

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer: MOLOAA HUI LANDS, INC.
Address: P. O. Box 30, Kilauea, HI 96754

Project Name(*): MOLOAA HUI III
Address: Lot 17, Moloaa Hui Lands, Moloaa, Kawaihau,
Kauai, Hawaii

Registration No. 3758 Effective date: August 18, 1999
(Partial Conversion) Expiration date: September 18, 2000

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

X SUPPLEMENTARY: This report updates information contained in the:
(pink) [] Preliminary Public Report dated:
[X] Final Public Report dated: September 8, 1997
[] Supplementary Public Report dated: _____

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

(*) Exactly as named in the Declaration

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report as Exhibit G Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

The purpose of this supplementary report is to disclose amendments to the Declaration of Condominium Property Regime and Condominium Map. These were amended to show the change in the number of units, size of the units and change in percentage common interests. Some changes were reflected in a Condominium Map filed with the Second Amendment to the Declaration on April 27, 1999. These changes were in fact erroneous. The Fourth Amendment to the Declaration (Second Amendment to the Map) and this Supplemental Public Report reflect the Developers true intent. Refer to Exhibit A and Exhibit E herein for the new designation and area of specific units. Some of the provisions of the Declaration and the project covenants previously limiting certain uses of the units were amended by the Third Amendment to the Declaration of condominium property regime for this project by deleting or amending the provisions. The anti-speculation provisions of the covenants have been deleted from this project, which stands alone from the other larger projects across the street. There are no shared road maintenance fees with the other projects. The realtor for the project has been changed to Diane L. Treskon, Sleeping Giant Realty, Inc., 4480 Ahukini Road, Lihue, Hawaii 96766.

The title report reflects the purchase of Unit 43 by Buenaventura Jr. and Leonida Ednilao and the purchase of Unit 44 by John and Daphne McClure. Likewise, the title report shows that former co-owners of the fee, T.G. Exchange, Inc. and T.G. Super Exchange Corp., have conveyed their respective interests to Michael and Candace Strong.

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. 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 on the property.

1. There are presently AGRICULTURAL SHEDS AND AGRICULTURAL BUILDINGS ON THIS PROPERTY, each of which may be defined as an “apartment”, under the condominium property act.
2. This public report does not constitute an approval of the project by the Real Estate Commission or any other government agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
3. 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.
4. Facilities and improvements normally associated with County-approved subdivision, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc. may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.
5. Unless a prospective purchaser obtains from the Developer a written right to construct a farm dwelling, no residential improvements will be permitted.

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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- EXHIBIT A: Condominium Map and Limited Common Element Locations
- EXHIBIT B: Summary of Sales Contract
- EXHIBIT C: Schedule of Apartments and Common Interest
- EXHIBIT D: Summary of Portions of Escrow Agreement
- EXHIBIT E: Common Elements and Limited Common Elements of the Project
- EXHIBIT F: Encumbrances Against Title
- EXHIBIT G: Disclosure Abstract
- EXHIBIT H: Estimate of Initial Maintenance Fees and Disbursements
- EXHIBIT I: Memoranda from the County of Kauai Planning Department dated 5/20/97 & 5/29/80
- EXHIBIT J: Summary of Declaration of Covenants, Conditions and Restrictions

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: MOLOAA HUI LANDS, INC. Phone: (808) 828-1292
 Name* (Business)
P. O. Box 30
 Business Address
Kilauea, HI 96754

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

MOLOAA HUI LANDS, INC.
Michael R. Strong, President
Paul C. Huber, Vice President
Candace L. Strong, Secretary

Real Estate Broker*: Sleeping Giant Realty, Inc. Phone: (808) 245-8831
 Name (Business)
4480 Ahukini Rd.
 Business Address
Lihue, HI 96766

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 245-3381
 Name (Business)
4414 Kukui Grove St. #204
 Business Address
Lihue, HI 96766

General Contractor*: Edward S. Bittner Phone: (808) 822-4053
 Name (Business)
P. O. Box 456
 Business Address
Anahola, HI 96703

Condominium Managing Agent*: Self-managed by the Association of Apartment Owners Phone: n/a
 Name (Business)
 Business Address

Attorney for Developer: n/a Phone: _____
 Name (Business)
 Business Address

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

**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. 97-057762
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 CPR dated August 12, 1997 recorded as Doc. No. 97-108708
- Second Amendment to Declaration of CPR dated April 21, 1999 recorded as Doc. No. 99-065333
- Third Amendment to Declaration of CPR dated May 14, 1999 recorded as Doc. No. 99-079225
- Fourth Amendment to Declaration of CPR dated July 19, 1999 recorded as Doc. No. 99-115323

- 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. _____
 Filed - Land Court Condo Map No. 2544

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

- Second Amendment to Declaration of CPR & Condo Map No. 2544 dated April 21, 1999 recorded as Doc. No. 99-065333
- Fourth Amendment to Declaration of CPR & Condo Map No. 2544 dated July 19, 1999 recorded as Doc. No. 99-115323

- 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. 97-057763
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>70%</u>
House Rules	---	<u>n/a</u>

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

2. Developer:

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

Please refer to Page 16 of this Public Report for a summary of the Developer's reserved rights.

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 Sub-leasehold: 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 Sub-leaseholds:

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 Sub-leasehold:

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:

(4) 4-9-008-017

Address: Kuhio Highway and Tax Map Key (TMK): (4) 4-9-009-026

Koolau Road; Moloaa, Kawaihau, Kauai, Hawaii

[X] Address [] TMK is expected to change because each unit may obtain a street address from the Department of Public Works, County of Kauai

Land Area: 32.563

[] square feet

[X] acre(s)

Zoning: Aq/Open/Commercial

Fee Owner: Michael and Candace Strong Buenaventure J. and Leoni Ednilao John and Daphne McClure
Moloaa Hui Lands, Inc 4340 Kailewa Street 943 Kipuni Way
P.O. Box 30 Lihue, Hi. 96766 Kapaa, Hi. 96746
Kilauea, Hi 96754

Lessor: n/a
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: 9 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood - Packing shed and fruit stand

Other PVC pipe and shade cloth - shade structures

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input type="checkbox"/> Residential	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No **
<input type="checkbox"/> Hotel	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>Shade Structure</u>	<u>7</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

**Packing Shed - 1 - Yes
 Fruit Stand - 1 - Yes

If a purchaser obtains from the Developer a written right to construct a farm dwelling, a residence may be constructed within the limited common element of that unit, subject to the requirements of law and the project documents.

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:

Household pets may be kept consistent with any applicable law and restrictive covenants applicable to the project so long as they do not become a nuisance to the other owners.

Number of Occupants:

Special use restrictions are contained in the Declaration of

Other: Covenants, Conditions and Restrictions, a summary of which is attached hereto as Exhibit J.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Barh	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
, 39, 40, 42, 43, 44 and 45	<u>7</u>	<u>0/0</u>	<u>0</u>	<u>16</u>	<u>Shade structure</u>
<u>41</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>3,974</u>	<u>Packing shed</u>
<u>46</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>352</u>	<u>Fruit stand</u>

Total Number of Apartments: 9

*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: Per Article II of the Declaration of Condominium Property Regime, the boundaries of each apartment shall be the outer surface of the entire building. Wires or conduits, pipes or any utility lines running over, under or through any apartment which are utilized for or serve more than one unit shall not be deemed a part of the apartment, the same being deemed common elements.

Permitted Alterations to Apartments:

Permitted alterations to apartments are as allowed by County of Kauai ordinances and recorded restrictions on the project, if any. Unless a purchaser obtains from the Developer a written right to construct a farm dwelling, no residential improvements will be permitted.

7. Parking Stalls:

*Units 38 - 46 have ample area within their limited common elements for parking purposes.

Total Parking Stalls: _____

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	<u>1</u>	_____	_____	_____	_____	<u>9</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>9</u>		<u>0</u>		<u>0</u>		<u>9</u>

Each apartment will have the exclusive use of at least 1* parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common 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 _____ (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years):

n/a

11. Conformance to Present Zoning Code

- a. 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 E .

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 E.

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 C.

as follows:

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 F describes the encumbrances against the title contained in the title report dated July 19, 1999 and issued by Title Guaranty of Hawaii, Incorporated

Blanket Liens:

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

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

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>
---------------------	---

Mortgages

If foreclosed, Buyer's deposit shall be refunded (less any escrow cancellation fee) and the sales contract between Seller and Buyer shall be cancelled.

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 Date of Completion or Estimated Date of Completion:

There is an on-going contract with contractor Edward Bittner to complete the sheds and rehabilitate the storage buildings in Moloaa Hui I, II & III, all of which work is "bonded" by an irrevocable standby Letter of Credit dated 8/4/99 from the Bank of Hawaii in favor of the State, exercisable should work not be completed by said letter's expiration date of 8/3/2000.

H. Project Phases:

The developer has 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):

Developer reserves the future right to subdivide all or part of Moloaa Hui I, II and III on the following conditions: Developer shall pay all costs of the subdivision process; any subdivided parcel(s) that utilize common or limited common elements of the remaining Project(s) will continue to pay ratably for repair, maintenance and other expenses associated with such use; except as may be voted by the appropriate percentages of Moloaa Hui I, II or III Associations, Developer will pay all infrastructure costs associated with the subdivision; costs associated with upgrading of water system, electrical, telephone, cable television or similar utility installations may be charged back ratably only to such Unit(s) or Projects(s) as may access, make connection to or otherwise use any upgraded infrastructure placed in, on or serving any Unit(s) of Moloaa Hui I, I and/or II. Additionally and separately, the Association of Condominium Owners may elect to subdivide by a 75% vote of the common interests, costs of which will be common expense.

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
- self-managed by the Association of Apartment Owners
- the Developer or the Developer's affiliate.
- Other: _____

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be 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 H 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
- Gas
- Water
- Other _____
- Electricity (_____ Common Elements only _____ Common Elements & Apartments)
- (_____ Common Elements only _____ Common Elements & Apartments)
- Sewer
- Television Cable

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit B contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated August 4, 1999

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

[X] Other Specimen Apartment Deed

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 issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other Waiver and Release; Declaration of Covenants, Conditions, and Restrictions (See Exhibit J)

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. 3758 filed with the Real Estate Commission on May 29, 1997

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

YELLOW paper stock WHITE paper stock PINK paper stock

Additional Information not Covered above:

This is a commercial agricultural condominium project, not subdivision. Units purchased are not subdivided lots. Uses are limited to those allowed in an agricultural district, pursuant to State of Hawaii and County of Kauai regulations thereof. To determine whether your expectations can be realized, you should carefully review the Declaration of Condominium Property Regime and Bylaws ("condominium documents") and the contents of this Report, especially Exhibit J, a summary of the recorded Declaration of Covenants, Conditions and Restrictions ("Restrictive covenants") applicable to the property. Among other things, the restrictive covenants govern framing activities relative to crops, pesticide use, disposal of waste and debris and erosion control, the limited ability to construct farm dwellings, the water system serving the three projects and provides for the designation of easements and the establishment of a Farm Review Committee. You should also conduct your own investigations and ascertain the validity of information provided.

It is anticipated that the initial improvements on five of the units (as designated the Developer) will be replaced by or supplemented with a farm dwelling. The prospective purchaser of a unit should determine whether the right to build a farm dwelling applies to such unit. The purchaser shall also, in such event, file the "as-built" certificate and floor plans and elevations of improvements within thirty days of completion of any structure or farm dwelling, or any other improvement, in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the farm dwelling or other improvement. The County of Kauai Planning Department requires, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the condominium documents. Unit owners given the specific right to build may not construct a farm dwelling unless the owner demonstrates to the County its ability to derive income from his property, established and verified prior to any building permit approval. No improvements shall be made or done except upon strict compliance with the recorded restrictive covenants.

The fruit stand on Unit 46 of the project is operated under a special use permit, the conditions of which must be followed or the right to operate it may be lost. A copy of the terms of approval is available from the County of Kauai Planning Department, which a prospective purchaser should contact prior to purchase of Unit 46.

This project is currently supplied agricultural water service only by either private wells or by wells operated under a State of Hawaii license. No potable water is currently available and none is promised. The owner/developer has executed a Waiver and Release which, in exchange for issuance of building permits, releases the County of Kauai from any claim arising out of the fact that water service is not provided by the County Water Department. The owner has acknowledged, further, that there may not be future county-supplied water service for the property and that the Waiver and Release Agreement is binding on all successors, heirs, and assigns. Any party desiring to prove

domestic or potable water to a unit shall do so by on-site treatment, delivery from third-party sources, catchment or similar off-site source. A prospective purchaser should contact the Developer or the County of Kauai Water Department to determine the status of water service prior to purchase. Currently the County of Kauai Water Department is using the same water source as this project to service customers adjacent to Moloaa Hui III.

Prospective purchasers should also examine the memoranda comprising Exhibit I. Among other things, the memos set forth conditions on the number of farm dwellings in the project (5) and construction and use of the fruit stand.

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.

MOLOAA HUI LANDS, INC.

Printed Name of Developer

By: Michael R. Strong
Duly Authorized Signatory

7/19/99
Date

MICHAEL R. STRONG, its President

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, COUNTY OF KAUAI

Planning Department, COUNTY OF KAUAI

EXHIBIT B

SUMMARY OF SALES CONTRACT

The MOLOAA HUI III Sales Contract and Receipt (the "contract"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to other terms.
2. The closing date for the purchase.
3. Whether, at the time of execution of the contract, an effective date for a final public report has been issued.
4. The terms and conditions of the sale which include, among other provisions, the following:
 - (a) That Purchaser will receive a copy of the final report along with the supplemental report for the project.
 - (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.
 - (c) Seller has a right to extend the closing date by 31 days or by 31 days after the public report effective date is issued, whichever is later.
 - (d) After issuance of the Final Public Report effective date and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-63, Purchaser shall not have the right to rescind the contract.
 - (e) Purchaser has received a copy of the Escrow Agreement.
 - (f) The unit the Purchaser is purchasing is shown on the condominium map; Purchase will have the right to cancel if the Unit is different from that shown on Exhibit A.
 - (g) That a deed conveying clear title will be given at closing, subject to certain obligations.
 - (h) The Purchaser agrees to five future easements if reasonably required for the project.
 - (i) Except for unexpired builder's statutory warranties and assignable appliance warranties, the Purchaser will accept the Unit "AS-IS". Purchaser assumes all risks regarding any potential hazardous materials on the condo property or property adjoining or in the vicinity, including liability for suits by third parties. Seller is, however, unaware of any such conditions on the property.
 - (j) The payment of commission, if any, is set out in the contract.
 - (k) Time is of the essence of the obligations of Purchaser under the contract.
 - (l) If Purchaser has defaults, Seller may cancel the contract or bring and legal action against Purchaser to force sale, or obtain money damages.

SPECIAL NOTICE: THE FOREGOING SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CONTRACT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY

OF THE PURCHASER'S RIGHTS AND OBLIGATIONS, THE PURCHASER MUST REFER TO THE PURCHASER'S CONTRACT TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONTRACT, THE CONTRACT WILL CONTROL NOT THIS SUMMARY.

End of Exhibit B

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Unit No.	Area of Limited Common Element* (Acres)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	% of Common Int.
1	38	5.000	0/0	0	16-shadehouse	13%
1	39	5.119	0/0	0	16-shadehouse	13%
1	40	4.250	0/0	0	16-shadehouse	13%
1	41	6.787	0/0	0	3,974-packing shed	16%
1	42	4.815	0/0	0	16-shadehouse	13%
1	43	0.750	0/0	0	16-shadehouse	3%
1	44	0.750	0/0	0	16-shadehouse	3%
1	45	2.000	0/0	0	16-shadehouse	13%
1	46	3.000 & 0.092	0/0 0/0	0 0	352-fruit stand	13%

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. Common interest is approximately proportional to the acreage of the limited common elements, rounded off in some cases for ease of calculation of liability for common expenses. The assessment of undivided interest both for common expense and for voting is as set forth above.

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

***Note:** Land areas referenced herein are not legally subdivided lots.

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (the "Escrow"), and MOLOAA HUI LANDS, INC., a Hawaii Limited liability company (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

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

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

3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected within seven days of signing the sales contract to cancel and receive all funds paid, without deduction; or (b) the Real Estate Commission has not issued a Final Public Report on the project or the requirements of the sale contract have not been met; or (c) Seller has not satisfied that all other requirements of Hawaii Revised Statutes have been met.

4. Escrow will return deposited sums to the Buyer without interest if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven-day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all others costs incurred in connection with the Escrow, not less than \$25.00.

5. In the event of default by the Buyer, Buyer may forfeit his or her deposit, which will be paid to the Seller, less any cancellation fees charged by Escrow.

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

7. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based up schedule rate.

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

END OF EXHIBIT D

EXHIBIT E

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (a) the land in fee simple;
- (b) the common water distribution system;
- (c) all commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;
- (d) any and all other future elements and facilities in common use or necessary to the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

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

(a) That certain land area upon and around which Units 38 through 46 are located, shown and designated on the Condominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective unit.

<u>Unit Number</u>	<u>Area of Limited Common Element*</u>
38	5.000 acres
39	5.119 acres
40	4.250 acres
41	6.787 acres
42	4.815 acres
43	0.750 acres
44	0.750 acres
45	2.000 acres
46	3.000 acres
	& 0.092 acres

*Land areas referenced herein are not legally subdivided lots.

END OF EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Any and all Real Property Taxes that may be due and owing, reference is made to County of Kauai, Department of Finance, Real Property Tax Division, for information.
2. Restriction of rights of vehicle access into and from Kuhio Highway, Federal Aid Secondary Project No. S-0560 (2), formerly Federal Aid Project No. F-056-1 (3), which restriction was imposed by the STATE OF HAWAII, by DEED dated December 16, 1962, recorded in Liber 5073 at Page 151.

3. DESIGNATION OF EASEMENT 'C' (area 0.845 acre)

PURPOSE: service and parking
SHOWN : on Tax Map

4. GRANT

TO : GTE HAWAIIAN TELEPHONE COMPNAY INCORPORATED
and CITIZENS UTILITIES COMPANY

DATED : October 11, 1983

RECORDED: Liber 17706 Page 34

GRANTING : a perpetual and nonexclusive right and easement to construct, reconstruct, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity, over Easement "E-1"

5. WAIVER AND RELEASE

DATED : March 25, 1997

RECORDED : Document No. 97-040088

BY : MOLOAA HUI LANDS, INC., a Hawaii corporation, T.G.
EXCHANGE, INC., a Hawaii corporation, and T.G. SUPER
EXCHANGE CORP., a Hawaii corporation

WITH : COUNTY OF KAUAI, by and for the Department of Water and
Board of Water Supply

RE : Lack of water service to the proposed shade structures and
agricultural sheds

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

INSTRUMENT: DECLARATION OF CONDOMINIUM PROPERTY REGIME
FOR THE "MOLOAA HUI III" CONDOMINIUM PROJECT

DATED : April 30, 1997
RECORDED : Document No. 97-057762
MAP : 2544 and any amendments thereto

Said Declaration was amended by instruments dated August 12, 1997, recorded as Documents No. 97-108708, dated April 21, 1999, recorded as Documents No. 99-065333, dated May 14, 1999, recorded as Document No. 99-079225 and dated July 13, 1999, recorded as Documents No. 99-115323. Consent thereto give and Joinder to Fourth Amendment to Declaration of Condominium Property Regime of Moloaa Hui III, by instrument dated July 14, 1999, recorded as Document No. 99-115324.

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : April 30, 1997
RECORDED : Document No. 97-057763

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

INSTRUMENT : LIMITED WARRANTY DEED

DATED : March 13, 1997
RECORDED : Documents No. 97-032783

9. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : MOLOAA HUI LANDS, INC., a Hawaii corporation, and
T.G. EXCHANGE, INC., a Hawaii corporation and T.G.
SUPER EXCHANGE CORP., a Hawaii corporation

MORTGAGEE : THE LIHUE PLANTATION COMPANY, LIMITED, a
Hawaii corporation

DATED : March 13, 1997
RECORDED : Document No. 97-032785

AMOUNT : \$2,200,000.00 – covers the premises, besides other premises

PARTIAL RELEASE OF MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

DATED : January 6, 1998
RECORDED : Document No. 98-002259
BY : THE LIHUE PLANTATION COMPANY, LIMITED, a Hawaii corporation
RELEASING : Unit 43

10. MORTGAGE

MORTGAGOR : MOLOAA HUI LANDS, INC., a Hawaii corporation (Borrower – MICHAEL R. STRONG and CANDACE L. STRONG, husband and wife, and PAUL C. HUBER, unmarried)

DATED : March 13, 1997
RECORDED : Document No. 97-032786
AMOUNT : \$500,000.00

JOINDER IN AND AMENDMENT TO MORTGAGE dated ----(acknowledged March 5, 1997), recorded as Document No. 97-037155, by and between MOLOAA HUI LANDS, INC., a Hawaii corporation, “MHL”, T.G. EXCHANGE , INC., a Hawaii corporation, “TGEI”, and T.G. SUPER EXCHANGE CORP., a Hawaii corporation, “TGSEC”; re: TGEI and TGSEC hereby consent to, join in and subject their interest in the property to the foregoing Mortgage as though they were original signatories thereto.

PARTIAL RELEASE OF MORTGAGE

DATED : July 18, 1997
RECORDED : Document No. 97-112522
BY : JEFFREY S. LINDNER, unmarried
RELEASING : Units 1 through 19 of the “Moloaa Hui I” Condominium Project, and Units 20 through 37 of the “Moloaa Hui II” Condominium Project only

PARTIAL RELEASE OF MORTGAGE

DATED : December 22, 1997
RECORDED : Document No. 97-181556
BY : JEFFREY S. LINDER, unmarried
RELEASING : Units 38 to 44

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

INSTRUMENT : DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

DATED : March 13, 1997
RECORDED : Documents No. 97-032789

The foregoing includes, but is not limited to, matter relating to buy-back provision.

12. -AS TO UNIT 39 ONLY:-

(A) NOTICE OF LIEN FOR FINE AND/OR RESTITUTION IMPOSED PURSUANT TO THE ANTI-TERRORISM AND EFFECTIVE DEATH PENALTY ACT OF 1996

BY : MICHEAL CHUN, Assistant United States Attorney,
Department of Justice, United States District Court for the District of Hawaii

AGAINST : MICHAEL ROY STRONG

DATED : September 5, 1997
RECORDED : Document No. 97-121775
AMOUNT : \$10.00/\$48,000.00
RE : Court Number 97-0036601 filed in the United States District Court for the District of Hawaii, on August 13, 1997

(B) NOTICE OF DEDICATION OF AGRICULTURE dated effective as of January 1, 1999, recorded as Document No. 99-005102; re: 10-years dedication for agricultural use.

13. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.

14. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a correct survey or archaeological study would disclose.

-Note- A current survey, with metes and bounds description, should be made of said premises

15. Any recorded leases and matters arising from or affecting the same.

End of schedule F

EXHIBIT G

**DISCLOSURE ABSTRACT FOR
MOLOAA HUI III**

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of MOLOAA HUI III makes the following disclosures;

1. The Developer of the project is MOLOAA HUI LANDS, INC., c/o Michael R. Strong, its President, P.O. Box 30, Kilauea, Hawaii 96754.

2. See Exhibit H to this Supplementary Public Report for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles and remain unchanged since issuance of the Final Public Report.

3. There are no warranties against defect of material and workmanship in individual apartment, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition.

4. This is an agricultural project and its primary use is commercial farming. All of the apartments of the project are to be used for agricultural purposes and, where applicable, permitted residential use with the agricultural zone.

5. The Developer has not conducted a reserve study in accordance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. There are no depreciable common elements in the Project.

6. The Real Estate Broker for the project is Sleeping Giant Realty, Inc., Diane Treskon, Broker, 4480 Ahukini Road, Lihue, Hawaii 96766; the phone number is (808) 245-8831.

MOLOAA HUI LANDS, INC.

BY: Michael R Strong
MICHAEL R. STRONG
Its President

7/19/99
DATE

RECEIPT

The undersigned has received a copy of the foregoing disclosure abstract with Exhibit H this _____ day of _____, _____.

Purchaser(s): _____

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Common Expenses</u>	<u>Monthly Management Fee</u>	<u>Yearly Total</u>
38	\$ 18.50	\$ 15.00	\$402.00
39	18.50	15.00	402.00
40	18.50	15.00	402.00
41	18.50	15.00	402.00
42	18.50	15.00	402.00
43	15.00	15.00	360.00
44	15.00	15.00	360.00
45	18.50	15.00	402.00
46	18.50	15.00	402.00
Total	\$159.50	\$135.00	\$3,534.00

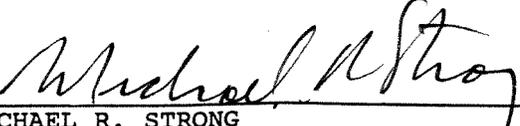
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

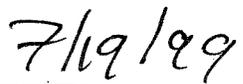
Monthly x 12 months = Yearly Total

Utilities and Service		
Air Conditioning		
Electricity		
[] common elements only		
[] common elements and apartments		
Elevator		
Gas		
[] common elements only		
[] common elements and apartments		
Refuse Collection		
Telephone		
Water and Sewer		
Maintenance, Repairs and Supplies		
Building		
Grounds		
Road Maintenance		
Signage	\$ 2.75	\$ 33.00
Water Tank	\$ 31.50	\$ 378.00
Water System	\$ 13.50	\$ 162.00
Insurance	\$ 50.00	\$ 600.00
Reserves (*)		
Taxes and Government Assessments		
Tank Site	\$ 1.25	\$ 15.00
Audit Fees	\$ 30.00	\$ 360.00
Other		
Contingency	\$ 30.50	\$ 366.00
SUBTOTAL	\$ 159.50	\$ 1,914.00
Management Fee	\$ 135.00	\$ 1,620.00
TOTAL	\$ 294.50	\$ 3,534.00

I, MICHAEL R. STRONG, President of MOLOAA HUI LANDS, INC., developer of the condominium project MOLOAA HUI III, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



MICHAEL R. STRONG



Date

(*)Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves," the Developer has conducted a reserve study in accordance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to Section 514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT I

MEMORANDUM FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 Rice Street, Suite 473, Bldg. A,
Lihue, Hawaii 96766

COPY

M E M O R A N D U M

DATE: May 20, 1997

TO: Ms. Benedyne S. Stone
Condominium Program Specialist
Real Estate Commission
Real Estate Branch
250 South King Street, Suite 702
Honolulu, Hawaii 96813

FROM: Dee M. Crowell *DC* Planning Director

Subject: Certification of Inspection of Existing Buildings for
PROJECT NAME: MOLOAA HUI III
TAX MAP KEY: (4) 4-9-08:17 AND 4-9-09-26

The developer of the above-mentioned condominium project has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai (Section 514A-40 (b)(1), HRS). Subject to the disclosures and waiver (item "f" below) specified herein, we certify the following:

- a. The developer has contracted architect Avery H. Youn to certify that the existing buildings on the proposed project referred to as Unit 38 through Units 44 inclusive are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and subject to the condition of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by this department.
- b. There was no variances issued for this subject property.
- c. This parcel does not contain any outstanding legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.
- d. A special Permit, Use Permit and a Class IV Zoning Permit was approved for a portion of this parcel (4-9-09:26) on May 28, 1980 by the Planning commission. See approval documents attached.

Ms. Benedyne S. Stone
Real Estate Commission
May 20, 1997
Page 2.

- e. Seven (7) condominium units are being proposed for parcel 26 Lot 17, but only five (5) farm dwellings are allowed on the entire parcel as prescribed by the Comprehensive Zoning Ordinance for its residential limitations.
- f. WAIVER
The foregoing certification is not a warranty as to any compliance with all applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulation of condominiums under Subsection 514A-40(b)(1), Hawaii Revised Statutes.

If you have any questions, please contact Alvin Fukushima of my staff at 241-6264

cc: Steven R. Lee

EDUARDO E. MALAPIT
MAYOR



BRIAN K. NISHIMOTO
PLANNING DIRECTOR
AVERY H. YOUNG
DEPUTY PLANNING DIRECTOR
TELEPHONE 945-3919

COUNTY OF KAUAI
PLANNING DEPARTMENT
4280 RICE STREET
LIHUE, KAUAI, HAWAII 96766

May 29, 1980

Mr. Delbert Goo
c/o Max Graham, Attorney
3367 Kuhio Highway
Lihue, Hawaii 96766

Subject: Special Permit SP-80-3
Use Permit U-36-80
Class IV Zoning Permit 7-IV-80-40
Delbert Goo
TMK: 4-9-09:26 Moloaa, Kauai

The Planning Commission at its meeting on May 28, 1980, approved your request to construct a roadside produce stand in Moloaa, subject to the following conditions:

1. Discuss and resolve the following comments and recommendations with the Department of Health:
 - a) The establishment shall meet the minimum requirements of Chapter 1-A, Food Service and Food Establishment Sanitation Code, Public Health Regulations, Department of Health, State of Hawaii.
 - b) The type of sewage and wastewater disposal system employed shall meet the minimum requirements of Chapter 38, Private Wastewater Treatment Works and Individual Wastewater Systems, Public Health Regulations, Department of Health, State of Hawaii.

Mr. Delbert Goo
Page 2
May 29, 1980

- c) Potable water is not available in the subject area. Potable water shall be provided for this project. This matter shall be resolved with the Department of Health before the building permit application is approved.
- d) Due to the general nature of the plans submitted, we reserve the right to impose further environmental health restrictions on this project when more detailed plans are submitted.

We have no objections to this project provided the potable water situation is resolved as noted above.

- 2. Discuss and resolve the following comments and recommendations with the State Highways Division:
 - a) Plot plan is unclear as to the exact location of proposal along our highway.
 - b) Kuhio Highway serving this area is controlled in access along the right-of-way line. No direct access from the highway can be permitted except at designated access permitted sections noted on our R/W map. Direct access should be provided from old road and not from existing connection.
 - c) We also recommend that either hedging or fencing along the Kuhio Highway right-of-way line be established.
- 3. Discuss and resolve the following comments and recommendations with the Public Works Department:
 - a) We cannot, from the plot plan, locate the structure.
 - b) We believe that driveway connections must be located at least 150 feet away from the Moloaa Road/Kuhio Highway intersection.
- 4. The applicant is made aware that water service will not be available from the Department of Water.

Mr. Delbert Goo
Page 3
May 28, 1980

5. Any signs to be used in conjunction with the proposed fruit stand shall comply to Ordinance No. 349, as administered by the Department of Public Works.
6. The applicant specifically understand that the commercial use does not constitute a precedent for any future commercial and/or residential use for rezoning at this location unless they are agriculturally related and clearly subordinate and incidental to the agricultural use.
7. As recommended by the Fire Department:
 - a) The applicant shall provide a 5-pound minimum AA rated ABC type fire extinguisher within the building and mounted no higher than 5 feet.
 - b) The applicant is made aware that there are no fire hydrants or water supplies available to provide for the necessary fire protection.
8. The architecture of the building shall be as represented.
9. The applicant shall provide 4 regular and 2 bus parking stalls that can be paved with crushed rock in the interim. After a one year period, the parking area shall be paved. The Planning Commission may require pavement before the one year period is over if dust or other problems become a public nuisance. Furthermore, prior to paving, the Planning Commission may require additional parking stalls if the minimum requirement of 4 regular and 2 bus parking stalls prove to be inadequate.
10. The applicant is advised that prior to and/or during construction and use, additional conditions may be imposed by other governmental agencies. Should this occur, the applicant shall resolve these conditions with the respective agency(ies).



BRIAN NISHIMOTO
Planning Director

cc: Mayor, Pub. Works Dept., Water Dept.,
Health Dept., Hwys. Div., Taxation Br.

EXHIBIT J

SUMMARY OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR MOLOAA HUI III

This Project is located on Moloaa Hui Lands parcels subject to a "Declaration of Covenants, Conditions and Restrictions" (herein called the CC&R's) dated March 13, 1997, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 97-032789 which was amended by the Third Amendment to the Declaration of Condominium Property Regime of Moloaa Hui III dated May 18, 1999, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-079225. The following is a summary of the types of restrictions applicable to the Moloaa Hui III. (It is not meant to completely recite the actual provisions of the CC&R's, nor to cover every issue in which a purchaser might have interest. A prospective purchaser is urged to obtain a full copy of the CC&R's from the Developer prior to entering into an agreement to purchase a unit in this Project.

SECTION I, THE PROJECT

Moloaa Hui Lands is an agricultural project. It shall be used first and foremost for commercial farming and such use takes priority over other uses in the event of conflict. The Declarant may elect to create one or more condominium property regimes projects and separate the project into two or more sub-projects. In such case, improvement such as the water distribution system will remain common obligations and expenses to the extent they benefit all lands. Moloaa Hui III shares no common roadways with the other projects so will not be charged for any common roadway expenses of Moloaa I and II.

There is a portion of the acreage in the project which is not dedicated to agricultural use. It does and/or will include some open-zoned land and some agricultural-zoned land. This acreage may be used for residential, recreational, commercial and other uses permitted by applicable ordinances and laws. The restrictions on use contained in the CC&R's will not apply to this acreage, except that all prohibited plants, crops, etc., and prohibited pesticides, herbicides and application methods will also be prohibited in the excluded acreage. Agricultural uses permitted on the project will continue, even though such uses may be inconvenient to the adjoining residential and other uses on the excluded acreage. The Declarant has created a separate subdivided parcel for the excluded acreage.

Generally, no improvements shall be made to the project except in strict compliance with the CC&R's. Uses are generally limited to those allowed in the Agricultural District. Only such portion of the agricultural uses identified in Chapter 205, Act 199, Session Laws of Hawaii 1976, as are consistent with the CC&R's shall be permitted in the project.

The CC&R's shall not be amended without a ninety percent vote of the undivided or common interests of the project for a period of twenty years from the date of

recording. During the initial twenty year period, no owner shall apply for or seek any land use reclassification which would result in a greater farm dwelling density than currently applies without obtaining the approval of the Declarant and no less than seventy-five percent of the undivided or common interest of the project.

SECTION II, FARMING ACTIVITIES

Owners shall use reasonable measures to control noxious weeds, soil erosion, harmful insects and diseases, to the end that soil fertility and utility of the land for agricultural purposes is preserved.

Crops grown will include, but are not limited to, fruits, vegetables, ornamentals, herbs, spices and medicinal plants. Aqua-culture, stock raising and crops that negatively affect neighboring properties are not permitted. Organic farming is permitted with the understanding that surrounding farms may be non-organic.

All activities shall be carried out in such a manner as to minimize traffic and dust. All pesticide use shall be in accordance with state and federal laws and conducted by a licensed applicator.

No garbage or trash shall be permitted except either in closed receptacles or when fully screen from the view of any adjoining street or neighboring property. Agricultural burning is permitted on a restricted basis. Dust and other mitigating measures will be required for all composting operations. Burial of trash and debris shall not be permitted. There shall be no dump sites in the project.

Except where required for land preparation, planting, care and harvesting, bare areas sensitive to flooding and drainage problems shall be revegetated or drainage mitigation measures taken immediately to avoid erosion. Improvements and agricultural uses shall be subject to setback lines for purposes of preserving any needed drainageways.

No animals raised for commercial purposes of any kind may be kept in the project. No more than two dogs, cats and other typical household pets may be kept on any unit. Two pigs, one cow and up to two female goats will be permitted. Keeping and maintaining no more than one rooster and twenty hens or poultry birds is allowed, but in no case shall peafowl be permitted. Permitted animals shall be kept so as not to become a nuisance to neighboring unit owners. No hunting dogs will be allowed in any case.

All occupants shall exercise care about making noise, including the use of electronic equipment, musical instruments, radios, televisions, and amplifiers that may disturb neighboring occupants. No farming activities shall occur between the hours of 10:00 p.m. and 6:00 a.m.

Legally permitted cottage industries and businesses are allowed provided they: are conducted within the confines of structures on any unit; do not result in increased noise,

fumes, odors and waste generation; do not require the presence of customers and employees on site with resulting additional traffic, do not pose a nuisance to neighboring areas in the project and are allowed by the governmental authorities that have jurisdiction thereof.

SECTION III, RESIDENTIAL AND OTHER CONSTRUCTION

In keeping with Chapter 205, Hawaii Revised Statutes, agricultural activity must be established before farm dwellings are permitted to be constructed. Compliance with state and county regulations regarding wastewater treatment and disposal will be the responsibility of all builders of improvements on the project.

Residential use in any structure other than a farm dwelling is prohibited. No building (residential or otherwise) shall exceed two stories in height. Each agricultural building, farm dwelling and other improvements shall be maintained by the owner thereof in good and clean condition and repair.

SECTION IV, WATER SYSTEM

The existing private water system for the project will continue to be used as long as it is available. Costs incurred in enhancing the system or in obtaining commitments for longer-term availability of water shall be ratably shared by the users thereof.

SECTION V, FARM REVIEW COMMITTEE

The project shall have a Farm Review Committee for the purpose of reviewing construction plans, to prevent the use of barns and other structures for residential purposes and to resolve other use and operational issues. Except as to the reserved rights of the Declarant, the majority of the undivided or common interest shall have the right to appoint and remove all other members of the Farm Review Committee. The Farm Review Committee shall meet from time to time to properly perform its duties.

Prior to commencing construction of any structure, an owner shall submit preliminary plans to the Farm Review Committee. The Farm Review Committee shall review the plans for compliance with the CC&R's within thirty days of submission and shall return them to the owner with its approval or disapproval. Still prior to commencement of construction, the owner shall submit the final county approved plans to the Farm Review Committee with a proposed construction schedule. The Farm Review Committee shall review the final plans and specifications and shall either approve or disapprove the same within 15 days. Approval shall be effective for a period of one year and shall be revoked if the owner shall not have commenced the work within the year. Upon completion of construction, the owner shall give notice thereof to the Farm Review Committee which may inspect within thirty days to determine if construction is in compliance with the approved plans and specifications. Failure of the Farm Review Committee to approve or disapprove within any stated time period shall be deemed to mean its approval. The failure of an owner to abide by the decisions of the

Farm Review Committee shall make the offending party liable for all costs incurred by the Farm Review Committee or any owner in enforcing these CC&R's.

SECTION VI, SIGNS

Directories will be installed as a common expense at both main entrances to the project. Each owner shall have an identically designed listing or sign within the directories. Signs regarding limited access, private property, no hunting, no trespassing and other signs intended to promote personal safety, security and related concerns will be installed as a common expense by Declarant. With certain restrictions, the only other signage permitted is: an identification sign at the entrance to a limited common element; those of a political nature; those required by legal proceedings, signs with a residential address identification; job identification signs during construction; and signs advertising "for sale" or "for rent".

SECTION VII, UNSIGHTLY CONDITIONS

No derelict, inoperable or junk vehicles and machinery shall be permitted on the project. At no time shall vehicles or machinery from non-owners be allowed for purposes or repair.

SECTION VIII, EASEMENT

Whenever a utility easement is granted, an area of five feet on each side of the edge of the easement shall be maintained free of any permanent surface improvements. Declarant has reserved the right to grant further easements as may be deemed necessary by a public utility or governmental agency for purposes of providing access and utility services to and from the project. Initially, the Declarant will improve the roadways with subsequent maintenance by the owners' association.

END OF EXHIBIT J