

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer NEIL A. MCMANUS, GLENDA REMINGTON, THICH AN THANH  
and SUSAN GAILEY AN THANH

Address c/o P. O. Box 3195, Princeville, Kauai, Hawaii 96722

Project Name(\*): KALIHIWAI RIDGE II, LOT 14 CPR

Address Kalihiwai Ridge Phase II, Kilauea, Kauai, Hawaii

Registration No. 3701 (Partial Conversion)

Effective date: June 6, 1997

Expiration date: July 6, 1998

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 governmental agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

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

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

SUPPLEMENTARY: This report updates information contained in the:  
**(pink)**  
 Preliminary Public Report dated: \_\_\_\_\_  
 Final Public Report dated: \_\_\_\_\_  
 Supplementary Public Report dated: \_\_\_\_\_

And  
 Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_  
 This report reactivates the \_\_\_\_\_  
public report(s) which expire on \_\_\_\_\_

(\*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report                       Not Required - disclosure 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 NOTICE:**

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

1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.
2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediate adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.
3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FORGOING.

UNITS FOR SALE: None of the units in the Project are presently for sale. If a unit will be sold, the Developer must first submit a Disclosure Abstract to the Real Estate Commission disclosing who the licensed real estate broker is.

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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. The 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 of 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 spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: NEIL A. MCMANUS Phone: (808) 251-1777  
Name (Business)  
P. O. Box 715  
Business Address  
Hanalei, Hawaii 96714

GLEND A REMINGTON Phone: (602) 854-8652  
Name (Business)  
P. O. Box 525, 435 North Cache Wagon Wheel Village  
Business Address  
Jackson, Wyoming 83001

THICH AN THANH and SUSAN GAILEY AN THANH Phone: (808) 826-7211  
Name (Business)  
P. O. Box 737  
Business Address  
Kilauea, Hawaii 96754

Real Estate Broker: None at this time (see page 20) Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Escrow: FIRST HAWAII TITLE CORPORATION Phone: (808) 245-6975  
Name (Business)  
54-280 Kuhio Highway, Suite B205  
Business Address  
Princeville, Kauai, Hawaii 96722

General Contractor: Thomas P. Ramey, dba RAMEY CONSTRUCTION (Unit A) Phone: (808) 742-1186  
Name (Business)  
1673 Kelaukia Street  
Business Address  
Koloa, Hawaii 96756

General Contractor: William E. Chase dba  
ON CENTER CONSTRUCTION (Units B and C) Phone: (808) 826-6063  
Name (Business)  
P. O. Box 691  
Business Address  
Hanalei, Kauai, Hawaii 96714

Condominium Managing Agent: self managed by Association of Apartment Owners Phone: \_\_\_\_\_  
Name (Business)  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Attorney for  
Developer:

Michael H. Sakai, Esq. \_\_\_\_\_  
Name  
201 Merchant Street, Suite 902 \_\_\_\_\_  
Business Address  
Honolulu, Hawaii 96813-2929 \_\_\_\_\_

Phone: (808) 531-4171 \_\_\_\_\_  
(Business)

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

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

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 96-164034  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The Condominium Map for this condominium project is:

- Proposed  
 Recorded - Bureau of Conveyances, Condo Map No. 2488  
 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 manners which affect how the condominium project will be governed.

The Bylaws for this condominium re:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 96-164035  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed                                       Adopted                                       Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:      Monthly                              Quarterly  
                                   Semi-Automatically              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-Automatically              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 period 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 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: Kalihiwai Ridge Phase II, Kilauea, Kauai, Hawaii Tax Map Key (TMK): (4) 5-2-22-14

Address  TMK is expected to change because the individual units in the Project may be assigned their own TMK numbers.

Land Area: 10.849  square feet  acre(s)  Zoning: AG

**Fee Owner:** NEIL A. MCMANUS  
 Name  
P. O. Box 715  
 Address  
Hanalei, Hawaii 96714

GLEND A. REMINGTON  
 Name  
P. O. Box 525, North Cache Wagon Wheel Village  
 Address  
Jackson, Wyoming 83001

THICH AN THANH and SUSAN GAILEY AN THANH  
 Name  
P. O. Box 737  
 Address  
Kilauea, Kauai, Hawaii 96754

C. Buildings and Other Improvements:

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

2. Number of Buildings: 3 Floors Per Building 1

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete     Hollow Tile     Wood

Other and other allied materials

4. Permitted Uses by Zoning:

	No of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input type="checkbox"/> Residential	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	___	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>storage/animal structure</u>	<u>3</u>	<input checked="" 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: Domestic Pets are allowed.

Number of Occupants: \_\_\_\_\_

Other: \_\_\_\_\_

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit A</u>	<u>1</u>	<u>0/0</u>	<u>                    </u>	<u>64 sq. ft.</u>	<u>storage shed</u>
<u>Unit B</u>	<u>1</u>	<u>0/0</u>	<u>                    </u>	<u>24 sq. ft.</u>	<u>storage/animal shelter</u>
<u>Unit C</u>	<u>1</u>	<u>0/0</u>	<u>                    </u>	<u>24 sq. ft.</u>	<u>storage/animal shelter</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>	<u>                    </u>	<u>                    </u>

Total Apartments: 3

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls. Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

The boundary of each unit is the exterior finished surfaces of the units' perimeter walls, roofs, foundations, windows and frames, doors, beams, post entries and cesspools, if any.

Permitted Alterations to Apartments:

Each unit owner may alter the structure and any other improvements located within their unit's limited common land area as provided in paragraphs 7.0 and 15.0 of the Declaration of Condominium Property Regime.

7. Parking Stalls:

Total Parking Stalls: 6 Parking is available anywhere within a units limited common land area.

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>TOTAL</u>
Assigned (for each unit)	_____	<u>2</u>	_____	_____	_____	_____	<u>6</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for	_____	_____	_____	_____	_____	_____	_____
Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>6</u>		<u>0</u>		<u>0</u>		<u>6</u>

Each Residential apartment will have the exclusive use of at least 2 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 \_\_\_\_\_ contain additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational facilities

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: \_\_\_\_\_

9. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below.

Violations will be cured by \_\_\_\_\_

10. Conditions and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations  
(For conversions of residential apartments in existence for at least five years):

Not Applicable

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   B  .

as follows:

2. Limited Common Elements: 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 B.

as follows:

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:

Unit A	33 1/3%
Unit B	33 1/3%
Unit C	33 1/3%
	100%

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 C describes the encumbrances against the title contained in the title report dated May 6, 1997 and issued by First Hawaii Title Corp.

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 specific sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	If the Developer defaults under the mortgage, the lender may foreclose on the project. This would cancel any contract with a purchaser unless the lender agrees to honor the purchaser's contract.

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. There are no warranties, express or implied.

2. Appliances:

None. There are no appliances.

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

Unit A, storage shed, was completed in June, 1996. Units B and C, storage/animal shelters, were completed in June 1995.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

- None  Electricity (\_\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)
- Gas (\_\_\_\_\_ Common Elements only \_\_\_\_\_ Common Elements & Apartments)
- Water  Sewer  Television Cable
- Other \_\_\_\_\_

## 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 E contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated September 23, 1996

Exhibit F contains a summary of the pertinent provisions of the escrow agreement.

Other Declaration of Protective Covenants, Conditions and Restrictions

### 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 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 a 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 as 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 form the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days form 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 Report 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. (NONE)
  - 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 Declaration of Protective Covenants, Conditions and Restrictions of Kalihiwai Ridge; Farm Dwelling Agreement

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, Hawaii 96809, at a nominal cost.

This Public Report is part of Registration No. 3701 filed with the Real Estate Commission on February 19, 1997.

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

**NOT A SUBDIVISION.** This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

**MAINTENANCE FEES.** All costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. However, if arranged for as a group, the yard maintenance is estimated to be \$150 a month for the Project.

Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

**MASTER DECLARATION.** The Project is located within the Kalihiwai Ridge Subdivision which is subject to a Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge dated October 3, 1988, which was recorded in the Bureau of Conveyances, State of Hawaii, in Book 22452, Page 429, as the same may be amended from time to time; that certain Annexing Declaration and Declaration of Restrictive Covenants dated November 7, 1991, recorded in said Bureau as Document No. 91-155979, as amended; and that certain 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 (collectively the "Master Declaration"). This Declaration and the Project are subject and subordinate to the terms, covenants and provision contained in the Master Declaration. In the event there is a conflict between the terms of the Master Declaration, the Declaration of Condominium Property Regime, or the Bylaws of the Association of Unit Owners, the former shall control. See Exhibit "H".

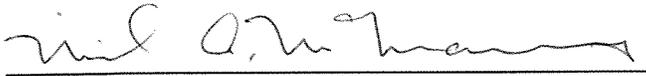
**DISCLOSURE RE: SELECTION OF REAL ESTATE BROKER** This public report shall not bind a purchase to the sale of any apartment until (1) the Developers first submit to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report.

If the Developer(s), as the owners, choose to represent themselves in the sale of an apartment, said abstract need not be given to the purchaser, as all necessary disclosure are covered in this report.

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that one of the developer(s): Susan Gailey An Thanh, RS4431, is a current and active Hawaii-licensed real estate salesperson. Pursuant to section 16-99-11(c), HARm, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'.

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

NEIL A. MCMANUS  
Name of Developer

  
NEIL A. MCMANUS  
Developer

23 SEP 96  
Date

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.

THICH AN THANH

SUSAN GAILEY AN THANH

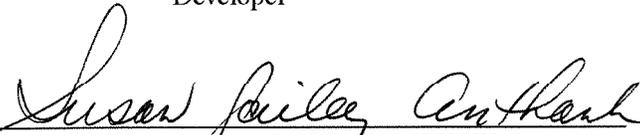
Name of Developer



THICH AN THANH  
Developer

4-16-96

Date



SUSAN GAILEY AN THANH  
Developer

4-16-96

Date

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.

GLEND A REMINGTON  
Name of Developer

  
GLEND A REMINGTON  
Developer

4-14-96  
Date

Distribution:

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

EXHIBIT "A"

Description of Apartments

The Project consists of the following three (3) apartments:

a. Unit A. Unit A consist of one freehold estate consisting of one storage structure having a net area of 64 square feet together with the limited common land area under and surrounding Unit A. This unit is constructed principally of wood. The land area surrounding Unit A as delineated and described in the Condominium Map is a limited common element for Unit 1 and is for the exclusive use of Unit A.

b. Unit B. Unit B consist of one freehold estate consisting of one storage structure having a net area of 24 square feet together with the limited common land area under and surrounding Unit B. This unit is constructed principally of wood. The land area surrounding Unit B as delineated and described in the Condominium Map is a limited common element for Unit B and is for the exclusive use of Unit B.

NOTE: Pursuant to the terms of the Declaration of Condominium Property Regime, paragraph 16.0(a), only Unit B may have a guest cottage subject however to all applicable Building Codes and zoning ordinances.

c. Unit C. Unit C consist of one freehold estate consisting of one storage structure having a net area of 24 square feet together with the limited common land area under and surrounding Unit C. This unit is constructed principally of wood. The land area surrounding Unit C as delineated and described in the Condominium Map is a limited common element for Unit C and is for the exclusive use of Unit C.

EXHIBIT "B"

Common Elements

The common elements of the Project and which the units 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, drainage, hot and cold water and like utilities which services more than one unit and any easements for such utility services.
- c. The common driveway and any common easements for ingress and egress and all installations for underground utilities including electricity, water, telephone, and cable television which run upon or under the common driveway.
- d. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

Limited Common Elements

The land area delineated and designated in the Condominium Map are limited common elements of a unit and consist of the following:

- A. Unit A. The land area surrounding and under Unit A is a limited common element of Unit A and is for the exclusive use of Unit A and consist of approximately 3.701 acres.
- B. Unit B. The land area surrounding and under Unit B is a limited common element of Unit B and is for the exclusive use of Unit B and consist of approximately 3.479 acres.
- C. Unit C. The land area surrounding and under Unit C is a limited common element of Unit C and is for the exclusive use of Unit C and consist of approximately 3.590 acres.

EXHIBIT "C"

Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.

2. Terms and provisions of that certain Agreement dated March 16, 1977, between the State of Hawaii and C. Brewer and Company, Limited, recorded in said Bureau of Conveyances in Book 12110, Page 330. Re: Use of land for agriculture purposes.

3. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Kalihiwai Ridge Declaration dated October 3, 1988, recorded in said Bureau, in Book 22452, Page 429, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped person.

Correction to Declaration of Protective Covenants, Conditions and Restrictions, dated July 5, 1990, recorded in said Bureau, as Document No. 90-104733.

Annexation Declaration and Declaration of Restrictive Covenants dated November 7, 1991, recorded in said Bureau, as Document No. 91-155979.

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

5. Agreement to Incorporate Agricultural Restrictions Into Instruments of Conveyance dated November 7, 1991, between C. Brewer Properties, Inc. and the County of Kauai Planning Department, recorded in said Bureau of Conveyances as Document No. 91-155967.

6. Building setback line and drainage ways affecting the granted premises as designated on said File Plan 2053.

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

8. Any easements designated on said File Plan 2053 or recorded in said Bureau of Conveyances affecting the granted premises, including Easement C-2 for conservation purposes, as

shown on said File Plan 2053, and any and all grants of easements or other rights over, under, across, along, upon or through said easement areas in favor of others, as contained in deeds of record conveying lots within the Kalihiwai Ridge, Phase II Subdivision, File Plan 2053, to others.

9. Certified Land Use District Boundary as shown on said File Plan 2053.

10. The terms and provisions of that certain Declaration Affecting Conservation District Lands dated November 7, 1991, made by C. Brewer Properties, Inc., as Declarant, recorded in said Bureau of Conveyances as Document No. 91-155968.

11. Terms and conditions contained in Declaration of Conditions and Grant of Conservation Easement dated July 16, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-097979, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons.

The foregoing instrument was amended by the following:

<u>DATED:</u>	<u>DOCUMENT NO.:</u>
November 26, 1991	91-166866
December 12, 1994	94-210073

12. Agreement for Restriction on Sale dated August 9, 1991, recorded in said Bureau, as Document No. 91-46188, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons.

13. Declaration dated November 8, 1991, recorded in said Bureau, as Document No. 91-155965, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons.

14. Indemnity Agreement dated September 23, 1991, by and between C. Brewer Properties, Inc., a Hawaii corporation, "Brewer", and The Department of Public Works of the County of Kauai, "County", recorded in said Bureau, as Document No. 91-164222.

15. Right of Entry Agreement, dated August 6, 1991, by and between C. Brewer Properties, Inc., a Hawaii corporation, "Owner", and The Department of water, County of Kauai, "Department", recorded in said Bureau, as Document No. 91-166237.

16. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Deed, dated August 20, 1993, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons.

17. Grant dated September 17, 1993, in favor of Department of Land and Natural Resources of the State of Hawaii, by its Board of Land and Natural Resources, recorded in said Bureau, as Document No. 94-105500, granting an easement for conservation purposes.

18. Wavier and Release dated February 24, 1995, recorded in said Bureau, as Document No. 95-035947.

19. Wavier and Release dated January 30, 1995, recorded in said Bureau, as Document No. 95-035948.

20. Wavier and Release dated January 31, 1995, recorded in said Bureau, as Document No. 95-035949.

21. Wavier and Release dated February 10, 1995, recorded in said Bureau, as Document No. 95-040976.

22. Farm Dwelling Agreement, dated March 5, 1996, by and between Thich An Thanh and Susan Gailey An Thanh, "Applicant(s)", and the County of Kauai Planning Department, "Department", recorded in said Bureau, as Document No. 96-045120.

23. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, and easements set forth in the Declaration of Condominium Property Regime of "Kalihiwai Ridge II, Lot 14 CPR", dated April 16, 1996, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 96-164034, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin, unless and only to the extent that said covenant (i) is exempt under Chapter 42, Section 3607 of the United States Code or (ii) relates to handicap but does not discriminate against handicapped persons.

24. Matters as shown on Condominium File Plan No. 2488, filed in the Bureau of Conveyances.

25. By-Laws of the Association of Unit Owners of Kalihiwai Ridge II, Lot 14 CPR, dated April 16, 1996, recorded in said

Bureau, as Document No. 96-164035, to which reference is hereby made.

26. Claims arising out of customary or traditional Hawaiian rights, including but not limited to those for access or gathering purposes protected by the Constitution and/or the laws of the State of Hawaii.

27. Any and all easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, as amended, and/or in said Apartment Deed, and/or as delineated on said Condominium Map No. 2488.

28. For real property taxes dues and owing, your attention is directed to the Department of Finance, County of Kauai.

EXHIBIT "D"

Summary of Sales Contract

The Sales Contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.

2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.

3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. Permits the Developer without the consent of approval of a purchaser to modify the Declaration, By-Laws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:

a. substantially and materially impairs the use and enjoyment of the apartment;

b. substantially and materially alters the arrangement of the rooms or usable space of an apartment or building;

c. renders unenforceable a purchasers' loan commitment;

d. increases the purchaser's share of common expenses or maintenance fees;

e. reduces the obligations of Developer of common expenses on unsold apartments.

5. Provides that the Developer is selling the apartments in "AS-IS WHERE-IS" condition. This means that the Developer is not making any warranties or representations with respect to the apartments and Project.

6. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.

7. Provides that the closing cost shall be paid as follows:

a. By purchaser: title insurance, drafting of any note and mortgage, purchaser notary fees, recording fees, one half of escrow fees, and also a start fee for common expenses, if any.

b. By Developer: drafting of apartment deed and Developer notary fees, conveyance taxes, preliminary title report, and one half of escrow fees.

8. Provides the following remedies, in the event of default under the Sales Contract:

by purchaser:

- a. Developer may bring an action against purchaser for breach of contract;
- b. Developer may retain initial deposit;
- c. Purchaser shall be responsible for expenses incurred.

by Developer:

- a. Purchaser may bring an action against Developer for breach of Contract;
- b. Purchaser may bring an action compelling Developer to perform under contract;
- c. Developer shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

9. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

The Sales Contract contains various other provisions which purchaser should become acquainted with.

EXHIBIT "E"

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"). Escrow is FIRST HAWAII TITLE CORP. Under the Escrow Agreement dated September 23, 1996, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the apartment unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

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

EXHIBIT "F"

Summary of Declaration of Protective Covenants,  
Conditions and Restrictions

This Project is located on one of the lots of the Kalihiwai Ridge-Phase II Subdivision. Lots in the subdivision are subject to a "Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge (herein called the "Master Declaration") dated October 3, 1988, recorded in the Bureau of Conveyances of the State of Hawaii on October 11, 1988 in Book 22452, Page 429.

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

ARTICLE I. DEFINITIONS.

This Article contains defined terms.

ARTICLE II. CONTROL OF REAL PROPERTY USE.

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

ARTICLE III. THE ASSOCIATION.

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

ARTICLE IV. CERTAIN RIGHTS AND OBLIGATIONS  
OF THE ASSOCIATION.

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

ARTICLE V. ASSESSMENTS.

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

ARTICLE VI. USE RIGHTS AND RESTRICTIONS.

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

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

This Article also limits the nature and size of signs. The Article precludes mining and drilling. Clearing and grading are subject to prior approval by the environmental committee and the County of Kauai. Cultivation of crops must be performed in a good,

safe manner with environmental approval on methods used to control dust, insects, weeds, and drainage. Lot owners must protect against flooding and erosion and dangerous chemicals. They must also maintain their lots at all times so that they do not become overgrown and unsightly. Owners causing damage to Association property will be required to pay for it.

ARTICLE VII. REGULATION OF LAKE LOTS.

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

ARTICLE VIII. EASEMENTS.

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

ARTICLE IX. KALIHIWAI RIDGE ENVIRONMENTAL COMMITTEE.

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

ARTICLE X. INSURANCE.

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

ARTICLE XI. DESTRUCTION, CONDEMNATION AND RESTORATION  
OF KALIHIWAI RIDGE.

This Article deals with the condemnation of subdivision improvements by public authorities.

ARTICLE XII. EXPANSION OF KALIHIWAI RIDGE.

This Article addresses the Declarant's rights to annex additional property, up to approximately three thousand acres of adjacent lands, to the Kalihiwai Subdivision and the means by which this may be accomplished.

ARTICLE XIII. ENFORCEMENT.

This Article discusses the method by which the rules of the subdivision may be enforced.

ARTICLE XIV. MISCELLANEOUS.

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