Interests: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interests." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows:

Apartment 1 – 50% appurtenant common interest

Apartment 2 – 50% appurtenant common interest

E. **Encumbrances Against Title**: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property on 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 April 28, 2003 and issued by Title Guaranty of Hawaii, Inc.

**Blanket Liens:**

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

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

[ 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 <b>Prior to Conveyance</b></u>
Mortgage, Bank of Hawaii, dated October 26, 2001 recorded as Document No. 2001-172051	
Mortgage, revolving line of credit with Central Pacific Bank, dated March 3, 2003 recorded as Document No. 2003-041383	In the event of foreclosure of either mortgage, Buyer's interest may be terminated in which event Buyer will be entitled to a refund of deposit, less an escrow cancellation fee.

See also Page 20

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: n/a

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Apartments 1 and 2 were completed in 1996.

H. **Project Phases:**

The developer  has  has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

Sales documents on file with the Real Estate commission include but are not limited to:

- Notice to Owner Occupants
- Specimen sales Contract  
Exhibit C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated May 30, 2003.  
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 the 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, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - 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 Mortgage (dated 10/26/01), and Mortgage (dated 3/3/03)

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the Developer's sales agent, if any. 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. 3508 filed with the Real Estate Commission on February 14, 1996.

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:**

The Performance Bond referred to in the Final Public Report on page 20 is no longer in effect.

Page 15 of the Public Report and Exhibit B identify two encumbrances effecting Unit 1. The encumbrances include a Mortgage in favor of Bank of Hawaii dated October 26, 2001, recorded as Document No. 2001-172051 and a revolving line of credit secured by a Mortgage in favor of Central Pacific Bank dated March 3, 2003 recorded as Document No. 2003-041383.

The sale of Unit 1 will require the release of the existing mortgages. The mortgages will not be transferred to the purchaser of Unit 1. The purchaser should refer to the Title Report dated April 28, 2003 for more information regarding the existing encumbrances.

The Developer completed construction of the structures in 1996 and subsequently sold Unit 2. The public report expired on April 22, 1997. The purpose of the Supplementary Public Report is to reactivate the public report and to certify that **no material changes** have occurred to the project since the expiration date. Changes to the public report include the following:

Real Estate Broker: Pacific Ocean Properties, Inc., 2253 Poipu Road, Koloa, Hawaii 96756  
Phone: (808) 742-8025

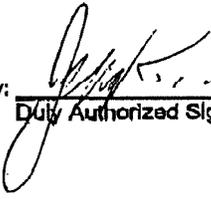
Escrow Company: Title Guaranty Escrow Services Inc., 235 Queen Street, Box 1678, Honolulu, HI 96813  
Phone: (808) 521-0211

Attorney: Glen T. Hale, 2970 Kele Street, Suite 110, Lihue, Hawaii 96766  
Phone: (808) 245-4100

The Developer's Final Public Report expired on April 22, 1997. Pursuant to Section 16-107-19 of the Hawaii Administrative Rules, sales contracts executed during the period that the public report was not in effect may be rescinded at the option of the purchaser and all moneys refunded to the purchaser. The purchaser's right to rescind under this Rule, shall be void thirty (30) calendar days after receipt of written notification of these rights from the developer or his real estate agent.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

JAMES DESIGN SHOPPE OF HAWAII, LTD  
Name of Developer

By:  \_\_\_\_\_  
Duty Authorized Signatory\*

06-12-03  
Date

JAMES PARSONSON, President  
Printed Name & Title of Person Signing Above

Distribution:  
 Department of Finance, County of Kauai  
 Planning Department, County of Kauai

## EXHIBIT B

### ENCUMBRANCES AGAINST TITLE

The title report of Title Guaranty Escrow Services, Inc. reports that title to the land is subject to the following encumbrances:

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land described herein.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT: DECLARATION OF CONDOMINIUM PROPERTY  
REGIME FOR THE KUKUIULA BAY CONDOMINIUM PROJECT

DATED: October 25, 1995  
RECORDED: Document No. 96-002547  
MAP: 2339 and any amendments thereto

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT: BY-LAWS OF THE ASSOCIATION OF APARTMENT  
OWNERS

DATED: October 25, 1995  
RECORDED: Document No. 96-002548

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT: APARTMENT DEED

DATED: July 28, 1997  
RECORDED: Document No. 97-102665

7. MORTGAGE:

MORTGAGOR: JAMES M. PARSONSON and LORI P. DECKER

MORTGAGEE: BANK OF HAWAII, a Hawaii corporation

DATED: October 26, 2001

RECORDED: Document No. 2001-172051

8. MORTGAGE

MORTGAGOR: JAMES DESIGN SHOPPE OF HAWAII, LTD., a Hawaii corporation

MORTGAGEE: CENTRAL PACIFIC BANK, a Hawaii corporation

DATED: March 3, 2003

RECORDED: Document No. 2003-041383

**END OF EXHIBIT B**

**EXHIBIT D****AMENDED SUMMARY OF PORTIONS OF ESCROW AGREEMENT**

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. ("Escrow"), and JAMES DESIGN SHOPPE OF HAWAII, LTD. ("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 contract 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, unless: (a) Buyer has elected within seven days of signing the sales contract to cancel and receive all funds paid, without deduction; or (b) Escrow determines that the Real Estate Commission has not issued a Final Public Report on the project (Escrow will not accept buyer's funds without an effective Final Public Report) or the requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met.
4. Escrow will return deposited sums to the Buyer without interest if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven-day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00.
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 its schedule rate 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. The cost of title insurance will be an additional amount, based upon schedule rate.

**SPECIAL NOTICE:**

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 D**

**EXHIBIT E**

**KUKUIULA BAY CONDOMINIUM**

REGISTRATION NO. 3508

AMENDED DISCLOSURE STATEMENT AS OF JUNE 12, 2003

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of KUKUIULA BAY CONDOMINIUM makes the following disclosures:

1. Name of Project: KUKUIULA BAY CONDOMINIUM
2. Address: 4730 and 4736 Lawai Beach Road, Koloa, Kauai, Hawaii 96756
3. Name of Developer: James Design Shoppe of Hawaii, Ltd.
4. Address: P.O. Box 1214, Koloa, Kauai, Hawaii 96756
5. Telephone: (808) 742-9688
6. Project Manager or Agent: Self managed by Association of Apartment Owners.
7. Maintenance Fees: There are no maintenance fees since the project is divided with each party having improvements located within its own apartment unit. Each apartment owner to take out his or her own insurance for their respective apartment and their appurtenant limited common element and shall add the name of the Association as an additional assured.
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 his own cost and expenses.
9. Warranties: The Project is a fee simple condominium project and there are no warranties. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition.
10. Project: The Project consists of two (2) condominium apartments. Apartments 1 and 2 are free standing detached dwellings. The uses will be residential uses that are permitted by the County of Kauai ordinances.
11. The real estate broker for the Project is: Hannah Sirois, Pacific Ocean Properties, Inc., whose address is 2253 Poipu Road, Koloa, Hawaii 96756, and whose telephone is 808-742-8025.

12. The Developer has not conducted a reserve study in accordance with 514A-83.6, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. There are no depreciable common elements in the Project.
13. The Developer completed construction of the structures in 1996 and subsequently sold Unit 2. The public report expired on April 22, 1997. The purpose of the Supplementary Public Report is to reactivate the public report and to certify that no material changes have occurred to the project since the expiration date. Small modifications to the public report include a new Real Estate Broker, Listing Agreement, Escrow Company, Escrow Agreement and attorney.

In witness whereof, the developers have executed this disclosure abstract this 12<sup>th</sup> day of June, 2003.

JAMES DESIGN SHOPPE OF  
HAWAII LTD.

By: \_\_\_\_\_

JAMES PARSONSON  
Its President

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**RECEIPT**

The undersigned has received a copy of the foregoing Disclosure Abstract with Exhibit H this \_\_\_ day of \_\_\_\_\_, 200\_\_.

Purchaser(s):

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**END OF EXHIBIT E**