CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer: The Housing Group - Hawaii, Inc.
Address: P. O. Box 537, Koloa, Kauai, Hawaii 96756

Project Name(*): Poipu Kai Racquet Club
Address: 1941 Poipu Road, Koloa, Hawaii 96756

Registration No. 3803

Effective date: November 21, 1997
Expiration date: December 21, 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 government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

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

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [xx] 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.

[xx] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

SPECIAL ATTENTION

Only Apartments 1, 2, 3, 4, 6, 7 and 8 are held by the Developer and registered by this Report. Apartment 5 (Recreational) is held by Poipu Kai Association.

The project was created in 1981 by the Declaration of Horizontal Property Regime of Poipu Kai Racquet Club and Condominium Map 786. At that time the project had three apartments 1, 2 and 3 and that the "HPR" has since been called the Declaration of Condominium Property Regime. The original condominium map has been completely superseded. There are nine amendments. (i) The First Amendment only corrected a typographical error. (ii) The Second Amendment in 1984 added an "as built" certificate and changed the description of the apartments with some new pages to the condominium map but these have all been superseded. (iii) The Third Amendment in 1986 added apartments 4 and 5 and again changed the condominium map but only sheets 1 and 4 are still effective. The Third Amendment also made changes to the limited common elements and limits of apartments. The owner of Apartment 4 is given access to the restrooms which are limited common elements of Apartment 2. The owner of Apartment 5 is given rights to expand the apartment. There were changes to the insurance, rebuilding and maintenance sections. (iv) The Fourth Amendment in 1987 dealt only with the allocation of Poipu Kai Association membership and is still in effect. (v) The Fifth Amendment also in 1987 gave expansion rights to Apartments 1 and 3 which have been further expanded by the Seventh Amendment. (vi) The Sixth Amendment and Amendment to Condominium Map in 1988 changed the description of apartments and condominium map. Sheets 2A, 3A, A3A, A4A and A7A are still in effect and show Apartments 2, 3, 4 and 5. (vii) The Seventh Amendment in 1990 subdivided Apartment 1 into Apartments 1, 6, 7 and 8 and completely restated the project description. This has the most recent changes to the condominium map. The Seventh Amendment changed the description of limited common elements and boundaries of Apartments 1, 6, 7 and 8. It deletes certain limited common elements which had been appurtenant to Apartment 1. The Seventh Amendment adds a right of access across Apartment 2 for the use of Apartment 1. The expansion rights of Apartments 1, 3, 6, 7 and 8 are further expanded. There are changes to the limited common elements. The Board is given additional discretion in allocating common exenses. (viii) The Eighth Amendment in 1997 restates the project description and changes the boundary between Apartments 6 and 7. It clarifies that each building pays for its own maintenance and repair and gives the owners of Apartments 1, 6, 7 and 8 the option to maintain their building directly. The developer is given certain rights to grant easements required by the County and Poipu Kai Association. (ix) The Ninth Amendment in 1997 provides for demolition of a limited common element Office Building B which was appurtenant to Apartment 1.

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

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

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EXHIBIT A: List of Amendment to Declaration, Bylaws, Condominium Map
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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: The Housing Group - Hawaii, Inc. — Phone: (808) 742-1144 (Business)
Name
P. O. Box 537
Business Address
Koloa, Kauai, Hawaii 96756

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

President Harold Beral
Vice President Gregory A. Kamm
Secretary Jerry P. Josephs
Treasurer Jerry P, Josephs

Real Estate Broker: Makai Properties — Phone: (808) 742-7561 (Business)
Name
P. O. Box 905
Business Address
Koloa, Hawaii 96756

Escrow: First Hawaii Title Corporation — Phone: (808) 245-1608 (Business)
Name
4366 Kukui Grove Street, Suite 205
Business Address
Lihue, Kauai, Hawaii 96766

General Contractor: Not Applicable - completed project — Phone: _____ (Business)
Name

Business Address

Condominium Managing Agent: Makai Properties — Phone: (808) 742-7561 (Business)
Name
P. O. Box 905
Business Address
Koloa, Hawaii 96756

Attorney for Developer: Cades Schutte Fleming & Wright — Phone: (808) 521-9200 (Business)
Name
1000 Bishop Street
Business Address
Honolulu, Hawaii 96813-4216
Attn: Bernice Littman, Esq.

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

[xx] Recorded - Bureau of Conveyances: Document No. _____
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[ ] 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]: See Exhibit A

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

[xx] Recorded - Bureau of Conveyances Condo Map No. 786

[ ] 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]: See Exhibit A

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

[xx] Recorded - Bureau of Conveyances: Document No. _____
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[ ] 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]: See Exhibit A

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 [xx] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	None. Board of Directors adopts house rules.

* 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.

[xx] Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:
To grant easements to the Poipu Kai Association and easements in connection with the Special Management Area Permit

A. Interest to be Conveyed to Buyer:

[xx] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires: _____ Rent Renegotiation Date(s) _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit ___ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

For Subleaseholds:

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

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

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

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

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

Lease Term Expires: _____ Rent Renegotiation Date(s) _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit ___ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 1941 Poipu Road
Koloa, Hawaii 96756

Tax Map Key (TMK): 2-8-27-18(4)

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

Land Area: approx. 4.985 [ ] square feet [xx] acre(s) Zoning: R-4; R-10 with Class IV Zoning Permit

Fee Owner: The Housing Group-Hawaii, Inc.
Name
P. O. Box 537
Address
Koloa, Hawaii 96756

Lessor: _____
Name
_____
Address
_____

C. **Buildings and Other Improvements**:

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

2. Number of Buildings: 3 Floors Per Building 2 one-story/1 two-story

[xx] Exhibit B contains further explanations.

3. Principal Construction Material:

[ ] Concrete Block [ ] Hollow Tile [xx] Wood

[ ] Other Reinforced concrete foundations; stucco exterior

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
[ ] Residential	___	[ ] Yes [ ] No	[ ] Ohana	___	[ ] Yes [ ] No
[xx] Commercial	8	[xx] Yes [ ] No	[ ] Industrial	___	[ ] Yes [ ] No
[ ] Mix Res/Comm	___	[ ] Yes [ ] No	[ ] Agricultural	___	[ ] Yes [ ] No
[ ] Hotel	___	[ ] Yes [ ] No	[..] Recreational	___	[ ] Yes [ ] No
[ ] Timeshare	___	[ ] Yes [ ] No	[ ] Other	___	[ ] Yes [ ] No

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

5. Special Use Restrictions:

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

[ ] Pets: _____

[ ] Number of Occupants: _____

[xx] Other: Commercial Use Only

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
See Exhibit B					

Total Apartments: 8 (7 included in registration)

***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: See Exhibit C

Permitted Alterations to Apartments: See Exhibit D

7. Parking Stalls:

Total Parking Stalls: 85

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each unit)	____	____	____	____	____	____	____
Guest	____	____	____	____	____	____	____
Unassigned	____	85	____	____	____	____	85
Extra for Purchase	____	____	____	____	____	____	____
Other:	____	____	____	____	____	____	____
Total Covered & Open	85		0		0		85

Each apartment will have the exclusive use of at least 0 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.

[xx] Exhibit H contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[xx] Swimming pool [ ] Storage Area [xx] Recreation Area

These are limited common elements appurtenant to Apartment 5.

[ ] Laundry Area [xx] Tennis Court [ ] Trash Chute/Enclosure(s)

[ ] Other: _____

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

[xx] 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):

11. Conformance to Present Zoning Code:

a. [xx] No variances to zoning code have been granted.

[ ] Variance(s) to zoning code was/were granted as follows:

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

[xx] 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.

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

[xx] described in Exhibit F.

[ ] 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:

[xx] described in Exhibit G.

[ ] 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 H describes the encumbrances against the title contained in the title report dated August 19, 1997 and issued by First Hawaii Title Corporation.

Blanket Liens:

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

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance**
Mortgage	Buyer's deposit would be returned (less escrow cancellation fee) and Buyer would have no further interest in the Project.

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 Completion Date:

The Buildings were originally completed in 1981 and the most recent alterations were completed in 1990. The Declaration of Horizontal Property Regime was recorded prior to completion of the Buildings.

H. Project Phases:

The developer [ ] has [xx] 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:

[xx] 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 K 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 [xx] Electricity (xx Common Elements only ___ Common Elements & Apartments)
[ ] Gas (___ Common Elements only ___ Common Elements & Apartments)
[xx] Water [xx] 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

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

[xx] Escrow Agreement dated September 26, 1997
Exhibit J contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:
   1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
B) The buyer is given an opportunity to read the report(s); **AND**
C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, 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 Declaration of Covenants and Restrictions, as amended

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 part of Registration No. 3803 filed with the Real Estate Commission on September 9, 1997.

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C. **Additional Information Not Covered Above**:

The Developer intends to adopt a Tenth Amendment to Declaration of Horizontal Property Regime of Poipu Kai Racquet Club (the "Tenth Amendment") by vote or written consent of owners holding at least seventy-five per cent of the common interest. The Tenth Amendment will be adopted prior to or concurrently with the first conveyance of any of the Apartments hereby registered and will the include the following:

(i) Of the three members of the Board of Directors of the Project, one will be elected by the owners of Apartments in Office Building A (currently Apartments 1, 6, 7 and 8), one by the owners of Apartments in the Beach and Racquet Club Building (currently Apartments 2, 3 and 4) and one by the owners of all Apartments in the Project.

(ii) Deleting from the Bylaws the requirement that insurance proceeds in excess of $10,000.00 be paid to a trustee for the Association and clarifying that rebuilding according to the "original plans" means the most recent plans adopted or approved in accordance with the Declaration or Bylaws prior to the casualty.

(iii) Adding to Paragraph 8.e. of the Declaration, (which grants to the owner of Apartment 1 an non-exclusive easement over Apartment 2 for access to the telephone room and storage room adjacent to Apartment 2, which are limited common elements appurtenant to Apartment 1) the requirement that the owner of Apartment 1 give keys to the owner of Apartment 1 if required to provide such access on a twenty four hour basis; and in the event any locks are re-keyed by the owner of Apartment 2, then the owner of Apartment 2 shall give a set of the new keys to the owner of Apartment 2 on the same day.

(iv) Allocating the one vote in the Poipu Kai Association which is currently allocated to Apartment 1, to the Assocation of Apartment Owners of the Project and adding to the common expenses of the Project the maintenance fees and any special assessments assessed by Poipu Kai Association with respect to such one vote. Note: this amendment will require the vote or written consent of owners of at least ninety (90%) percent of the common interest of the Project.

*Note: Poipu Kai Racquet Club is a part of a larger development and the area is governed by Covenants and Restrictions, including requirements that all owners become members of the Association of Poipu Kai. Membership in Poipu Kai is in addition to membership in Poipu Kai Racquet Club, including payment of dues and assessments. (See Exhibit "H" regarding Poipu Kai Covenants.) The current maintenance and assessment fees paid to the Association of Poipu Kai is $108.00 per month.

(v) Expanding the rights of the owners of Apartments 1, 3, 6, 7 and 8 to alter their Apartments by clarifying that their rights include adding additional stories and expanding beyond the footprint of the Apartments.

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.

THE HOUSING GROUP-HAWAII, INC.
Printed Name of Developer

By: _____ 9/5, 1997
Duly Authorized Signatory Date

Gregory A. Kamm Vice President
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai
Planning Department, County of Kauai

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT A

LIST OF AMENDMENTS

No.	Date	Recorded	Declaration	Bylaws	Map
First	03/14/83	16970/769	x	--	--
Second	12/16/83	17579/206	x	x	x
Third	12/05/86	20170/581	x	x	x
Fourth	04/15/87	20576/468	x	--	--
Fifth	05/01/87	20640/478	x	--	--
Sixth	10/27/88	22524/589	x	--	x
Seventh	12/03/90	90-192922	x	x	x
Eighth	09/05/97	97-120289	x	__	x
Ninth	10/01/97	97-136723	x	__	__

The Amendment to Condominium Map dated November 15, 1988, recorded in Book 22573, Page 599, amended the Condominium Map and should be read together with the Sixth Amendment.

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT B

DESCRIPTION OF PROJECT AND APARTMENTS

A. Project. The Project consists of (i) one one-story building (identified as "Office Building A" on Sheet A1 dated October 27, 1989 of the Condominium Map ("Sheet A1")), containing four apartments (Apartment Nos. 1, 6, 7 and 8), (ii) one two-story building (identified as "Beach and Racquet Club Building" on Sheet A1), containing three apartments (Apartment Nos. 2, 3 and 4), (iii) one-one-story building (identified as "Recreational (Apartment 5)" on Drawing No. 3A of the Condominium Map), comprising one apartment (Apartment No. 5) and (iv) 85 on-site parking stalls. Each of the buildings is constructed principally of wood and reinforced concrete foundations, without a basement.

B. Apartments. The Project contains eight (8) commercial apartments described as follows:

Apartment 1 (Lobby): Apartment 1 contains a total interior floor area of approximately 1,317 square feet, and is depicted on Sheet A2 of the Condominium Map, filed with the Seventh Amendment to Declaration of Horizontal Property Regime, dated December 3, 1990 recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-192922 (the "Seventh Amendment").

Apartment 2 (Lanai Room): Apartment 2 is located on the first floor of the Beach and Racquet Club Building and contains a total interior floor area of approximately 1,924 square feet, and is depicted and designated as "Lanai Room" on Drawing No. 2A of the Condominium Map, filed with the Sixth Amendment to Declaration of Horizontal Property Regime, dated October 27, 1988, recorded in said Bureau in Liber 22524 at Page 589 (the "Sixth Amendment").

Apartment 3 (Restaurant): Apartment 3 is located on the second floor of the Beach and Racquet Club Building and contains a total interior floor area of approximately 4,554 square feet, and is depicted on Sheet A-3A of the Condominium Map, filed with the Sixth Amendment, and is designated as "Restaurant" on Drawing No. 3A of the Condominium Map, filed with the Sixth Amendment.

Apartment 4 (Activities and Pro Shop): Apartment 4 is located on the first floor of the Beach and Racquet Club Building and contains a total interior floor area of approximately 511 square feet, and is depicted and designated as "Pro Shop" on Drawing No. 2A of the Condominium Map, filed with the Sixth Amendment.

Apartment 5 (Recreational Apartment): Apartment 5 contains a total interior floor area of approximately 72 square feet, and is depicted on Sheet A-7A of the Condominium Map, filed with the Sixth Amendment, and is designated as "Recreational" on Drawing No. 3A of the Condominium Map, filed with the Sixth Amendment.

Apartment 6 (Real Estate Office A): Apartment 6 contains a total interior floor area of approximately 1,260 square feet and is shown on Sheet A5 filed with the Seventh Amendment, except that the boundary between Apartment 6 and Apartment 7 is the center of the double dotted line shown on Sheet A5, so that the rectangular shaped area, which extends from the center of to the double dotted line to the former boundary of Apartments 6 and 7 (the "rectangle") is not part of Apartment 6.

Apartment 7 (Real Estate Office B): Apartment 7 contains a total interior floor area of approximately 794 square feet, and is depicted on Sheet A5 of the Condominium Map, filed with the Seventh Amendment except that Apartment 7 includes the area shaded in brown plus the rectangle.

Apartment 8 (Real Estate Office C): Apartment 8 contains a total interior floor area of approximately 388 square feet, and is depicted (shaded in green) on Sheet A5 of the Condominium Map, filed with the Seventh Amendment.

All references above to the size of the total interior floor area of the Apartments have been measured from the interior surface of the perimeter walls of the Apartments. As set forth in the Declaration, however, the perimeter walls themselves constitute portions of either Apartments or limited common elements appurtenant to Apartments.

No designations on the Condominium Map, and no description of uses set forth above or in Exhibit G next to the Apartment numbers, shall in any manner be construed to define or limit the uses to which any Apartment may be put. Each of the Apartments has immediately access to walkways leading to various portions of the Project grounds which are common elements of the Project.

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT C

BOUNDARIES OF EACH APARTMENT

a. Apartments 1, 6, 7 and 8 shall be deemed to include: (i) any adjacent lanai, deck or entry court area to which such apartment has direct, exclusive access, (ii) all the walls and partitions which are not load-bearing within its perimeter walls, (iii) the inner decorated or finished surfaces of all walls, floors, and ceilings, (iv) any doors, windows or panels along the perimeters, and (v) all fixtures originally installed therein. Apartments 1, 6, 7 and 8 shall not be deemed to include: (A) the undecorated or unfinished surfaces of all perimeter walls, interior load-bearing walls, party walls, roofs, floors and ceilings surrounding each apartment, (B) all load-bearing walls, party walls, roofs, floors and ceiling of the building in which the apartments are located (other than the inner decorated or finished surfaces of such walls, floors and ceilings), or (C) any pipes, shafts, wires, conduits or other utility or service lines running through such apartments which are utilized for or serve more than one apartment; all of the items described in (A), (B) and (C) being deemed limited common elements of Apartments 1, 6, 7 and 8 as listed in Exhibit F.

b. Apartments 2 (Lanai Room), 3 (Restaurant) and 4 (Activities and Pro Shop) shall be deemed to include: (1) any adjacent lanai, deck or entry court area to which such apartment has direct, exclusive access, (ii) all the walls and partitions which are not load-bearing within its perimeter walls, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings, (iv) any doors, windows or panels along the perimeters, and (v) all fixtures originally installed therein. Apartments 2, 3 and 4 shall not be deemed to include: (A) the undecorated or unfinished surfaces of all perimeter walls, interior load-bearing walls, party walls, roofs, floors and ceilings surrounding each apartment, (B) all load-bearing walls, party walls, roofs, floors and ceilings of the building in which the apartments are located (other than the inner decorated or finished surfaces of such walls, floors and ceilings), or (C) any pipes, shafts, wires conduits or other utility or service lines running through such apartments which are utilized for or serve more than one apartment; all of the items described in (A), (B), and (C) being deemed limited common elements of Apartments 2, 3 and 4 as listed in Exhibit F.

c. Apartment 5 (Recreational Apartment) shall be deemed to consist of the entire building identified as "Recreational" on Drawing No. 3A of the Condominium Map, and shall include: (i) any adjacent lanai, deck or entry court area to which such building has direct, exclusive access, (ii) all the walls, roofs and partitions of such building, whether load-bearing or non-load-bearing, exterior or interior, (iii) the inner and outer

decorated, undecorated finished or unfinished surfaces of all walls, floors and ceilings of such building, (iv) any doors, windows or panels along the perimeters of such building, (v) all fixtures installed in such building, and (vi) any pipes, shafts, wires, conduits or other utility or service lines running through such building.

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT D

PERMITTED ALTERATIONS TO APARTMENTS

1. The owner of Apartment 5 shall have the right at any time to construct a tennis pro shop (the "Pro Shop") on that portion of Apartment 5's limited common elements identified as "Area A" on Drawing No. 4 of the Condominium Map (filed with the Third Amendment). The construction of such Pro Shop, and the construction of any other improvements by the owner of Apartment 5 within the limited common elements appurtenant to Apartment 5, shall be subject to such owner's satisfaction of the following matters:

(i) Prior approval by the Board of Directors of the plans and specifications for the Pro Shop or such improvements, which approval will not be unreasonably withheld.

(ii) A 100% performance bond and 100% material and payment bond naming the Association as additional obligee.

(iii) Prior approval by the Board of Directors of the construction contract and identity of the contractor, which approval will not be unreasonably withheld.

(iv) That all wood be termite treated (osmose or equal) prior to construction, and that such owner keep the Pro Shop and such improvements at all times free and clear of termites.

(v) That such owner file or cause to be filed a Notice of Completion as soon as permitted under Chapter 507, Hawaii Revised Statutes, as amended, and withhold final payment of the amounts due under the construction contract until the time for the filing of mechanic's liens has expired.

(vi) That such owner keep and control all dust and noise to a minimum, and not disturb any of the other occupants of the Project or their guests or invitees with dust, noise or nuisances.

(vii) That construction take place only between the hours of 8:00 a.m. and 5:00 p.m., Monday through Saturday, except that no construction will be permitted on state or federal holidays and on Sundays.

(viii) That all construction must be prosecuted to completion in a diligent and expeditious manner, and in no event completed later than one (1) year after the commencement of construction, subject to delays (other than those caused by such owner's financial inability) beyond such owner's reasonable control.

(ix) That such owner at all times, to the extent obtainable at a reasonable cost, maintain liability insurance during construction of not less than $300,000 for property damage and $1,000,000 for injury in any one occurrence, naming the Association as additional insureds.

(x) That during and after construction, such owner (A) not obstruct the access to any other portion of the Project, damage any other portions of the Project (including any improvements) or interfere with the business conducted upon the other portions of the Project, and (B) keep all areas utilized during construction free and clear of all litter and debris.

(xi) That such owner be solely responsible for installing all utilities serving the Pro Shop or such improvements, and that all such utilities be separately metered.

2. The owners of Apartments 1, 3, 6, 7 and 8 shall have the right to expand, renovate or reconfigure said Apartments and the limited common elements appurtenant to such Apartments (including the right to combine apartments, create additional apartments, reconfigure the limited common elements and adjust the interests in the common elements appurtenant to such apartments) without the approval or joinder of the Board of Directors or any other apartment owner, provided that (i) such expansion, renovation or reconfiguration does not unreasonably interfere with access to or the use of Apartment 5, and (ii) the prior written consent to and approval of such expansion, renovation or reconfiguration is obtained from the Developer (The Housing Group-Hawaii, Inc. or its successors or assigns), which consent and approval may be withheld by the Developer (or its successors and assigns) in its sole discretion. If such expansion, renovation or reconfiguration materially alters said Apartments or appurtenant limited common elements as shown on the Condominium Map, then upon the completion of such expansion, renovation or reconfiguration, the owner performing such work shall file an amendment to the Condominium Map (which amendment may be filed without the consent or joinder of any other apartment owner), showing the Apartment, as so modified.

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT E

COMMON ELEMENTS

The common elements will include the limited common elements described in Exhibit F, and all other portions of the Project, other than the apartments, including, specifically, but not limited to, all of the land submitted to the condominium property regime, in fee simple, the common elements mentioned in 514A H.R.S., which are actually constructed on the land, and all other portions of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use, and which are not included as part of an apartment, including, but not limited to, the following:

a. All foundations, columns, girders, beams, supports, perimeter walls, load-bearing walls, roofs, walkways, boardwalks, ducts, pumps, pipes, wires, conduits, and generally all equipment, apparatus, installations and personal property existing for common use in the building or located on the Property; and

b. All driveways, roads and other common ways, landscaping, yards, fences, retaining walls, refuse collection areas, mail box areas, swimming pool, tennis courts, restroom area, accessory equipment and parking areas situate on the Property.

Note: Most of the common elements, except the land and the parking lot, are limited common elements and expenses attributable to the limited common elements are chargeable to the owners of the limited common elements.

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT F

LIMITED COMMON ELEMENTS

a. All of the "Office Limited Common Elements" shown on Drawing No. 2A of the Condominium Map (being the telephone room and storage room adjacent to Apartments 2 and 4, as shown on said Drawing No. 2A), are designated as limited common elements and are set aside and reserved for the exclusive use of Apartment 1, and such Apartment shall have appurtenant thereto an exclusive easement for the use of such limited common elements.

b. All of the common elements included in the area designated as "Lanai Room Limited common Elements" on Drawing No. 2A of the Condominium Map designated as women's bathroom and men's bathroom, are designated as limited common elements and are set aside and reserved for the exclusive use of Apartment 2, and such apartment shall have appurtenant thereto an exclusive easement for the use of such limited common elements.

c. With respect to Apartments 2, 3 and 4, all of the (i) the undecorated or unfinished surfaces of all perimeter walls, interior load-bearing walls, party walls, floors and ceilings surrounding each apartment, (ii) all load-bearing walls, party walls, roofs, floors and ceilings of the building in which such apartments are located (other than the inner decorated or finished surfaces of such walls, floors and ceilings), and (iii) any pipes, shafts, wires, conduits or other utility or service lines running through each apartment which are utilized for or serve more than one apartment, are designated as limited common elements and are set aside and reserved for the exclusive use of Apartments 2, 3 and 4, and such apartments shall have appurtenant thereto an exclusive easement for the use of such limited common elements.

d. All of the common elements comprising the ground area designated as "Restaurant Limited Common Elements" on Drawing No. 2A of the Condominium Map, together with (i) the subsurface of such ground area, and (ii) the airspace which extends from the presently existing grade of such ground area to a height of thirty-five (35) feet, are designated as limited common elements and are set aside and reserved for the exclusive use of Apartment 3, and such apartment shall have appurtenant thereto an exclusive easement for the use of such limited common elements; provided, however, that each owner of an Apartment in the Project, and such owner's licensees, invitees and guests, may use the surface of such ground area for pedestrian access purposes only, except during periods when construction is taking place upon such ground area.

e. With respect to Apartments 1, 6, 7 and 8, all of (i) the undecorated or unfinished surfaces of all perimeter walls, interior load-bearing walls, party walls, floors and ceilings surrounding each apartment, (ii) all load-bearing walls, party walls, roofs, floors and ceilings of the building in which such apartments are located (other than the inner decorated or finished surfaces of such walls, floors and ceilings), or (iii) any pipes, shafts, wires, conduits or other utility or service lines running through each apartment which are utilized for or serve more than one apartment, and (iv) the restrooms which are shaded in green on Sheet A2 of the Condominium Map, are designated as limited common elements and are set aside and reserved for the exclusive use of Apartments 1, 6, 7 and 8, and such apartments shall have appurtenant thereto an exclusive easement for the use of such limited common elements.

f. All of the common elements included in the area designated as "Recreational Limited Common Elements" on Drawing No. 1 of the Condominium Map, including, but not limited to, the swimming pool, jacuzzi and tennis courts, as shown on Drawing No. 1, are designated as limited common elements and are set aside and reserved for the exclusive use of Apartment 5, and such apartment shall have appurtenant thereto an exclusive easement for the use of such limited common elements.

g. The responsibility for and the costs and expenses of maintaining, repairing, insuring (including casualty and liability insurance), operating, replacing and making additions and improvements to the limited common elements, including all real property taxes and assessments attributable to the limited common elements, whether required by law or otherwise, shall be borne by and charged to the owner(s) of the apartment(s) to which the limited common elements are appurtenant in equitable manner, as determined by the Project's Managing Agent. Where limited common elements are appurtenant to more than one apartment, then such costs and expenses shall be charged to and borne by each owner of an apartment to which such limited common elements are appurtenant in a percentage determined by dividing the square footage of such apartment by the total square footage of the apartments to which such limited common elements are appurtenant.

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT G

COMMON INTERESTS

Apartment	Percentage of Common Interest
1 (Lobby)	12
2 (Lanai Room)	17
3 (Restaurant)	42
4 (Activities and Pro Shop)	5
5 (Recreational Apartment)	1
6 (Office A)	12
7 (Office B)	7
8 (Office C)	4

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT H

LIST OF ENCUMBRANCES

1. Tax Key: 2-8-27-18 (4) CPR's 1, 2, 3, 4, 6, 7 & 8
Real property taxes not yet due and owing.

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

3. Portion of pedestrian Easement "A", 10 feet wide, along Bacle Tract, Block "C", across remainder of the land herein described and 10 and 15 feet wide along Roadway Lot D-24, Poipu Kai Subdivision.

4. The terms, provisions, covenants, easements and reservations as contained in the following:

DECLARATION OF COVENANTS AND RESTRICTIONS

Dated:	January 8, 1979
Book:	13428
Page:	440

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons

The foregoing Declaration was amended by the following:

Book	Page	Dated
13622	445	04/17/79
13709	020	05/22/79
14122	665	10/31/79
15058	076	10/03/80
15802	570	09/03/81
15849	511	09/21/81

5 AS TO INTEREST IN ROADWAY LOT D-24 ONLY

(a) GRANT

In Favor Of:	COUNTY OF KAUAI, a political subdivision of the State of Hawaii
Dated:	April 3, 1979
Book:	13824
Page:	138
Purpose:	granting an easement for public vehicular and pedestrian access purposes, and utility access for water, sewerage and drainage purposes, over, under and across Roadway Lot D-24.

6. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "POIPU KAI RACQUET CLUB"

Dated:	August 22, 1980
Book:	15339
Page:	164

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

Condominium Map No. 786, and the By-Laws attached thereto, to which reference is hereby made.

The foregoing Declaration of Condominium Property Regime was amended by the following:

Book	Page	Dated
16970	769	03/14/83
17579	206	12/16/83
20170	581	--/--/--
20576	468	04/15/87
20640	478	05/01/87
22525	589	10/27/88
22573	599	11/15/88

Document No.	Dated
90-192922	12/03/90

(The units created by the foregoing instrument are more particularly described in Schedule "1" attached hereto.)

7. MORTGAGE

Mortgagor:	THE HOUSING GROUP - HAWAII, INC., a Hawaii corporation
Mortgagee:	FIRST HAWAIIAN BANK, a Hawaii corporation
Dated:	September 12, 1985
Book:	18937
Page:	209
Principal Sum:	$400,000.00 The present amount due should be determined by contacting the owner of the debt. (Besides other property)

8. FINANCING STATEMENT

Debtor:	THE HOUSING GROUP - HAWAII, INC., a Hawaii corporation
Secured Party:	FIRST HAWAIIAN BANK, a Hawaii corporation
Recorded:	September 17, 1985
Book:	18937
Page:	232

FINANCING STATEMENT CONTINUATION

Recorded: September 22, 1995
Document No 95-122247

9 GRANT

In Favor Of: POIPU KAI ASSOCIATION, a Hawaii nonprofit corporation
Dated: October 15, 1990
Document No. 90-170469
Purpose: granting a perpetual easement to drain surface water run-off and to construct, install, maintain, repair, replace, and remove a drainage system, retention basin, and related facilities (the "Drainage Facilities") on, over, across, through, or under the portions of the Grantors' respective properties.

10. As to Apartment 1. only, an unrecorded lease to Colony Hotels and Resorts Company dated December 1, 1996 for a term expiring March 31, 1999. Said lease is subject to unrecorded Front Desk Sublease Agreement, Settlement Agreement and Consent to Sublease dated April 16, 1997 in favor of Suite Paradise.

11. As to Apartment 2. only, an unrecorded Non-exclusive Right of Use Agreement dated August 28, 1997 but effective as of May 6, 1997 in favor of Poipu Kai Association, appurtenant to Apartment 5, for the nonexclusive use of the restrooms within Apartment 2, solely in connection with the use of Apartment 5, for a term of fifty years, but subject to cancellation by either party on one year's notice.

12. As to Apartment 3 only: An unrecorded House of Seafood Restaurant Lease dated February 10, 1979 for a term expiring July 31, 2001 currently held by Hoa Hana Kauai, Inc.

13. As to Apartment 4 only: An unrecorded Poipu Kai Activities Lease Agreement dated June 6, 1995 for a term expiring April 30, 2000 in favor of Andrew Evans, currently demising Apartment 8 but by agreement of the parties this lesee will be relocated to Apartment 4 prior to conveyance of Apartment 8 or Apartment 4.

NOTES:

I. POIPU KAI COVENANTS. The Declaration of Covenants and Restrictions described above, as amended (the "Poipu Kai Covenants") provide for the establishment of Poipu Kai Association and impose restrictions on the area described as "Poipu Kai". Among the restrictions are the following:

1. There is a Master Plan adopted by Developer.

2. Developer may convey Common Property to the Poipu Kai Association and the Poipu Kai Association may adopt rules and regulations for the use of the Common Property.

3. Owners of lots or condominium units in Poipu Kai are members of the Poipu Kai Association.

5. Votes, maintenance fees and special assessments are determined in accordance with a schedule set out in the Poipu Kai Covenants. The Project has twenty one votes but twenty of them are allocated to Apartment 5 as provided in the Declaration of Condominium Property Regime as amended, which is owned by the Poipu Kai Association itself. One vote is currently allocated to Apartment 1 as provided in the Declaration of Condominium Property Regime, as amended. [See Section V. C. on page 20 of the Final Public Report for a proposed amendment to allocate this vote to the Association of Apartment Owners of the Project.]

6. Maintenance fees are paid monthly. The Association may record a lien on an owner's property for delinquent assessments plus interest, subject to certain mortgage liens.

7. Poipu Kai properties are subject to water, sewer, roadway and other utility assessments and liens for these are superior to the maintenance fee lien.

8. Amendments or repeal require a 3/4 vote. The Poipu Kai Covenants end 12/31/2004 if there is a 2/3 vote during 2004 to end them, if not they continue for successive 10 year periods until there is such a 2/3 vote during the last year of the period.

II. ADDITIONAL ENCUMBRANCES. In addition to the existing encumbrances listed above the following additional encumbrances will be added to the Project.

The Developer has complied with the requirements of its Special Management Area use Permit which relate to the Project except as follows. As required by the Modification of Condition #5 of Project Development Use Permit PDU-26-79, Class IV Zoning Permit Z-IC-79-37 and Special Management Area Use Permit SMA(U)-79-18, contained in Planning Department letter dated August 18, 1997, the following will be granted to the County of Kauai:

(1) an easement not less than 6 feet wide for public pedestrian access purposes, beginning from the existing parking lot and ending at the new easement's intersection with the existing public pedestrian easement across TMK 2-8-18:1; and

(2) a non-exclusive right-of-use of a minimum of five parking stalls for public parking for beach access purposes, within the existing parking lot near the pedestrian access easement described in A. (1) above.

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT I

The Developer intends to sell the Apartments using the Deposit Receipt Offer and Acceptance (DROA) Hawaii Association of Realtors Standard Form (Revised 8/96). Completion of the form, for example whether there is a financing contingency, will be negotiated with the prospective buyer of each Apartment. Any Special Conditions will also be negotiated with the prospective buyer.

1. The buyer will take title subject to all encumbrances of record except Developer's mortgage.

2. Buyer will have the opportunity to inspect the property and the title report and terminate the DROA if the condition of the property or the state of title are not satisfactory.

3. No survey will be provided.

4. Time is of the essence but an extension for causes beyond buyer's or Developer's control is subject to negotiation.

5. Disputes will be subject to mediation and arbitration.

6. For default of buyer, Developer may bring an action for damages, retain buyer's deposits as liquidated damages or pursue any other remedy provided by law and buyer shall be responsible for any costs incurred in connection with the DROA.

7. For default of Developer, buyer may bring an action for damages, seek specific performance or pursue any other remedy provided by law and Developer shall be responsible for any costs incurred in connection with the DROA.

8. The Project was built prior to the passage of the Americans with Disabilities Act ("ADA"). Developer makes no representations or warranties concerning the Project's compliance with ADA and buyer is advised to obtain its own review by an accessibility consultant.

CONDOMINIUM PUBLIC REPORT ON POIPU KAI RACQUET CLUB

EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

Sales will be escrowed with First Hawaii Title Corporation, Lihue Branch ("Escrow"). As each Sales Contract is entered into the Developer and buyer will sign Escrow's standard escrow instructions.

There will be no provision for release of buyer's deposits except upon closing of the sale or termination of the sales contract for buyer's default.

Escrow's standard escrow instructions include the following among other provisions:

The close of escrow is the date on which the document transferring Seller's interest in the real property is recorded in the Bureau of Conveyances of the State of Hawaii and disbursement and delivery by Escrow of money or documents to the appropriate persons or entities.

All conditions must be satisfied and released by Seller or Buyer as the case may be before Escrow will close.

The Escrow instructions incorporate any special conditions from the DROA.

Escrow will obtain title insurance or other title coverage as required by the DROA or the Buyer.

Escrow's responsibility is limited to compliance with the written instructions.

If the parties have a dispute Escrow may file interpleader and deposit the escrow funds in court.

The parties will pay Escrow's expenses and customary fees.

Payments to Escrow will be by wire transfer or cashier's check drawn on a bank or savings and loan registered in Hawaii. Payments by Escrow will be by Escrow's check.

Buyer and Seller will pay Escrow's costs, damages, reasonable attorney's fees etc. in connection with or arising out of the escrow including without limitation a suit in interpleader.

Escrow is not providing legal advice.

This description does not include every provision of the Escrow instructions and Buyer should read the instructions in full.

EXHIBIT K

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months =	Yearly Total
1	671.32	8,055.84
2	664.38	7,972.56
3	1,170.04	14,040.48
4	408.38	4,900.56
5	1,333.83	16,005.96
6	573.00	6,876.00
7	547.81	6,573.72
8	424.87	5,098.44

NOTE: The allocation of the maintenance fees among the apartments is shown on the sheet entitled Poipu Racquet Club 1997 Budget which is attached as part of this Exhibit.

The allocation is not based solely on common interests but takes into account utility usage, allocation of costs to limited common elements and the contractual agreement of the owner of Apartment 5 to pay 50% of certain common expenses.

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 Fee x 12 months =	Yearly Total
Utilities and Services		
Air Conditioning	100.00	1,200.00
Electricity		
[X] common elements only	100.00	1,200.00
[ ] common elements and apartments		
Elevator		
Gas		
[ ] common elements only		
[ ] common elements and apartments		
Refuse Collection		
Telephone		
Water and Sewer	1,069.00	12,828.00
Maintenance, Repairs and Supplies		
Building	510.00	6,120.00
Grounds	1,460.00	17,520.00
Management		
Management Fee	1,000.00	12,000.00
Payroll and Payroll Taxes		
Office Expenses	7.00	84.00
Insurance	1,216.00	14,592.00
Reserves(*)	200.00	2,400.00
Taxes and Government Assessments	25.00	300.00
Audit Fees	108.00	1,296.00
Other		
TOTAL	5,795.00	69,540.00

I, ROBERT Keawe, as agent for/and/or employed by Makai Properties, the condominium managing agent/developer for the Poipu Kai Racquet Club condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Robert Keawe
Signature

09.05. 1977
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 §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §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.

STATEMENT RESPECTING RESERVES

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. The Association of Apartment Owners of Poipu Kai Racquet Club has not yet held its first annual meeting.

THE HOUSING GROUP - HAWAII, INC.

By

Gregory A. Kamm
Vice President