

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

- Required and attached to this report as Exhibit E 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:

SPECIAL ATTENTION

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: HOWARD J. SANTOS, Trustee
LORETTA F. SANTOS, Trustee Phone: (808) 8227606
Name (Business)
6511 Kuamoo Road
Business Address
Kapaa, Kauai, Hawaii 96746

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

Real Estate Broker: PACIFIC OCEAN PROPERTIES Phone: (808) 2455919
Name (Business)
3501 Rice Street, Suite 101
Business Address
Lihue, Kauai, Hawaii 96766

Escrow: First Hawaii Title Corporation Phone: (808) 5213411
Name (Business)
201 Merchant Street, Suite 2000
Business Address
Honolulu, Hawaii 96813

General Contractor: _____ 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
 Recorded - Bureau of Conveyances: Document No. 96-079935
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]:

First Amendment to Declaration of Condominium Property Regime and
By Laws dated June 19, 1996 recorded as Document No. 96-094106.

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2410
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 96-079936
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]:

First Amendment to Declaration of Condominium Property Regime and
By Laws dated June 19, 1996 recorded as Document No. 96-094106.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Subleaseholds:

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

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

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 384 Kaholalele Road Tax Map Key: (4) 4-2-14: 65
Kapaa, Kauai, Hawaii 96746 (TMK)

Address TMK is expected to change because _____

Land Area: 24,252 square feet acre(s) Zoning: R-2

Fee Owner : HOWARD J. SANTOS, Trustee
 LORETTA F. SANTOS, Trustee
 Name
 6511 Kuamoo Road
 Address
 Kapaa, Kauai, Hawaii 96746

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: Two Floors Per Building One

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

[] Pets: _____

[] Number of Occupants: _____

[x] Other: Declaration of Restrictive Covenants for Mountain View Half Acres
Subdivision. See Exhibit G.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: -0- Trash Chutes: -0-

<u>Apt.</u> <u>Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net</u> <u>Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A</u>	<u>1</u>	<u>3BR/3BA</u>	<u>1,839 s.f.</u>	<u> </u>
<u>B</u>	<u>1</u>	<u>2BR/1BA</u>	<u>925 s.f.</u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Total Apartments: 2

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

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

Boundaries of Each Apartment:

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

Permitted Alterations to Apartments:

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

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u> </u>	<u> </u>
Structures	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

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

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

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

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

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

described in Exhibit A.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

Apartment A - land area is 10,939 square feet.

Apartment B - land area is 13,313 square feet.

NOTE: Land areas referenced herein are not legally subdivided lots.

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

described in Exhibit _____.

as follows:

Apartment A - 50% appurtenant common interest

Apartment B - 50% appurtenant common interest

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

Exhibit B describes the encumbrances against the title contained in the title report dated June 7, 1996 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 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.

[X] 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 liens foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage dated 11/28/87 in favor of Territorial Savings and Loan Association recorded in Book 20328, Page 431 in the Bureau of Conveyances, State of Hawaii.	Buyer's interest may be terminated in which case Buyer will be entitled to a refund of deposit less 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:

Apartment A was completed in 1986.

Apartment B was completed in 1990.

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 5/28/96
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, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - 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 for Mountain View Half Acres Subdivision.

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. 3587 filed with the Real Estate Commission on 7/24/96.

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

- yellow paper stock white paper stock pink paper stock

C. Additional Information Not Covered Above

1. The Developer (Howard J. Santos, Trustee and Loretta F. Santos, Trustee) the owners of Lot 38 entered into an Encroachment Agreement dated May 3, 1996 with the adjoining lot owners of Lots 36 (Jason E. Kauai and Wendie L. Pascua), Lot 37 (Villamor Cadiz Galiza and Grace Tesoro Galiza) which has been converted into a condominium and Apartment B is being sold to James Oyadomari and April Oyadomari by the Galizas and such agreement provides as follows:

a. Galizas agrees that so long as the encroaching cinder block wall shall remain standing, the Kauis shall have the right to overlap and extend beyond the common boundary between Lot 36 and Apartment B of Lot 37.

b. Galizas agree that so long as the encroaching fence and drain basin shall remain standing Santos shall have the right to have the fence and drain basin overlap and extend beyond the common boundary between Lot 38 and Apartments A and B.

The agreement has other provisions relating to upkeep, destruction of more than 1/2 to terminate the encroachment rights, repair, upkeep, indemnification, and eliminating any claim of adverse possession by the party causing the encroachment. This agreement is recorded in the Bureau of Conveyances, State of Hawaii as Document NO. 96-064987.

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.

HOWARD J. SANTOS, TRUSTEE

Name of Developer

By: Howard J. Santos
Duly Authorized Signatory

6/14/96
Date

HOWARD J. SANTOS, TRUSTEE, DEVELOPER

print name & title of person signing above

LORETTA F. SANTOS, TRUSTEE

Name of Developer

By: Loretta F. Santos, trustee
Duly Authorized Signatory

6/14/96
Date

LORETTA F. SANTOS, TRUSTEE, 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.
- 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. The lien of any real property taxes due and payable. To have a confirmation with respect to taxes contact the Director of Finance of the County of Kauai.

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

3. The covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following: Land Patent Grant No. 12,107 but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

4. Right of Entry in favor of Citizens Utilities Company, a Delaware corporation, and Hawaiian Telephone Company, a Hawaii corporation dated November 25, 1981, recorded in said Bureau in Book 16128, page 143.

5. The terms, provisions, covenants, easements and reservations as contained in the following: Declaration of Restrictive Covenants for Mountain View Half Acres Subdivision dated May 23, 1985, recorded in said Bureau in Book 18696, Page 603, to which reference is hereby made, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons. The foregoing Declaration was amended by the following: Amendment dated October 30, 1985 recorded in said Bureau in Book 19143, Page 136.

6. "Conveyance of Water Facility" dated August 27, 1985, recorded on October 22, 1985 in said Bureau of Conveyances in Book 19023, Page 190, in favor of BOARD OF WATER SUPPLY, COUNTY OF KAUAI.

7. The covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following: Warranty Deed dated December 16, 1985, recorded in said Bureau in Book 19155, page 542, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national

origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

8. Easement D-3 as per survey of 2" C. Portugal, Registered Professional Surveyor, Certificate No. 2225-SE dated May 28, 1985, as contained in that certain Warranty Deed dated December 16, 1985, recorded in said Bureau in Book 19155, page 542, to which reference is hereby made.

9. Flood setback line as per survey of " C. Portugal, Registered Professional Surveyor, Certificate No. 2225-SE dated May 28, 1985, as contained in that certain Warranty Deed dated December 16, 1985, recorded in said Bureau in Book 19155, page 542, to which reference is hereby made.

10. Grant of Easement dated June 16, 1986, recorded on October 1, 1986 in said Bureau of Conveyances in Book 19910, Page 386, in favor of the County of Kauai, granting an easement over, across, under, and along a portion of Lot 38, containing an area of 2,415 square feet, for the installation, etc., of a drainage system and related pipeline structure or structures and facilities, etc. (also affects other property)

11. Mortgage made by Howard J. Santos and Loretta F. Santos, husband and wife, in favor of Territorial Savings and Loan Association, a Hawaii corporation, dated January 23, 1987, recorded in said Bureau in Book 20328, Page 431, in the principal sum of \$95,000.00.

12. The terms, provisions, conditions and restrictions, if any, contained that certain trust Agreement herein referred to.

13. Encroachment Agreement dated May 3, 1996 by and between Villamor Cadiz Galiza and Grace Tesoro Galiza, husband and wife, "Galiza", Jason E. Kau and Wendie L. Pascua, husband and wife, "Kau", Howard J. Santos, Trustee of the Howard J. Santos Revocable Living Trust, under unrecorded trust agreement dated September 16, 1991, with powers to sell, mortgage, lease, etc. and Loretta F. Santos, Trustee of the Loretta F. Santos Revocable Living Trust, under unrecorded trust agreement dated September 16, 1991, with powers to sell, mortgage, lease, etc. "Santos", and James Oyadomari and April Oyadomari, husband and wife, "Oyadomari". recorded as Document No. 96-064987.

14. The covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following: Declaration of Condominium Property Regime of "Kalana Court" dated May 28, 1996, recorded as Document

No. 96-079935, but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons. Condominium Map No. 2410, to which reference is hereby made. The Declaration was amended by First Amendment to Declaration of Condominium Property Regime and By Laws of Kalana Court dated June 19, 1996, recorded as Document No. 96-094106.

15. By Laws of the Association of Apartment Owners of Kalana court dated May 28, 1996, recorded in said Bureau as Document No. 96-079936, to which reference is hereby made. The By Laws was amended by First Amendment to Declaration of Condominium Property Regime and By Laws of Kalana Court dated June 19, 1996, recorded as Document No. 96-094106.

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 contract 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 contract 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"

KALANA COURT

REGISTRATION NO. 3587

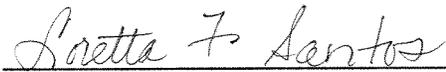
DISCLOSURE STATEMENT AS OF JUNE 14, 1996

1. Name of Project: KALANA COURT
2. Address: 384 Kaholalele Road, Kapaa, Kauai, Hawaii
96746
3. Name of Developer: Howard J. Santos, Trustee under
Howard J. Santos Revocable Living Trust dated September 16,
1991 and Loretta F. Santos, Trustee under Loretta F. Santos
Revocable Living Trust dated September 16, 1991
4. Address: 6511 Kuamoo Road, Kapaa, Kauai, Hawaii 96746
5. Telephone:
6. Project Manager or Agent: Self managed by Association of
Apartment Owners.
7. Address: 384 Kaholalele Road, Kapaa, Kauai, Hawaii
96746
8. 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.
9. 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.
10. Warranties: The Project is a fee simple condominium project
and there are no warranties.
11. Project: The Project consists of two (2) condominium
apartments. Apartments A and B are free standing detached
dwellings. The uses will be residential uses that are
permitted by the County of Kauai ordinances.

Dated: at Kapaa HI this 14th day of
June, 1996.



HOWARD J. SANTOS, Trustee of the
Howard J. Santos unrecorded
Revocable Living Trust dated
September 16, 1991



LORETTA F. SANTOS, Trustee of
the Loretta F. Santos unrecorded
Revocable Living Trust dated
September 16, 1991

EXHIBIT "F"
BUILDING AND HOUSE RULES
KALANA COURT

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 KALANA COURT Condominium Project, 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.

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 ordinances is required to be observed in the construction of a single family dwelling as well as the following:

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

b. 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. Vehicles and Equipment. No vehicles, equipment, boats and/or trailers shall be kept, placed or maintained to interfere with the use of the common element roadway.

4. 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.

5. General Appearance.

a. Clothes Drying. Outside clothes lines or other outside clothes drying or airing facilities should be screened from the street and the other apartment.

b. Signs. Signs, signals and lettering may be inscribed or exposed on any part of a building or in the common elements of the project that meets the requirements of the ordinances of the County of Kauai and approved as to standards set by the Board of Directors of the Association from time to time.

c. 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.

d. Antenna. No antenna or other device to receive or transmit any television, radio, C.B. or any electronic signal shall be erected, placed or maintained on any building or area that is visible from the other apartment without the prior written approval of the other apartment owner.

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

7. Setbacks. Any dwelling and/or structure placed in an Area by an owner will observe the perimeter boundaries of each Area.

8. Upkeep of Area. Each owner will be responsible for the landscaping and upkeep of its own Area and shall not permit its Area to be overgrown with weeds and/or place used vehicles and/or storage of materials to make the Area become unsightly like a junkyard.

Adopted at Kapaa, Kauai, Hawaii, this 14th day of June, 1996.


HOWARD J. SANTOS, Trustee of the
Howard J. Santos unrecorded
Revocable Living Trust dated
September 16, 1991

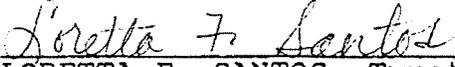

LORETTA F. SANTOS, Trustee of
the Loretta F. Santos unrecorded
Revocable Living Trust dated
September 16, 1991

EXHIBIT "G"

SUMMARY OF DECLARATION OF RESTRICTIVE COVENANTS FOR MOUNTAIN VIEW HALF ACRES SUBDIVISION

The Summary of Declaration of Restrictive Covenants for the Mountain View Half Acres Subdivision dated May 23, 1985, filed in the Bureau of Conveyances, State of Hawaii, in Book 18696, Page 603 and as amended on October 30, 1985 in Book 19143, Page 136 are applicable to the Project. The reading of the Declaration is important and various requirements have to be met before any construction and development of any improvements can be undertaken.

1. There are Lots 1 through 42 inclusive, and Lots 44 through 51 inclusive, in the Mountain View Half Acres Subdivision of which Lot 37 is the Project and therefore affected by this Declaration.

2. The Lots within the subdivision shall be used only for private, single-family residences not exceeding two stories in height including private garages. An Ohana style second residence, but not more than second residence may be constructed on any lot in compliance with the restrictive covenants and the governmental rules and regulations.

3. Before any improvements can be commenced, the plans and specifications must be submitted to the Declarant for approval prior to being submitted to the County of Kauai for a building permit. The plot plan shall show the location of the building(s) to be placed on the lot. No geodesic domes shall be permitted on any lot.

4. The Covenants provide for certain requirements as to floor and foundations, roofing material, reflective material, type of materials that can be used, minimum living area of 870 square feet, opening of garage or carport, installation of own sewage disposal system/cesspool at such time a residence is constructed.

5. There are restrictions as to temporary structures for use as a residence, either temporarily or permanently. No outbuildings of metal will be permitted on any lot at any time.

6. There are restrictions on use of property such as noxious or offensive activities, unsightliness, noise, bright exterior lighting, breeding of animals, livestock or poultry except that 2 dogs, cats or other common household pets may be kept. That lot shall not be used as a dumping ground for rubbish, trash, garbage or other waste.

7. No structure, planting or other material shall be placed or permitted in easement areas for utilities or retard the flow of water through the designated swale ares, which shall be

maintained by the owners thereof.

8. No sign shall be displayed to the public view except one professional sign not more than 5 square feet advertising the property for sale or for rent may be displayed.

9. The foregoing restrictions shall remain in full force and effect for 36 years from the date of recordation of this Declaration in the Bureau of Conveyances and shall be enforceable by the Declarant or any owner of any lot.

10. The Declarant reserves the right at its sole option to assign, in whole or in part any and/or all of the rights reserved to the Declarant or owners herein including specifically the rights described for plan review and its enforcement as provided herein to a design review committee of the Owners which may be formed in the future.

11. The term Declarant shall mean Kauai Investment Corporation and its successors and specified assignee with rights and privileges stated herein.

THE FOREGOING IS A SUMMARY OF THE DECLARATION OF RESTRICTIVE COVENANTS FOR MOUNTAIN VIEW HALF ACRES SUBDIVISION AND IS FOR THE CONVENIENCE OF THE READER AND IF THERE IS ANY QUESTION THE ORIGINAL DOCUMENT SHOULD BE EXAMINED AND SUCH ORIGINAL DOCUMENT CONTROLS OVER THIS SUMMARY

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