

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL NOTICE:

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

NOTE: AT THE DATE OF ISSUANCE OF THIS PUBLIC REPORT THE PROJECT CONTAINS NO RESIDENTIAL OR FARM DWELLING.

1. There are presently four (4) tool sheds on the property which may be defined as an "apartment or "unit" under the Condominium Property Act.
2. This public report does not constitute an approval of the project nor that all County Codes, Ordinances and subdivision requirements have been complied with.
3. This project does not involve the sale of individual subdivided lots.
4. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.
5. Read Exhibit G (Summary of Declaration of CC&R's) with care.

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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: See Exhibit "A" attached Phone: _____
Name _____ (Business)
Business Address _____

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

N/A

Real Estate Broker: None (see page 20) Phone: _____
Name _____ (Business)
Business Address _____

Escrow: First Hawaiian Title Corp. Phone: (808) 521-3411
Name _____ (Business)
201 Merchant St., Suite 2000
Business Address _____
Honolulu, HI 96813

General Contractor: Ed Bittner Construction Phone: (808) 822-4053
Name _____ (Business)
PO Box 4056
Business Address _____
Anahola, HI 96703

Condominium Managing Agent: Self managed by Association of Phone: _____
Name Apartment Owners (Business)
Business Address _____

Attorney for Developer: Paul J. Sulla, Jr. Phone: (808) 828-6611
Name _____ (Business)
PO Box 81
Business Address _____
Kilauea, HI 96754

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 97-119743
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2593
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 97-119744
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules, however see Declaration of Covenants, Conditions and Restrictions for Kukui Forest (Exhibit "G").

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:
As provided in Section 15 of the Declaration, the Developer has reserved the right to execute and record an amendment to the Declaration, Condominium Map, when applicable or necessary, to add, delete, relocate, redesign, realign, reserve and grant all easements and rights of way, over, under and on the common elements which in the developers sole and exclusive opinion is necessary or desirable provided that such easements and/or rights of way shall not be located on or within any existing structure and shall not unreasonably disturb, impair or interfere with the normal use and enjoyment of the property by any apartment owner.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Off Kuhio Highway, Pihai,
Address: Hanalei, Hawaii Tax Map Key (TMK): (4)-5-1-02-07

Address TMK is expected to change because of CPR recordation to designate
the units: (4)-5-1-02-07:0001, 0002, 0003, 0004

Land Area: 11.417 square feet acre(s) Zoning: Ag

Fee Owner: See Exhibit "A"
Name _____

Address _____

Lessor: N/A
Name _____

Address _____

C. Buildings and Other Improvements:

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

2. Number of Buildings: 4 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>0</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	<u>0</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>Greenhouses, 4</u>		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Is/ ~~Are~~ these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

An owner must engage in agricultural actively to be permitted to construct a residence.

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:

- [X] Pets: Declaration of Covenants, Conditions & Restrictions for Kukui Forest (See Exhibit "G")
- [] Number of Occupants: _____
- [X] Other: Declaration of Covenants, Conditions & Restrictions for Kukui Forest apply (see Exhibit "G")
- [] 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)
1	1	0	0	48	storage shed
2	1	0	0	48	storage shed
3	1	0	0	48	storage shed
4	1	0	0	48	storage shed

Total Number of Apartments: 4

*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 "B". Within the requirements of the zoning ordinances and Declaration of Covenants, Conditions & Restrictions for Kukui Forest, each unit owner may place improvements where desired, and subsequently relocate improvements, provided such improvements comply with the building and zoning requirements of the County of Kauai. Each unit will consist of the above apartment and its appurtenant listed common element which is the entire area set aside for the unit as set forth in the condominium map.

Permitted Alterations to Apartments:
As allowed by for the Kauai County Zoning Ordinances, and the Declaration of Covenants, Conditions and Restrictions for Kukui Forest. Upon construction of each permanent improvement an amendment to the Declaration of Condominium Property Regime and Condominium Map (Exhibit "B" by the Association of Unit Owners, will be required to disclose actual improvements as a matter of public record.

7. Parking Stalls: Unit 1, 2, 3 and 4 have ample area within its limited common element for parking spaces.
 Total Parking Stalls: At least two (2) parking stall areas will be required in each unit's limited common element.

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	<u>8</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>8</u>			<u>0</u>		<u>0</u>	<u>8</u>

residential
 Each ~~apartment~~ apartment will have the exclusive use of at least 2 parking stall(s).
 Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
 Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
 Swimming pool Storage Area Recreation Area
 Laundry Area Tennis Court Trash Chute/Enclosure(s)
 Other: _____

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

- There are no violations. Violations will not be cured.
 Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

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

N/A

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in Exhibit E .

as follows:

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

[] There are no limited common elements in this project.

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

[X] described in Exhibit F.

[] as follows:

Note: Land now designated herein are not legally subdivided lots.

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

[X] described in Exhibit D.

[] 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 March 3, 1998

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.

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
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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: N/A

2. Appliances: N/A

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

All construction has been completed effective March 17, 1997.

Unit 1 through 4 are storage sheds.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

- not affiliated with the Developer the Developer or the Developer's affiliate.
 self-managed by the Association of Apartment Owners Other: _____

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, 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 I contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit J contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 27, 1997
Exhibit K 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 issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Declaration of Covenants, Conditions & Restrictions for Kukui Forest (Exhibit "G"), Farm Dwelling Agreement dated June 25, 1997, Document No. 97-112536.

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. 3929 filed with the Real Estate Commission on March 30, 1998.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above

Disclosure regarding selection of Real Estate Broker

The Developer does not presently intend to use a real estate broker for the sale of apartments in the project.

In the event the Developer chooses to use a real estate broker for the sale of an apartment, prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this public report.

Construction at Guest House

The existing guest house right shall apply to Unit 4, which right may be transferred to any other Unit. See Section 13 of the Cotenancy Agreement.

Roadway

There is no common roadway in this project, it being served by Koolau Road; which shall be the sole access for rights of way or common elements. Kuhio Highway access is prohibited. See Section 4 of the Cotenancy Agreement.

Water

There is a single county approved water meter serving the Project, and there is difficulty in obtaining any further water for the Project. See Section 5 of the Cotenancy Agreement.

EXHIBIT A

SCHEDULE OF DEVELOPERS

D. Leo O'Connor and (707) 542-4669
Jeannine O'Connor
2464 Lemur Street
Santa Rosa, CA 95404

Joseph N. Kobayashi (808) 822-9000
P.O. Box 589
Kapaa, HI 96746

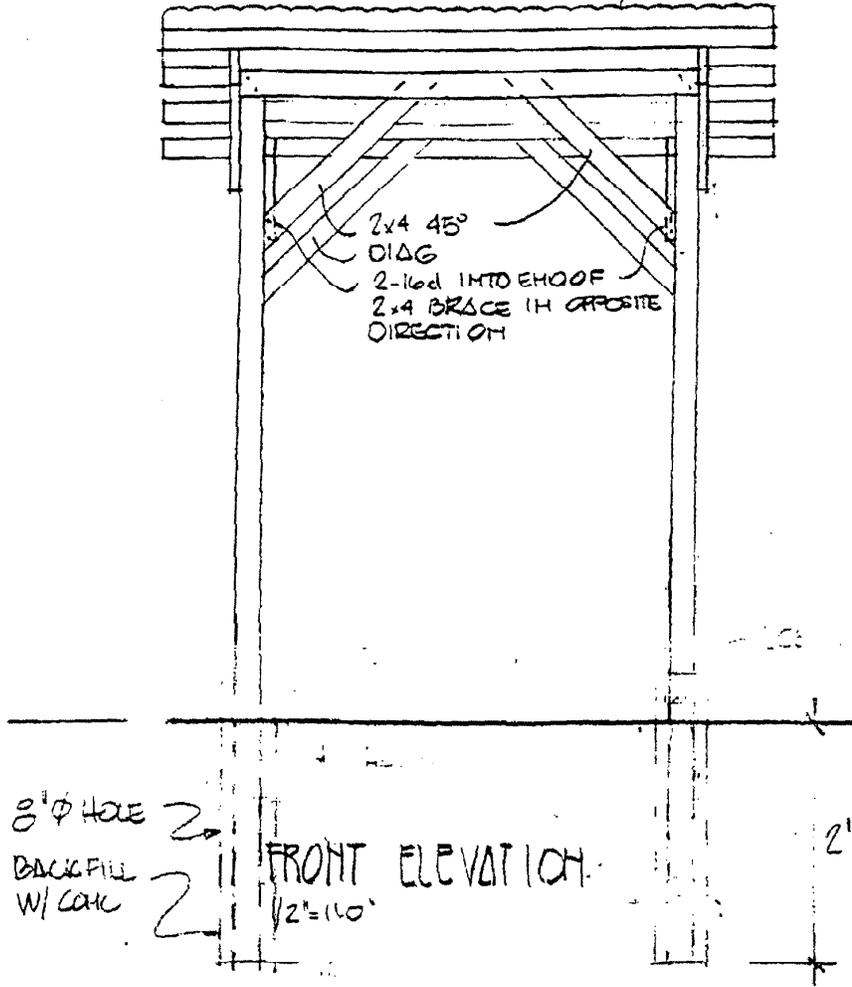
Kirk Alan Burtch and (602) 839-6026
Linda Norton Burtch
5600 So. Crows Nest
Tempe, AZ 85283-2111

Scott Harley Rautmann and (415) 594-0462
Carrie Sumi Yamauchi Rautmann
119 Winding Way
San Carlos, CA 94070-2814

END OF EXHIBIT A

EXHIBIT C

C. RUGATED METAL ROOFING



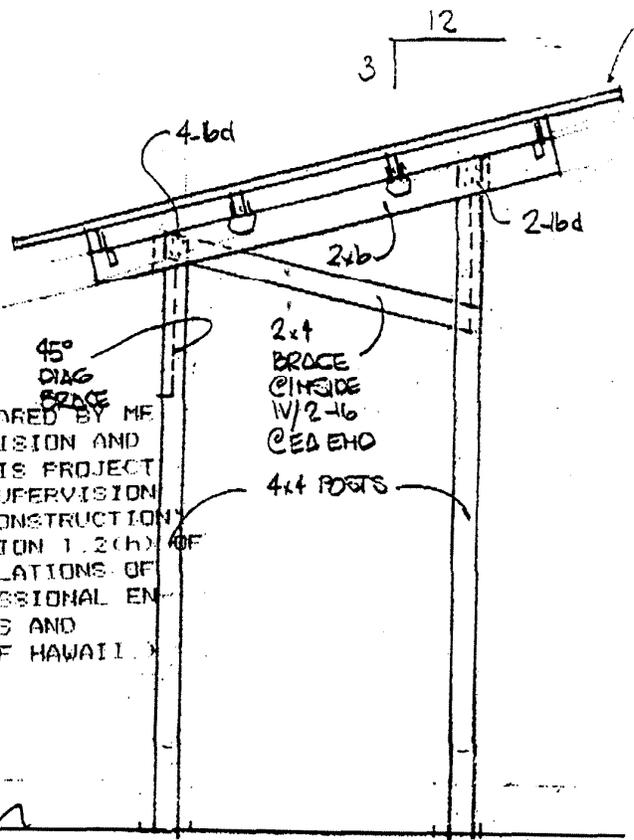
ROOF FRAMING PLAN
1/2" x 11/0"

Δ G SHED FOR

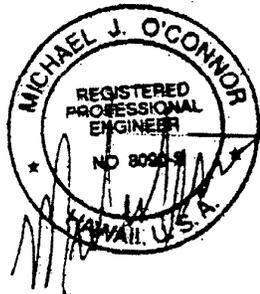
TMK (4) 5-1-002-007

100 LAU RD

ORNBRS

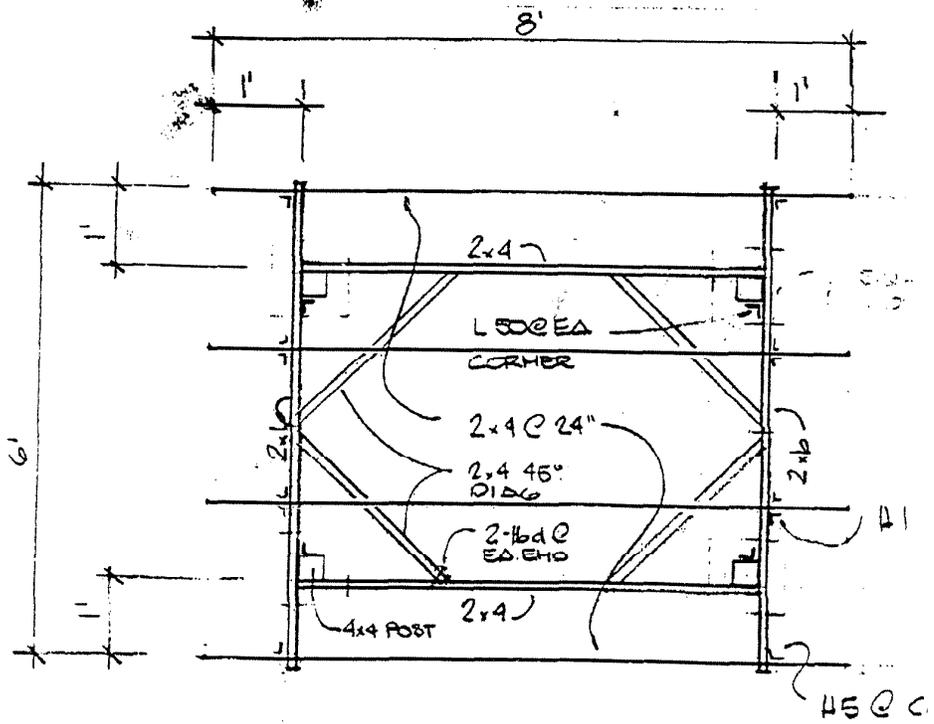


THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION AND CONSTRUCTION OF THIS PROJECT WILL BE UNDER MY SUPERVISION ("SUPERVISION OF CONSTRUCTION" AS DEFINED IN SECTION 1.2(h) OF THE RULES AND REGULATIONS OF THE BOARD OF PROFESSIONAL ENGINEERS, ARCHITECTS AND SURVEYORS, STATE OF HAWAII.)



SIDE ELEVATION

1/2" = 1'-0"



END OF EXHIBIT C

45 @ C

EXHIBIT D

SCHEDULE OF APARTMENTS AND COMMON INTERESTS
FOR KUKUI FOREST CONDOMINIUM

Qty.	Unit No.	Area of Limited Common Element* (acres)	No. of Br./Bath	Approx. Net Living Area (Sq. Ft.)	Approx. Storage Area (Sq. Ft.)	% of Common Int.
1	1	1.501	0/0	0	48	25%
1	2	2.000	0/0	0	48	25%
1	3	3.763	0/0	0	48	25%
1	4	4.153	0/0	0	48	25%

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

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

END OF EXHIBIT D

EXHIBIT E

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (1) The fee simple land described in Exhibit " " of the Declaration;
- (2) All common spaces and premises such as access roads, trash collection area, mailbox areas, transformer pad, well pump housing and other premises for the use of persons employed for operation of the property if any;
- (3) Installations for services such as pipes, cables, conduits, electrical equipment, wiring and other central and appurtenant transmission facilities and installations, over, under, or across the property which serve more than one apartment for services such as power, gas, cold water, sewage, telephone, radio and television signal distribution, if any;
- (4) Any apparatus and installations existing for common use, such as the sewage treatment plant, tanks, pumps, motors, fans, compressors, ducts, vents and other such installations and apparatus, if any; and
- (5) All other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

END OF EXHIBIT E

EXHIBIT F

LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of one or more apartments and such apartment(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

(1) That certain land area upon and around which Apartments (Units) 1 through 4 are located, shown and designated on the Condominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective apartment. Each limited common element shall contain a minimum of two (2) parking stalls.

<u>Apartment Number</u>	<u>Area of Limited Common Element</u>
1	1.50 acres
2	2.00 acres
3	3.763 acres
4	4.153 acres

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement, and improvement, shall be borne solely by the owner of the apartment to which said limited common elements are appurtenant.

END OF EXHIBIT F

EXHIBIT G

SUMMARY OF DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR KUKUI FOREST

This project is located at Pilaa, Waipake, Hanalei, island of Kauai, state of Hawaii. The property of the project was purchased from the successor Trustees and the Will of the estate of Mary N. Lucas, deceased and the developer was required as a condition of the final sale that the project land be made subject to the certain restrictions, covenants and conditions hereinafter set forth and recorded in the Bureau of Conveyances for the state of Hawaii in Document No. 96-134921.

The perspective purchaser is urged to obtain a full copy of the Declaration from the developers prior into entering in to any agreement to purchase a unit in the project.

KUKUI-FOREST
DECLARATION OF RESTRICTIVE COVENANTS AND CONDITIONS

1. PUBLIC REGULATIONS. The owner of each lot or CPR unit or other interest in and to the Project is responsible for being informed of and complying with any and all appropriate Federal, State and County laws, rules, regulations, codes and ordinances which are applicable to such owner's lot or CPR Unit of or interest in the Project. No owner, nor any owner's invitees, licensees, employees, guests, tenants or lessees shall commit any act or cause or keep, nor suffer to be caused or kept, anything or object which would constitute a violation of any law, rule, regulation, code or ordinance of any governmental agency or body. If a standard set forth herein differs from standards established by a governmental agency, the stricter standard shall apply.

2. DESIGN REVIEW COMMITTEE. Declarant has selected Ken O'Connor of Organic Architecture, and Jimmy Pflueger, one of the Successor Trustees of the Lucas Estate, as the initial members of the Design Review Committee, empowered to review plans and proposals for construction on the Project. For a period of three (3) years' subsequent to the sale of the Project property by the Lucas Estate to Declarant, and continuing thereafter until a separate committee is created, any owner of any lot or CPR Unit who proposes to construct any structures shall present to the Design Review Committee any and all plans for the construction of any improvements prior to securing governmental permission to construct the same and prior to constructing the same.

At any time during or after the expiration of the three (3) year period of time following the purchase of the property by Declarant, a homeowners' association of the owners may be formed for the purposes of design review of structures and improvements, if the owners of no less than 75% of all of the lots and CPR Unit so provide in writing. If the homeowners do not form an association and assume the functions of the Design Review Committee, then the original committee shall continue to serve until such time as its members resign. In the event of resignation, the remaining member(s) of the committee shall have the right to designate a replacement. The committee shall contain no fewer than two members, and no more than three members. Jimmy Pfleuger or a successor trustee to Mr. Pfleuger shall serve as a member of the committee for so long as the Lucas Estate elects.

3. DESIGN REVIEW COMMITTEE APPROVAL; ENFORCEMENT. No person shall develop, use, modify, alter, construct, erect, place or maintain any building or structure on the Project except in accordance with the approved plans and specifications previously submitted to and approved by the Design Review Committee. Within thirty (30) working days of submittal of all necessary documents, the Design Review Committee shall either deny, approve or approve with modifications the plans presented; otherwise such plans shall be deemed to be approved. The plans and specifications shall contain such information, diagrams, maps and drawings as may be required by the Design Review Committee, including, but not limited to: floor, elevation, plot and grading plans; specifications of construction materials and techniques and color schemes; the location, character and method of utilization of all utilities; landscape plans; all driveways automobile or other parking provisions; any outside lighting plans and a construction schedule for any such work. The requirement of further information by the Design Review Committee shall extend the 30-day limitation by the number of days required to provide the necessary information to the Design Review Committee. The Design Review Committee may, if reasonable, require that any or all of such plans and specifications be prepared by a registered architect or professional engineer licensed in the State of Hawaii. If any person shall fail to obtain or follow such approved plans or specifications, the Declarant, the owners of other lots or CPR Units in Kukui Forest and/or the County of Kauai may bring suit as provided in paragraph 20 hereof to enforce this provision.

4. DESIGN REVIEW COMMITTEE GUIDELINES. In passing upon all such plans and specifications presented, the Design Review Committee shall take the following factors into consideration: the size, configuration, location and natural features of the lot or CPR Unit in question; the location of the proposed improvements on the lot or CPR Unit; the effect the improvements will have on other existing or planned improvements on other lots or CPR Units; and the visual impact the proposed improvements will have when viewed from other lots or CPR Units. The Design Review Committee shall use reasonable judgment in determining whether plans and specifications should be denied, approved, or approved with modifications,

but shall not be liable to any person for its actions in connection with submitted plans and specifications, unless it can be shown that the Design Review Committee acted with the actual intent to commit a wrongful act. This committee may in no way hinder an owner from doing anything which he lawfully has the right to do on his property.

5. DEVELOPMENT STANDARDS. The following standards shall apply to any and all construction, use or development within:

(a) Every home of any size or any structure over 15 feet high, including accessory structures, buildings or other improvements, shall be located a minimum of 25 feet from the front, rear and side boundaries of each lot or CPR Unit. This setback provision does not apply to Lots "A" and "B" except in the case of B's eastern boundary, which is common with "C"--along which boundary the setback shall be 15 feet. A minimum 15 foot setback provision applies to any structure or building of any size, including, but not limited to, storage sheds. Kenneling or interior fencing for any animals shall be setback 25 feet from any boundary unless there is a written agreement by the current owner of the contiguous property, in which case the kenneling or fencing may be placed at the legal setback for same determined by County ordinance.

(b) With the exception of skylights and roof windows, the roofs of every structure, including accessory structures, buildings and other improvements, shall have pitch of no less than one foot vertical to three feet horizontal and no more than one foot vertical to one foot horizontal, and shall be constructed or made of wood shake or shingle, clay tile, composition shingle (40 year minimum quality with mildew resistance) or other similar quality roofing material of minimum reflectivity. The use of any roofing material which is highly reflective (such as corrugated iron, tiles with smooth shiny finishes and the like) or which is inappropriately colored, shall be prohibited. The design of all roofs shall be subject to review by the design review committee.

(c) Geodesic domes and structures which incorporate geodesic dome shapes in their external design are prohibited. Quonset hut structures are prohibited in the external design of farm dwellings and guest houses.

(d) Except when utilized on solar panels, no highly reflective finish, other than glass, shall be used on exterior surfaces, including without limitation, roofs, exterior walls, doors, trim, fences, pipes, permanent outdoor equipment, mailboxes and newspaper delivery tubes. Windows may not be mirrored to reflectivity in excess of thirty percent (30%).

(e) Each farm dwelling of more than a single-story erected, constructed or maintained on any lot or CPR Unit shall be designed with an exterior shape and size which will not present a boxy appearance or one which is not esthetic in light of the

general character of the Project. A two story straight vertical plane of more than 10 feet in horizontal width shall be broken by roof eyebrows or covered by plantings which shall obscure at least 40% of said vertical plane. Any farm dwelling which consists of more than a single story shall have an area under roof of not less than 1,200 square feet.

(f) No farm dwelling or agricultural barn (with a limit of one barn per lot or CPR unit) may be erected, constructed or maintained which has a height exceeding 25 feet measured vertically from grade below the threshold to the roof peak. No other accessory structure, building or improvement may be erected, constructed or maintained which has a height exceeding 18 feet measured vertically from grade at the threshold or base.

6. UTILITY FACILITIES. No overhead power lines or wires may be erected, installed or maintained on or above any lot or CPR Unit. No wind generators shall be erected, installed, constructed or maintained on any lot or CPR Unit which generate a noise level which can be heard on any neighboring lot or CPR Unit. No antennae, aerials, satellite discs or dishes or other devices for the reception or transmission of radio or television broadcast signals or other means of communication shall be erected, installed, constructed or maintained on any lot or CPR Unit unless such devices are reasonably screened from adjoining properties and roadways. All other utilities within a lot or CPR Unit shall be placed underground or fully screen the view from adjoining properties and roadways.

7. TEMPORARY STRUCTURES. No house trailer, mobile home, temporary building, structure, outhouse, shed or tent of any kind shall be erected, constructed, placed or maintained on any lot or CPR Unit, except as expressly provided herein. Subject to prior Design Review Committee approval, temporary structures or trailers may be erected, constructed or placed on any lot or CPR Unit during the period of construction of permanent improvements, in no case to exceed twelve (12) months, for use as a construction office and supply shelter, but in no event as a residence. The temporary construction structures or trailers shall remain upon the lot or CPR Unit only during the period of construction of permanent improvements thereon, and must be removed within thirty (30) days of completion of such construction. Any surplus material from construction shall be removed within said thirty (30) day period of time.

8. NOXIOUS OR OFFENSIVE ACTIVITIES. No noxious or offensive activity shall be carried out on any lot or CPR Unit, nor shall anything be done or placed on any lot or CPR Unit which is or may become a nuisance or cause embarrassment, disturbance or annoyance to owners of other lots or CPR Units. Any planting or vegetation which cannot be effectively limited from encroaching upon or infesting neighboring property shall be deemed "noxious," and each owner shall take positive steps to eliminate such planting or vegetation from his lot or CPR Unit promptly upon notification

and/or determination that such plants are "noxious.". No hunting is permitted. Lot or CPR Unit owners shall not allow any unreasonable liquid, odor, smoke, dust or light which is noxious or offensive to any other owner to emit or emanate from any lot or CPR Unit.

9. UNSIGHTLINESS. (See also #15, "Landscaping.") No unsightly structure or condition which may substantially diminish the value or quiet enjoyment of other lots or CPR Units shall be caused or permitted on any lot or CPR Unit. Without limiting the generality of the foregoing, all unsightly structures, facilities, equipment, objects and conditions shall be reasonably screened from view, whether from neighboring lots or CPR Units or roadways. No lot or CPR Unit shall be used or maintained as a dumping ground or landfill area for rubbish, trash, garbage or other waste (with the exception of well and sanitarily maintained compost piles). All equipment and containers for the storage or disposal of such material shall be kept in clean and sanitary condition. Rubbish, trash, garbage or other waste, including their containers, shall not be left for refuse pickup or disposal more than 24 hours prior to any scheduled pickup.

10. NOISE. No sound shall be permitted to emit or emanate from any lot or CPR Unit which is unreasonably loud or annoying or which violates any applicable governmental rule, law or ordinance. However, security devices used exclusively for the protection of persons or property are permitted.

11. LIGHTING. No exterior lighting on any lot or CPR Unit may be installed without prior approval of the Design Review Committee. All exterior lighting which is unreasonably bright or causes unreasonable glare must be shielded from the view of neighboring lots or CPR Units. High intensity discharge exterior lights, including, without limitation, mercury or sodium vapor lamps or lamps which emit light of a similar nature and character, strobe lamps, and neon lamps and tubing are not permitted. All exterior lights shall have shields which deflect light towards the ground.

12. ANIMALS. All animals kept or maintained on any lot or CPR Unit, whether domestic pets, livestock, poultry, game and fish, or any other animal or aquatic life propagated for economic or personal use, shall be kept and maintained only in numbers and at a density compatible with neighboring residential or agricultural uses within the Subdivision, and shall receive care in conformance with practices of good animal husbandry, including but not limited to:

(a) prompt removal of excess amounts of manure and other waste;

(b) disposal, in an ecologically sound manner, of any effluent from the practice of aqua culture or other processes;

(c) control of flies, insects, worms, and other pests and parasites;

(d) adequate fencing and animal housing or shelter facilities, sufficient to restrict and confine such animals and poultry to the lot or CPR Unit upon which they are kept and maintained; and

(e) control of noxious or offensive odors to levels which are customary under practices of good animal husbandry, and which are compatible with neighboring residential and agricultural uses.

(f) Interior kenneling or fencing for any animals shall be setback 25 feet from any boundary unless there is a written agreement by the current owner of the contiguous property. Kenneling or fencing may otherwise be placed at the legal county setback for same.

Notwithstanding the foregoing or any other provision herein contained, no more than five (5) dogs, five (5) pigs, and twenty-five (25) wild or domestic fowl may be kept or maintained for each lot or CPR Unit.

13. GRADING. Prior to commencing any site improvements in the nature of grading or grubbing, the owner of each lot or CPR Unit shall obtain a grading or grubbing permit, as the case may be, from the County of Kauai if the same is required by any governmental rule, regulation, law or ordinance. Excessive cuts or filling shall be avoided. In the event of any excavation on a lot or CPR Unit, the owner doing or causing such excavation to be done shall provide such artificial lateral support as may be necessary to support adjacent lots or CPR Units. Each owner shall control dust during the grading or grubbing process to minimize damage, annoyance or inconvenience to other lot or CPR Unit owners.

14. FLOODING AND EROSION. The drainage control ordinances of the County of Kauai are explicit and each lot or CPR Unit owner shall comply with the same. No owner shall permit or cause to be constructed on his lot or CPR Unit any improvements which create a problem of flooding, erosion or interference with the natural flow of water, which will damage his lot or CPR Unit or other properties, nor shall any owner fail to act to minimize runoff damage or interference with the natural flow of storm waters and surface runoff. Lot or CPR Unit owners shall maintain to a reasonable extent and shall be solely responsible for resolving any offsite drainage or flooding problems caused by the owner's development or use of his lot or CPR Unit.

15. MAINTENANCE OF LOTS, CPR UNITS AND LANDSCAPING. Each owner shall--within six months of close of escrow--plant a "visibility screening" hedge along any property boundary which fronts on Kuhio Highway, to screen his or her property so that (upon the maturation of said hedge) passersby on Kuhio Highway are not able to see into the property. If the property currently has

natural vegetation screening, the owner shall replace said screening within three months of its future removal (should he/she decide to remove any existing visibility screen). This hedge will be grown to a height of six feet, and shall be maintained at six (6) feet high at the grade of the highway at all times, barring unforeseen circumstances. Each lot or CPR Unit, whether occupied or unoccupied, and all improvements or structures placed, erected, constructed, installed or maintained thereon, shall at all time be kept and maintained in good, clean and attractive condition and in such manner as to prevent the lot or CPR Unit and its improvements or structures from becoming unsightly, unsanitary, or a hazard to health. Each owner shall, at his own expense, trim and maintain all trees, shrubs and plantings to prevent overhang or other encroachment above or upon any adjoining property or roadway. Windbreak plantings or vegetation which are growing, planted, placed or aligned in a dense and linear trend shall be trimmed regularly and maintained at heights not to exceed fifteen (15) feet.

16. SIGNS. No signs or advertising devices of any nature or kind shall be erected, placed, installed, constructed or maintained on any lot or CPR Unit, except:

(a) such signs as may be required to be posted by order of any court of competent jurisdiction;

(b) signs which have a combined total face area of not more than 1-1/2 square feet, necessary to identify the owner or occupant of any lot or CPR Unit and his address;

(c) a maximum of one (1) sign not exceeding 2 feet by 2 feet in size, indicating or advising that the lot or CPR Unit on which it has been installed, placed or situated is for sale or for rent;

(d) signs which are necessary or desirable to give direction, advise of rules or regulations, or caution or warn of hazard or danger;

(e) a maximum of one (1) job identification sign per contractor or subcontractor having a maximum face area of six (6) square feet, during the period of actual obstruction;

(f) not more than one (1) commercial sign having a maximum face area of six (6) square feet, and which can only refer to the sale of agricultural or related products produced on the lot or CPR Unit on which the said sign is installed, placed or situated.

17. PROHIBITED USES AND ACTIVITIES. The following uses and activities are prohibited on any lot or CPR Unit in, unless the owner of the lot or CPR Unit on which such use or activity is proposed shall have first obtained written authorization to commence such use or activity from no less than 75% of the owners

of lots or CPR Units in KUKUI FOREST, and all necessary governmental authority or permission:

- (a) animal hospitals;
- (b) cemeteries;
- (c) churches and monasteries;
- (d) commercial recreation;
- (e) construction and worker temporary housing;
- (f) development campgrounds ;
- (g) mineral extraction and quarries;
- (h) private and public utility facilities;
- (i) transportation terminals;
- (j) communications facilities ;
- (k) slaughter houses.

18. STATE LAND USE RESTRICTIONS. As long as a lot or CPR Unit shall remain in the State Land Use Agriculture District, then such lot or CPR Unit shall be subject to the requirements with regard to the availability of potable water; the raising of livestock, domestic fowl and other animals; and nuisances related to odor, noise, rodents and insects or, if applicable, any more stringent requirements herein contained.

19. PERIOD OF RESTRICTIVE COVENANTS. The covenants and conditions contained herein shall continue and be in full force and effect as to any particular lot or CPR Unit until such time as the subject lot or CPR Unit is reclassified to a State Land Use District classification other than the "Agricultural" district classification or until changed by vote of 85% of the owners within KUKUI FOREST. In the event of a change in Land Use Districts and/or zoning, such portions of these covenants as shall remain consistent with the new Land Use District shall remain in full force and effect as to all such provisions. By way of illustration, if the District is changed to Urban and County of Kauai Zoning to residential, the agricultural requirements will be eliminated, but the design and construction standards will not. The 85% voting requirement shall include the vote of the Lucas Estate, which vote shall not be unreasonably withheld.

20. ENFORCEMENT OF COVENANTS. These covenants, and any part or provision thereof may be enforced by the Declarant, the County of Kauai, the owner of any interest in the Project or any lot or condominium unit therein, and the Trustees of the Lucas Estate. Said enforcement may include the filing of a suit in the 5th Circuit Court for the State of Hawaii, consensual arbitration or such other form of dispute resolution as the parties may agree. Written notice of any enforcement action shall be given to all owners of record in the project within 10 days of commencement of same by the disgruntled party.

END OF EXHIBIT G

EXHIBIT H

ENCUMBRANCES AGAINST TITLE

An encumbrance is a claim against or a liability on the property. The following list describes the encumbrances against the title contained in the status title report dated September 8, 1997, issued by First Hawaii Title Corporation:

1. Tax Key: 5-1-02-07(portion) (4) - Area Assessed: 10.618 acres
For real property taxes due and owing, reference is made to the Director of Finance, County of Kauai.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Claims arising out of customary or traditional Hawaiian rights, including but not limited to those for access or gathering purposes protected by the Constitution and/or the laws of the State of Hawaii.
4. The right in favor of the owners, their successors and assigns, to relocate and/or widen their vehicle access into and from Kauai Belt Road, provided that such relocation and/or widening shall be subject to the approval of the State of Hawaii.
5. Restricted abutter's rights of vehicle access into and from Kauai Belt Road, as conveyed in Deed dated July 26, 1967, recorded in the Bureau of Conveyances of the State of Hawaii in Book 5807 Page 1, Correction Deed recorded in Book 6375 Page 215, and Deed recorded in Book 4447 Page 78.

6. GRANT

In Favor Of: CITIZENS UTILITIES COMPANY, a Delaware corporation
Dated: March 2, 1991
Document No. 91-136223
Purpose: A perpetual right and easement to build, construct, reconstruct, rebuild, repair and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity, etc.

7. RIGHT-OF-ENTRY

In Favor Of: CITIZENS UTILITIES COMPANY, a Delaware corporation
Dated: May 11, 1992
Document No. 92-125853
Purpose: granting an easement for the purpose of building, constructing, repairing, maintaining and operating pole and wire lines, and/or underground lines, etc., for the transmission and distribution of electricity.

8. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following:

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
KUKUI FOREST

Dated: September 6, 1996
Document No. 96-134921

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

9. KUKUI FOREST COTENANCY AGREEMENT

By and Between: D. LEO O'CONNOR and JEANNINE O'CONNOR ("O'Connor"), husband and wife, as to an undivided twenty-five percent (25%) interest in Parcel 1, SCOTT HARLEY RAUTMANN and RRIE SUMI YAMAUCHI RAUTMANN ("Rautmann"), as to an undivided twenty-five percent (25%) interest in Parcel 1, KIRK ALAN BURTCH and LINDA NORTON BURTCH ("Burtch"), as to an undivided twenty-five percent (25%) interest in Parcel 1, JOSEPH N. KOBAYASHI ("Kobayashi"), unmarried, as to an undivided twenty-five percent (25%) interest in Parcel 1, and JOHN WILLIAM MILLER Trustee under the KOOHIO REALTY TRUST ("Kooohio")

Dated: --/--/--
Document No. 96-134926

10. WAIVER AND RELEASE

Dated: --/--/--
Document No. 96-152750

11. WAIVER AND RELEASE

Dated: October 28, 1996
Document No. 96-157225

12. WAIVER AND RELEASE

Dated: November 4, 1996
Document No. 96-159969

13. WAIVER AND RELEASE

Dated: October 19, 1996
Document No. 96-166965

14. FARM DWELLING AGREEMENT

By and Between: Scott Rautmann and Carrie Rautmann, Leo O'Connor and Jeannine O'Connor, Joseph N. Kobayashi, Kirk Burtch and Linda Burtch, "Applicants", and the COUNTY OF KAUAI PLANNING DEPARTMENT, "DEPARTMENT"

Dated: June 25, 1997

Document No. 97-090437

15. WAIVER AND RELEASE

Dated: August 10, 1997

Document No. 97-112536

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

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "KUKUI FOREST"

Dated: August 24, 1997

Document No. 97-119743

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. 2593, as amended, to which reference is hereby made.

17. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KUKUI FOREST

Dated: August 24, 1997

Document No. 97-119744

to which reference is hereby made

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

APARTMENT DEED (ORIGINAL)

Dated: September 25, 1997

Document No. 97-134220

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

19. This report has been prepared as a status of title only, with no liability herein assumed. First Hawaii Title Corporation reserves the right to add additional exceptions and/or title requirements if the report is used in a transaction.

008. FIRST HAWAII TITLE CORPORATION

TXCHIPO IKPA OKPD

KAUAI 1997-1998 TAX ROLL

UPDATED AS OF 01/31/1998

TMK: 5-1-002-007-0000

SITUS:

MAIL: O'CONNOR, D LEO/JEANNINE
2464 LEMUR ST
SANTA ROSA CA 95401

	97 VALUE	T/O	OO ORDER	79959
BLDG	0	0		0
LAND	507,700	0		507,700
TOTAL	507,700			507,700

----- ASSESSED OWNER(S) -----

O'CONNOR, D LEO/JEANNINE
KOBAYASHI, JOSEPH

	1ST HALF	2ND HALF
STATUS	** PAID **	DELQ 02/20/98
LAST PAYMENT	08/20/97	
TAX AMOUNT	1,875.95	1,875.95
PENALTY	.00	187.60
INTEREST	.00	20.64
AMOUNT PAID	1,875.95	.00
AMOUNT DUE	.00	2,084.19

NO ASSESSMENT/PRIOR YEAR DELINQUENCY FOUND

*** TOTAL TAX DUE *** 2,084.19

CLASS: 5 LAND AREA: 10.618 ACRES

EXISTING ORDERS ON FILE:

CO	T/O	ORDER	DATE
08	OO	0081087	10/21/97

*** END OF SEARCH ***

*** END OF OUTPUT ***

EXHIBIT I

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee X 12 months = Yearly Total</u>
1	Initial Maintenance Fees \$35.00 x 12 =\$420.00
2	Initial Maintenance Fees \$35.00 x 12 =\$420.00
3	Initial Maintenance Fees \$35.00 x 12 =\$420.00
4	Initial Maintenance Fees \$35.00 x 12 =\$420.00

TOTAL . \$140.00 x 12=\$1680.00

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

NOTE: Mandatory reserves assessment and collection in effect beginning 1994 budget year. Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserves rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

common elements and apartments

\$ 60.00 x 12 = \$ 720.00

Elevator

Gas

common elements only

common elements and apartments

Refuse Collection

Telephone

20.00 x 12 = \$ 240.00

Water and Sewer

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

50.00 x 12 = \$ 600.00

Insurance

Reserves(*)

10.00 x 12 = \$ 120.00

Taxes and Government Assessments

Audit Fees

Other

\$ 140.00 x 12 = \$1680.00

TOTAL

I, Kenneth O'Connor, as agent for/and/or employed by self, the condominium managing agent/developer for the Kukui Forest Agricultural 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.

Kenneth O'Connor
Signature

11-1-97

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.

END OF EXHIBIT I

EXHIBIT J

SUMMARY OF SALES CONTRACT

The sellers intention to use the most recent edition of the Hawaii Association of Realtors form of Deposit, Receipt, Offer and Acceptance (DROA), the intended sales contract for the project. The sales contract contains the purchase price, description and location of the condominium unit and other terms and conditions under which the buyer will agree to buy condominium unit in the project. Among other things, the sales contract (DROA):

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how buyer will pay the purchase price.
2. Identifies the escrow agent and states that buyer's deposit will be held in escrow until the sales contract is closed or cancelled.
3. Requires that buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Provides the following remedies, in the event of default under the sales contract by buyer:
 - (a) Seller may bring an action against buyer for breach of contract;
 - (b) Seller may retain buyers initial deposit; and
 - (c) Buyer shall be responsible for the expenses incurred.

Provides the following remedies, in the event of default under the sales contract by seller.

- (a) Buyer may bring an action against seller for breach of contract;
- (b) Buyer may bring an action compelling seller to perform under contract; and
- (c) Seller shall be responsible for expenses incurred.

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

5. Allocation of payment of closing costs.

The sales contract contains various other provisions which buyer should become acquainted with.

Upon examination, the Developer represents that the proposes sales contract (DROA) is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. It is incumbent upon the purchaser and prospective purchaser that he reads the sales contract (DROA) with care.

END OF EXHIBIT J

EXHIBIT K

ESCROW AGREEMENT

SUMMARY OF ESCROW ARRANGEMENT

The developers do not plan to offer their condominium units for sale immediately. However, an escrow agreement dated _____, has been submitted by the developer, identifying First Hawaii Title Corporation as escrow for the project.

The escrow agreement establishes how proceeds of sale of condominium units and all sums received from any source are placed in escrow as well as a method of disbursement of said funds. Escrow agreement provides for conditions prior to any disbursement or sale of condominium units. Escrow agreement provides that a purchaser shall be entitled to refund of his funds and escrow shall pay such funds to the purchaser, without interest, unless cancellation costs, if purchaser shall in writing request refund of his funds and escrow shall have received approval from developer to return to the purchaser the funds of the said purchaser. The escrow agreement further discusses the provisions in the event of a purchasers default and termination of escrow.

Upon examination, the developer represents that the escrow agreement is found in compliance with Chapter 514-A, Hawaii Revised Statutes, as amended. Incumbent upon the developer and perspective purchaser that he reads with care the escrow agreement.

END OF EXHIBIT K