CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by: Developer: MOANAKAI LTD.
Address: P. O. Box 930, Hanalei, Kauai, Hawaii 96714

Project Name(*): ANINI KAI CONDOMINIUM
Address: Lot 2, Anini Vista Estates, Kuhio Highway, Anini, Hanalei, Kauai, Hawaii

Registration No. 3915

Effective date: July 9, 1998
Expiration date: August 9, 1999

Preparation of this Report:

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

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

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

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

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

Type of Report:

___ **PRELIMINARY: (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.

___ **FINAL: (white)** The developer has legally created a condominium and has filed complete information 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: (pink)** This report updates information contained in the:
[ ] Preliminary Public Report dated:_____
[X] Final Public Report dated: February 26, 1998
[ ] Supplementary Public Report dated:_____

And [ ] Supersedes all prior public reports
[X] Must be read together with Final Public Report
[ ] This report reactivates the_____
public report(s) which expired on_____

(*) Exactly as named in the Declaration

FORM: RECO-30 286/986/189/892/0197

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

[X] Changes made are as follows:

1. A new paragraph G. 5. was added to the Declaration of Condominium Property Regime of Anini Kai Condominium to clarify that in addition to the right of the owners of Units A, B and C to construct a farm dwelling, and the right of the owner of Unit D to construct a Guest House, the owners also have the right to construct one agricultural accessory building within the limited common elements appurtenant to their units.

2. Paragraph K. 2. of the Declaration of Condominium Property Regime of Anini Kai Condominium was amended to clarify that only the owners of Units A, B and C are entitled to construct a farm dwelling, and that the owner of Unit D may construct a guest house, but not a farm dwelling, as more fully set forth in paragraph G. 4. of the Declaration.

   Current County of Kauai zoning laws restrict the residential housing density of the Property to three (3) single family residential/farm dwelling units and one (1) guest house. The owners of Units A, B and C shall each have the right to construct a single family residential/farm dwelling unit as their respective units. The owner of Unit D shall be entitled to construct a guest house (as that term is defined in Section K.4. of this Declaration) as his or her unit, but shall not be entitled to construct a single family residential/farm dwelling unit. Provided, however, that if the County of Kauai increases the residential housing density of the Property, then the owner of Unit D shall be entitled to construct a single family residential/farm dwelling unit in addition to the guest house.

   Under current laws, the Project is entitled to construct one (1) guest house as that term is used in the Comprehensive Zoning Ordinance of the County of Kauai. The right to construct said guest house is reserved to the owner of Unit D. Said right may be assigned by the owner of Unit D to any other unit owner within the Project at any time. For the purpose of this paragraph a "guest house" is defined as a building used for dwelling purposes by guests with a floor area of no more than five hundred (500) square feet that contains no kitchen and is located on a parcel of at least nine thousand (9,000) square feet that contains one (1) or more dwelling units. All provisions of the Comprehensive Zoning Ordinance and any other laws, ordinances or regulations which are applicable shall be observed by the unit owner to which the right to build a guest house applies. The unit owner shall also consult with the appropriate County and/or State agencies regarding all applicable laws or regulations prior to construction.

I. PERSONS CONNECTED WITH THE PROJECT

Developer:	MOANAKAI LTD., a Hawaii corporation P. O. Box 930 Hanalei, Kauai, Hawaii 96714	Phone: (808) 826-7244

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

Pat Jamesson - President/Vice-President
Lois Lutz - Secretary/Treasurer

Real Estate Broker:	Bali Hai Realty P. O. Box 930 Hanalei, Kauai, Hawaii 96714	Phone: (808) 826-7244
Escrow:	Title Guaranty Escrow Services, Inc. 235 Queen Street Honolulu, Hawaii 96813	Phone: (808) 521-0211
General Contractor:	Richard T. Costello dba Costello Construction, Co. 73-4700 Kaloko Hills Drive Kailua-Kona, Hawaii 96740	Phone: (808) 822-2064
Condominium Managing Agent:	Self-managed by Association of Unit Owners	
Attorney for Developer:	Max W. J. Graham, Jr. Belles Graham Proudfoot & Wilson 4334 Rice Street, Suite 202 Lihue, Kauai, Hawaii 96766	Phone: (808) 245-4705

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
[X] Recorded - Bureau of Conveyances: Document No. 98-027684
Book_____ Page_____
[ ] Filed - Land Court: Document No._____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to Declaration of Condominium Property Regime of Anini Kai Condominium dated April 7, 1998, and recorded as Document No. 98-049751; Second Amendment to Declaration of Condominium Property Regime of Anini Kai Condominium dated April 27, 1998, recorded as Document No. 98-060467; Third Amendment to Declaration of Condominium Property Regime of Anini Kai Condominium dated June 9, 1998, recorded as Document No. 98-085175.

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
[X] Recorded - Bureau of Conveyances Condo Map No. 2694
[ ] 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]: Second Amendment to Declaration of Condominium Property Regime of Anini Kai Condominium dated April 27, 1998, recorded as Document No. 98-060467.

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
[X] Recorded - Bureau of Conveyances: Document No. 98-027685
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]:

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

A) Condominium Public Reports issued by the developer which have been given an effective date be 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_____

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. 3915 filed with the Real Estate Commission on March 10, 1998.

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

[ ] YELLOW paper stock [ ] WHITE paper stock [X] PINK paper stock

C. **Additional Information Not Covered Above**

1. Purchasers should be aware that Chapter 205, Hawaii Revised Statutes ("H.R.S."), does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".

   The term "farm dwelling" is defined in H.R.S. Chapter 205-4.5(a)(4) as a "single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwelling permitted within agricultural parks developed by the State or where agricultural activity provides income to the family occupying the dwelling."

   The penalty for violation of H.R.S. Section 205-4.5, is a fine of not more than $5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than $5,000 for any additional violation.

   In order for any purchaser to obtain a building permit to construct a single family residential unit (farm dwelling), the County of Kauai will require the purchase to sign a Farm Dwelling Agreement in the form attached hereto as Exhibit "I".

   In addition, Section K.2., of the Declaration imposes a duty of each unit owner to bear an equal burden proportionate to the unit owner's respective appurtenant interest in the common area for the cost of maintaining agricultural activities on the Project that are satisfactory to the Planning Department of the County of Kauai and that will allow the issuance of a Farm Dwelling Agreement and corresponding building permit to all of the units with the Project. See Section K.2. of Exhibit "B", Alteration of Project.

2. Purchasers should be aware that the property, and each condominium unit, is subject to the restrictions contained in the following documents:

   (a) Declaration of Restrictive Covenants, attached hereto as Exhibit "J".

   (b) Special Management Area Permit SMA(U)-79-9, as amended, attached hereto as Exhibit "K".

3. The use of hazardous material is restricted except as provided under Article H of the Declaration and all hazardous materials laws.

4. Current County of Kauai zoning laws restrict the residential housing density of the Property to three (3) single family residential/farm dwelling units and one (1) guest house. The owners of Units A, B and C shall each have the right to construct a single family residential/farm dwelling unit as their respective units. The owner of Unit D shall be entitled to construct a guest house (as that term is defined in Section K.4. of this Declaration) as his or her unit, but shall not be entitled to construct a single family residential/farm dwelling unit. Provided, however, that if the County of Kauai increases the residential housing density of the Property, then the owner of Unit D shall be entitled to construct a single family residential/farm dwelling unit in addition to the guest house.

5. Under current laws, the Project is entitled to construct one (1) guest house as that term is used in the Comprehensive Zoning Ordinance of the County of Kauai. The right to construct said guest house

is reserved to the owner of Unit D. Said right may be assigned by the owner of Unit D to any other unit owner within the Project at any time. For the purpose of this paragraph a "guest house" is defined as a building used for dwelling purposes by guests with a floor area of no more than five hundred (500) square feet that contains no kitchen and is located on a parcel of at least nine thousand (9,000) square feet that contains one (1) or more dwelling units. All provisions of the Comprehensive Zoning Ordinance and any other laws, ordinances or regulations which are applicable shall be observed by the unit owner to which the right to build a guest house applies. The unit owner shall also consult with the appropriate County and/or State agencies regarding all applicable laws or regulations prior to construction.

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.

MOANAKAI LTD.
Owner/Developer

MOANAKAI LTD.

By _____ 6-09-98
LOIS LUTZ
Its Secretary

Date

Distribution:

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

EXHIBIT "B"

ALTERATION OF PROJECT

Paragraph K of the Declaration provides that:

1. Each unit owner shall have the right at his sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owner of any other unit or any other persons or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his unit or portions thereof or upon the limited common element appurtenant to his unit (collectively, the foregoing are referred to as "alterations"). Each unit owner shall have the right without the consent or joinder of any other person to amend this declaration and the Condominium Map to accomplish any such alterations. If required by the Act, promptly upon completion of such alterations the owner of the altered unit shall duly record such amendment to this declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as built. All existing unit owners and all future unit owners and their mortgagees, by accepting an interest in a unit, consent to all such alterations and agree to give and shall be deemed to have given the owner of the altered unit a power of attorney to execute an amendment to the declaration solely for the purpose of describing the alterations to such unit in the declaration. This power of attorney shall be deemed coupled with each owner's interest in his unit (including his common interest) and shall be irrevocable.

2. Pursuant to Chapter 205, Hawaii Revised Statutes, and Paragraph G. 4. of this Declaration, the owners of Units A, B and C are entitled to construct a farm dwelling on the limited common element appurtenant to their unit. The owner of Units A, B and C shall be required to enter into an agreement with the County of Kauai certifying that the farm dwelling will be used in connection with a farm or where agricultural activity provides income to the family occupying the farm dwelling. In addition, the Planning Department of the County of Kauai requires that any farm dwelling constructed after the first farm dwelling within the Project requires an inspection by the Planning Department to confirm whether the agricultural activities are being conducted on the Project in accordance with Chapter 205, Hawaii Revised Statutes. Each unit owner in the Project shall bear an equal burden proportionate to the unit owner's respective appurtenant interest in the common area, for the cost of maintaining agricultural activities on the Project that are satisfactory to the Planning Department of the County of Kauai and that will allow the issuance of a Farm Dwelling Agreement and corresponding building permit to all of the units within the Project. Any assessment that may be necessary to maintain agricultural activities pursuant to this paragraph may be imposed upon each unit in accordance

with the Bylaws as a common expense of the association in connection with the operation of the Project.

3. Any alteration of the plans of a unit pursuant to this paragraph K shall be subject to the following conditions:

(a) All such alterations shall conform with all applicable governmental regulations, laws and ordinances.

(b) Such alterations may decrease or increase the size of the affected unit, provided that no alteration shall extend or place the unit outside of the limits of the yard appurtenant to such unit.

(c) All such alterations shall be at the sole expense of the unit owner making the change and shall be made within one (1) year of the commencement thereof and in a manner that will not unreasonably interfere with the other unit owner's use of his unit or yard.

(d) The owner of the altered unit shall have the right to utilize, relocate and realign existing installations and/or to develop additional, central and appurtenant installations for services to the unit affected by such alteration for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the project, nor shall it unreasonably interfere with the other unit owner's use or enjoyment of his unit or yard.

4. Each and every conveyance, lease and mortgage or other lien made or created on any unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a unit shall reserve to all unit owners the rights set forth in this paragraph.

* SPECIAL NOTATION: When applying for zoning permits with the Planning Department of the County of Kauai, 75% of the owners of the project must sign the permit forms. This requirement is binding on all purchasers as well as future assignees.

The issuance of an effective date for the Condominium Public Report should not be construed to mean that all County Codes and Ordinances have been complied with and all subsequent development and use shall comply with applicable County Codes and Ordinances.

Additionally, the creation of the Condominium Property Regime does not mean that the land has met the subdivision requirements of the County. As such, certain facilities/ improvements normally associated with County approved subdivisions may not be necessarily provided for.