

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer STEPHEN W. LONG⁺
Address P. O. BOX 1428, Hanalei, Hawaii 96714

Project Name(*): KALIHIWAI BAY VIEW ESTATES
Address: Lot 8, Anini Vista Subdivision
Kalihiwai, Kauai, Hawaii

Registration No. 3946 Effective date: July 23, 1998
Expiration date: August 23, 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, if any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
 - 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 _____
 - SUPPLEMENTARY: (pink) This report updates information contained in the:
 - Preliminary Public Report dated: _____
 - Final Public Report dated: _____
 - Supplementary Public Report dated: _____
- And
- Supersedes all prior public reports.
 - Must be read together with _____
 - This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration

⁺Remaining Owner/Developers listed on Page 10a

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all conclusive. 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 DWELLING UNITS, OR *

* OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, *

* UNLESS THE PURCHASER IS PURCHASING AN EXISTING DWELLING, THERE IS NO *

* ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A DWELLING UNIT *

* ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL *

* BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO *

* RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE *

* COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A *

* DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY. *

* 1. Issuance of an effective date for this Public Report does not *

* constitute an approval of the project by the Real Estate *

* Commission, or any other governmental agency, nor does it imply *

* that all County codes, ordinances and subdivision requirements *

* have been complied with. *

* 2. This project does not involve the sale of individual subdivided *

* lots. The land area beneath and immediately adjacent to each *

* unit, as shown on the Condominium Map, is designated as a *

* limited common element for that unit and does not represent a *

* legally subdivided lot. The dotted lines on the Condominium Map *

* merely represent the location of the limited common element *

* assigned to each unit. *

* 3. Facilities and improvements normally associated with County *

* approved subdivisions, such as fire protection devices, County *

* street lighting, electricity, upgraded water facilities, *

* improved access for owner and emergency traffic, drainage *

* facilities, etc., may not necessarily be provided for and *

* services such as County street maintenance and trash collection *

* will not be available for interior roads and driveways. *

* THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE *

* CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER *

* INFORMATION WITH REGARD TO THE FOREGOING. *

* * * * *

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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: (a) 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 repairs 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: STEPHEN W. LONG⁺ Phone: (808) 826-4550
Name (Business)
P. O. Box 1428
Business Address
Hanalei, Hawaii 96714

+Remaining Owner/Developers listed on Page 10a

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

N/A

Real Estate Broker: BALI HAI REALTY, INC. Phone: (808) 826-7244
Name (Business)
P. O. Box 930
Business Address
Hanalei, Hawaii 96714

Escrow: TITLE GUARANTY ESCROW Phone: (808) 245-3381
Name SERVICES, INC. (Business)
4414 Kukui Grove Street, Suite 204
Business Address
Lihue, Hawaii 96766

General Contractor: RICHARD T. COSTELLO Phone: (808) 742-8961
Name (Business)
P. O. Box 705
Business Address
Anahola, Hawaii 96703

Condominium Managing Agent: Self-managed by the Association of Apartment Owners. Phone: N/A
Name (Business)
Business Address

Attorney for Developer: STEVEN R. LEE, ESQ. Phone: (808) 246-1101
Name (Business)
4473 Pahe'e Street, Suite 1
Business Address
Lihue, Hawaii 96766

**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. 98-049081
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. 2715
 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. 98-049082
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

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

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:

Address: Lot 8, Anini Vista Subdivision Tax Map Key (TMK): (4) 5-3-009-008
Kalihiwai, Kauai, Hawaii

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

Land Area: 17.232 square feet acre(s) Zoning: Agriculture

Fee Owner: STEPHEN W. LONG⁺
 Name
P. O. Box 1428
 Address
Hanalei, Hawaii 96714

⁺See Page 10a for remaining Fee Owners

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: 5 Floors Per Building 1
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Shade Cloth and PVC Pipe

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>Shade Structure 5</u>		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

KENNETH W. CARLSON, Trustee
P. O. Box 698
Kilauea, Hawaii 96754

SCOTT KIRK
1355 Straftford Drive
Clearwater, Florida 24616

GARY ALVORD
LAUREN ALVORD
8701 Country Creek Drive
Orangevale, California 95662

KAREN STRUVE
GEORGE JOHNSON
7616 Stonewood Court
Edina, Minnesota 55439

5. Special Use Restrictions:

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

- Household pets may be kept consistent with any applicable law
- Pets: or restrictive covenants applicable to the project so long as they do not become a nuisance to the other owners.
- Number of Occupants: _____
- Other: Declaration of Restrictive Covenants for Anini Vista Subdivision, a summary of which is attached hereto as Exhibit "J".
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify) Structure
A - E	5	0/0	0	20	Shade
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 5

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

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

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by County of Kauai zoning ordinances and recorded restrictions on the project, if any. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime will be required to disclose actual improvements as a matter of public record.

7. Parking Stalls:

Total Parking Stalls: 5

	<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> </u>	<u>1</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>5</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other: <u>*Units A, B, C, D & E have ample space for parking within their limited common elements' land area</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>5</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u>5</u>

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

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

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	X	_____	_____
Structures	X	_____	_____
Lot	X	_____	_____

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

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

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

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

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

described in Exhibit E.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit E.

as follows:

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

described in Exhibit C.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit F describes the encumbrances against the title contained in the title report dated 4-21-98 and issued by TITLE GUARANTY OF HAWAII, INC.

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.

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	If foreclosed, Buyer's deposit shall be refunded (less any escrow cancellation fee) and the sales contract between Seller and Buyer shall be cancelled.
Agreements of Sale	
Cotenancy Agreement	

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements: None.

2. Appliances: None.

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

Construction is complete. The shade structures received final building approval on February 5, 1998.

H. Project Phases:

The developer has 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 H contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

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

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

- None 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 B contains a summary of the pertinent provisions of the sales contract.
 - Escrow Agreement dated March 20, 1998
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
 - Other Specimen Apartment Deed
-

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, ~~None~~ None
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other Declaration of Restrictive Covenants; Deed; Agreement; Agreement; Agreement; Agreement; Right of Entry; Grant; Mortgage; Agreements of Sale; Memorandum of Option; Consent and Joinder; Waiver and Release; Cotenancy Agreement; Cancellation of Cotenancy Agreement.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 3946 filed with the Real Estate Commission on April 30, 1998.

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

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

C. Additional Information Not Covered Above.

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially Exhibit J, a summary of the recorded restrictive covenants for the subdivision within which this project is located. Among other things, the restrictive covenants govern land use, site improvement guidelines, building guidelines, view corridors and tree trimming guidelines and the establishment of a design review committee. You should also conduct your own investigations and ascertain the validity of information provided.

It is anticipated that the initial improvements on each unit will be replaced by or supplemented with a farm dwelling. The prospective purchaser shall have the right to build such farm dwelling at purchaser's expense. The purchaser shall also, in such event, file the "as-built" certificate within thirty days of completion of the farm dwelling in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the farm dwelling. The County of Kauai Planning Department requires, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the Declaration and the Bylaws ("condominium documents"). Except as limited specifically by the condominium documents and subdivision restrictive covenants (if any), all uses permitted in the agricultural zone are permitted. Such uses include, but are not limited to, growing crops, raising animals, residence, diversified agriculture, forestry, orchards and nurseries and wildlife management. See Kauai County Comprehensive Zoning Ordinance, Article 8.7. for detailed information. In relation to specifically permitted uses of buildings and other improvements, structures shall only be occupied or used for agriculture, associated residential uses, and/or other uses permitted under the Kauai County Zoning Ordinances and the condominium documents. A farm dwelling may not be constructed unless a unit owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval.

A buyer should understand that all development and use of the property shall be in compliance with County codes and ordinances, that owners in this condominium project will not necessarily receive the same County benefits as owners of approved subdivided lots, and that owners who develop their limited common element later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations.

The developer has executed a Waiver and Release which, in exchange for issuance of building permits for the shade structures, the owner releases the County of Kauai from any claim arising out of the fact that water service is not provided by the County Water Department. The owner acknowledges, further, that there may not be future water service for the property from the County of Kauai and that the Waiver and Release Agreement is binding on all successors, heirs and assigns. A purchaser should contact the appropriate County Water Department to determine current status of water service prior to purchase.

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.

STEPHEN W. LONG

Printed Name of Developer

By: Stephen W. Long March 28, 1998
Duly Authorized Signatory Date

STEPHEN W. LONG, Developer

Printed Name & Title of Person Signing Above

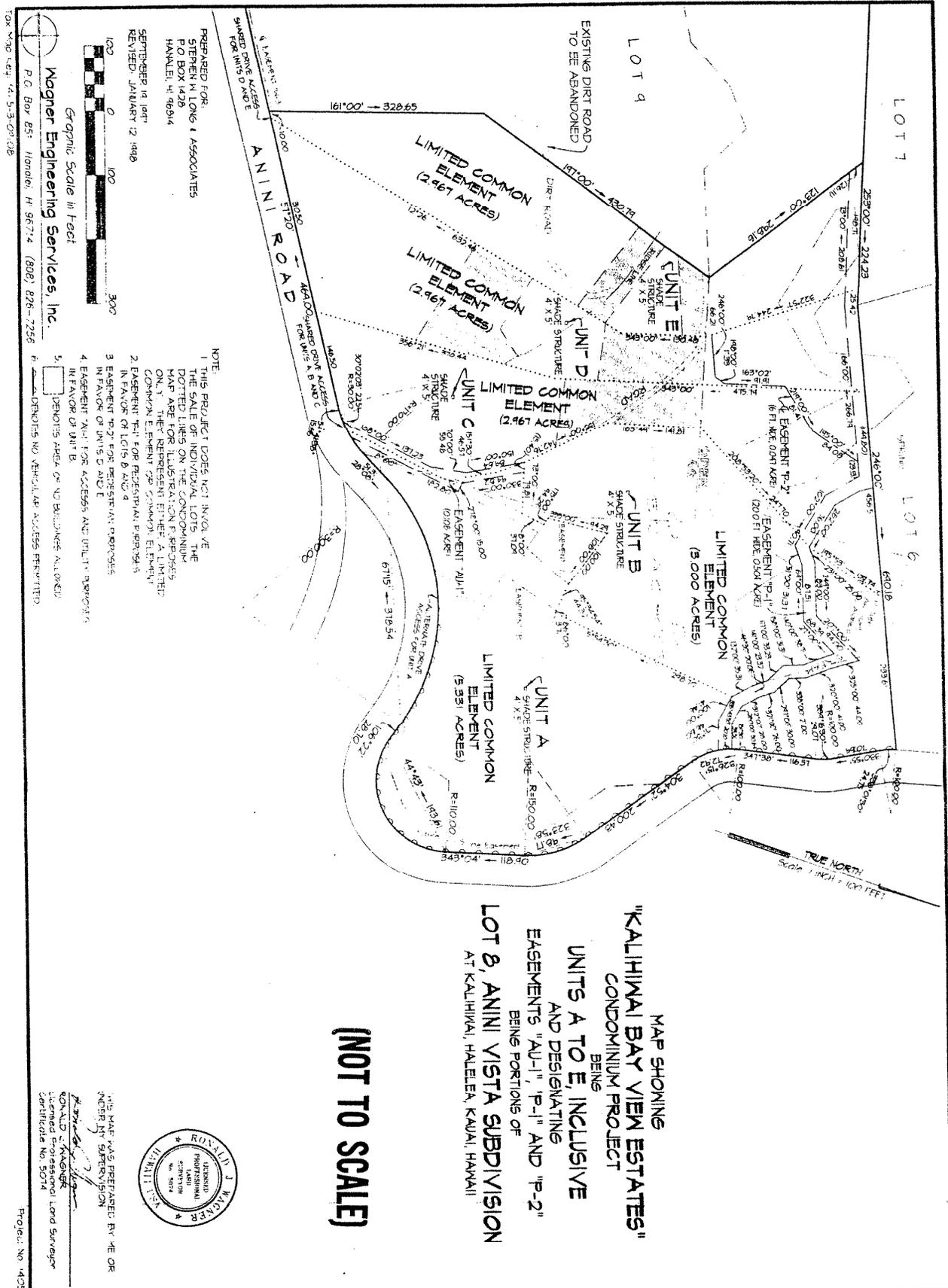
Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

EXHIBIT A

CONDOMINIUM PLOT PLAN AND LIMITED COMMON ELEMENT LOCATIONS



PREPARED FOR:
STREHN H LONG & ASSOCIATES
P.O. BOX 429
HAHAIONE, HI 96814

SEPTEMBER 19, 1987
REVISED: JANUARY 12, 1988

Groptic Scale in Feet
Magner Engineering Services, Inc.
P.O. Box 851, Hanalei, HI 96714 (808) 826-7256

NOTE:
1. THIS PROJECT DOES NOT INVOLVE THE SALE OF INDIVIDUAL LOTS. THE DOTTED LINES ON THE CONDOMINIUM MAP ARE FOR ILLUSTRATION PURPOSES ONLY. THEY REPRESENT EITHER A LIMITED COMMON ELEMENT OR COMMON ELEMENT IN FAVOR OF LOTS B AND C.
2. EASEMENT "P-1" FOR PRECISELY IDENTIFIED IN FAVOR OF LOTS B AND C.
3. EASEMENT "P-2" FOR PRECISELY IDENTIFIED IN FAVOR OF LOTS B AND C.
4. EASEMENT "AU-1" FOR ACCESS AND UTILITY SERVICES IN FAVOR OF UNITS D AND E.
5. DEPOSITED AREA OF THE BUILDINGS ARE NOTED IN FAVOR OF UNIT B.
6. DEPOSITED NO VEHICULAR ACCESS PERMITTED.

MAP SHOWING
"KALIHIMAI BAY VIEW ESTATES"
CONDOMINIUM PROJECT
UNITS A TO E, INCLUSIVE
AND DESIGNATING
EASEMENTS "AU-1", "P-1" AND "P-2"
BEING PORTIONS OF
LOT 8, ANINI VISTA SUBDIVISION
AT KALIHIMAI, HALELEIA, KAUAI, HAWAII

(NOT TO SCALE)

PROJ. NO. 4405

THIS MAP WAS PREPARED BY ME OR UNDER MY SUPERVISION
DONALD J. KAGANER
Licensed Professional Land Surveyor
Certificate No. 5074

ROBERT L. MAGNER
LICENSED PROFESSIONAL SURVEYOR
NO. 5074

EXHIBIT B

SUMMARY OF SALES CONTRACT

The KALIHIWAI BAY VIEW ESTATES Sales Contract and Receipt (the "contract"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to other terms.
2. The closing date for the purchase.
3. Whether, at the time of execution of the contract, an effective date for a final public report has been issued.
4. The terms and conditions of the sale which include, among other provisions, the following:
 - (a) That Purchaser will receive a copy of the final public report for the project.
 - (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement.
 - (c) Seller has a right to extend the closing date by 31 days or by 31 days after the public report effective date is issued, whichever is later.
 - (d) After issuance of the Final Public Report effective date and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Purchaser shall not have the right to rescind the contract.
 - (e) Purchaser has received a copy of the Escrow Agreement for the Project.
 - (f) If Purchaser defaults, Seller may cancel the contract or bring legal action against Purchaser to force sale, obtain money damages, or retain Purchaser's deposit money held in escrow.
 - (g) The unit the Purchaser is purchasing will be shown on a condominium map prior to closing and will have the right to cancel if it is different from that shown on the Exhibit A.
 - (h) That a deed conveying clear title will be given at closing, subject to certain obligations.
 - (i) The Purchaser agrees to give future easements if reasonably required for the project.
 - (j) The Purchaser will accept the Unit "AS-IS". Purchaser assumes all risks regarding any potential hazardous materials on the condo property or property adjoining or in the vicinity, including liability for suits by third parties. Seller is, however, unaware of any such materials, chemicals or conditions on the property.
 - (k) The payment of commissions, if any, is set out in the contract.
 - (l) Time is of the essence of the obligations of Purchaser under the contract.

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

END OF EXHIBIT B

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

<u>Qty.</u>	<u>Unit No.</u>	<u>Area of Limited Common Element* (Acres)</u>	<u>No. of Br./Bath</u>	<u>Appx. Net Living Area (Sq. Ft.)</u>	<u>Appx. Other Area (Sq. Ft.)</u>	<u>% of Common Int.</u>
1	A	5.331	0/0	0	20-shade structure	20%
1	B	3.000	0/0	0	20-shade structure	20%
1	C	2.967	0/0	0	20-shade structure	20%
1	D	2.967	0/0	0	20-shade structure	20%
1	E	2.967	0/0	0	20-shade structure	20%

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. There are five units, each of which sustains a structure and each of which will burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 20% for each unit.

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

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

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (the "Escrow"), and STEPHEN W. LONG, KENNETH W. CARLSON, GARY ALVORD, LAUREN ALVORD, GEORGE JOHNSON, KAREN STRUVE and SCOTT KIRK (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

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

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

3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) The Real Estate Commission has not issued and effective date for a Final Report on the Project and the buyer has received a copy thereof and the contract to purchase is shown to be effective; or (b) the seller's attorney has not provided a legal opinion of the satisfaction of legal requirements to be completed before sale; (c), there has been a waiver of any contingencies for the benefit of the Buyer; (d) there is an architect's certificate of exemption from or compliance with requirements of the Federal Fair Housing Amendments Act of 1988; (e) applicable Owner-Occupant laws have been complied with; (f) applicable Owner-Occupant tax filings have been made. In the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00, nor more than \$250.00.

4. Escrow will return deposited sums to the Buyer without interest if Seller and Buyer give Escrow written notice to return the funds to Buyer. Otherwise, there are varying provisions regarding the return of funds under a right to cancellation and or instruction, such as failure to enter into a contract, removal from a reservation list, failure of financing or failure of compliance with Owner-Occupant provisions of the law.

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

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

7. In the event of default by Buyer, Seller shall give notice to escrow and escrow shall notify Buyer of the date by which Buyer must perform. Failure to perform may cause loss of all funds by Buyer.

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

END OF EXHIBIT D

EXHIBIT E

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

(a) the land in fee simple;

(b) Easement "P-1", an easement for pedestrian access purposes, in favor of this Project and Lot 9;

(c) all commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone; and

(d) any and all other future elements and facilities in common use or necessary to the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

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

(a) that certain land area upon and around which Units A, B, C, D and E are located, shown and designated on the Condominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective unit;

<u>Unit Number</u>	<u>Area of Limited Common Element*</u>
A	5.331 acres
B	3.000 acres
C	2.967 acres
D	2.967 acres
E	2.967 acres

(b) Easement "P-2", an easement for pedestrian access purposes, in favor of Units C, D and E; and

(c) Easement "AU-1", a non-exclusive easement over Units A and C for access and utility purposes in favor of Unit B, as well as for Units A and C.

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

END OF EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. GRAVEYARD EASEMENT "B", containing an area of 9,959 square feet, more or less, as per survey of Ronald J. Wagner, Land Surveyor, with Wagner Engineering Services, Inc., dated June 2, 1997, and as set forth in Declaration of Condominium Property Regime dated March 13, 1998, recorded as Document No. 98-049081.
4. GRAVEYARD EASEMENT "C", containing an area of 12,661 square feet, more or less, as per survey of Ronald J. Wagner, Land Surveyor, with Wagner Engineering Services, Inc., dated June 2, 1997, and as set forth in Declaration of Condominium Property Regime dated March 13, 1998, recorded as Document No. 98-049081.
5. Restricted access into and from Anini Road, except where such access is permitted, as shown on the final subdivision map for the Anini Vista Subdivision approved by the Planning Commission, County of Kauai, on November 26, 1980.
6. "Future 2:1 Slope Easement for Anini Road", as shown on the final subdivision map for Anini Vista Subdivision approved by the Planning Commission, County of Kauai, on November 26, 1980.
7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT: DEED

DATED : January 20, 1967
RECORDED : Liber 5582 Page 1

The foregoing includes, but is not limited to, matters relating to "The rights of persons having an interest in the graveyard sites shown on the map attached hereto for ingress to and egress from said graveyard sites over such route, roadway or path as may be designated from time to time by the Grantee".
8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT: AGREEMENT

DATED : November 21, 1980
RECORDED : Liber 15273 Page 507

WITH : the COUNTY OF KAUAI, a political subdivision of the State of Hawaii
RE : no building permits shall be applied until construction of the off-site water line is commenced.

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

INSTRUMENT: AGREEMENT TO INCORPORATE AGRICULTURAL RESTRICTIONS INTO INSTRUMENTS OF CONVEYANCE

DATED : ---- (acknowledged May 2, 1980)
RECORDED : Liber 15457 Page 110
WITH : the COUNTY OF KAUAI PLANNING COMMISSION

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

INSTRUMENT: AGREEMENT

DATED : April 29, 1997
RECORDED : Document No. 97-057327
WITH : PRINCEVILLE UTILITIES COMPANY, INC.
RE : water service

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

INSTRUMENT: DECLARATION

DATED : May 6, 1997
RECORDED : Document No. 97-061606

12. RIGHT OF ENTRY

TO : CITIZENS UTILITIES COMPANY

DATED : March 18, 1997
RECORDED : Document No. 97-069217
GRANTING : a right-of-entry for the purposes of building, constructing, repairing, maintaining and operating pole and wire lines, and/or underground lines and related appliances and equipment for the transmission and distribution of electricity and for communications and control circuits.

13. GRANT

TO : PRINCEVILLE UTILITIES COMPANY, INC.
DATED : September 16, 1997
RECORDED : Document No. 97-130955
GRANTING : an easement to construct, reconstruct, install, maintain, operate, repair and remove an underground waterline or lines, etc., as part of Grantee's water system, on, over, under and across the easement area described therein

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

INSTRUMENT: LIMITED WARRANTY DEED
DATED : September 26, 1997
RECORDED : Document No. 97-138288

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

16. MORTGAGE

MORTGAGOR : STEPHEN W. LONG and KENNETH W. CARLSON, Trustee of that certain unrecorded Kenneth W. Carlson Professional Corporation Retirement Fund dated August 1, 1979, as amended
MORTGAGEE : CLARUM CORPORATION, a California corporation
DATED : September 22, 1997
RECORDED : Document No. 97-138289
AMOUNT : \$269,000.00 and \$475,550.00

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

INSTRUMENT: COTENANCY AGREEMENT
DATED : September 29, 1997
RECORDED : Document No. 97-138290
PARTIES : STEPHEN W. LONG and KENNETH W. CARLSON, Trustee of that certain unrecorded Kenneth W. Carlson Professional Corporation Retirement Fund dated August 1, 1979, as amended, GARY ALVORD and LAUREN ALVORD, husband and wife, KAREN STRUVE and GEORGE JOHNSON, wife and husband, and SCOTT KIRK

18. AGREEMENT OF SALE

VENDOR : STEPHEN W. LONG and KENNETH W. CARLSON, Trustee of that certain unrecorded Kenneth W. Carlson Professional Corporation Retirement Fund dated August 1, 1979, as amended

VENDEE : SCOTT KIRK, as Tenant in Severalty, as to an undivided 20% interest

DATED : September 29, 1997
RECORDED : Document No. 97-138291
AMOUNT : \$274,000.0018. AGREEMENT OF SALE

19. AGREEMENT OF SALE

VENDOR : STEPHEN W. LONG and KENNETH W. CARLSON, Trustee of that certain unrecorded Kenneth W. Carlson Professional Corporation Retirement Fund dated August 1, 1979, as amended

VENDEE : GARY ALVORD and LAUREN ALVORD, husband and wife, as Tenants by the Entirety, as to an undivided 20% interest

DATED : September 29, 1997
RECORDED : Document No. 97-138292
AMOUNT : \$287,500.00

20. AGREEMENT OF SALE

VENDOR : STEPHEN W. LONG and KENNETH W. CARLSON, Trustee of that certain unrecorded Kenneth W. Carlson Professional Corporation Retirement Fund dated August 1, 1979, as amended

VENDEE : KAREN STRUVE and GEORGE JOHNSON, wife and husband, as Tenants by the Entirety, as to an undivided 20% interest

DATED : September 29, 1997
RECORDED : Document No. 97-138293
AMOUNT : \$240,000.00

21. The terms and provisions, including the failure to comply with any covenants conditions and reservations, contained in unrecorded BARGAIN SALE OPTION AGREEMENT dated September 29, 1997, by and between STEPHEN W. LONG and KENNETH W. CARLSON, as Trustee of that certain unrecorded Kenneth W. Carlson Professional Corporation Retirement Fund dated August 1, 1979, as amended, "Seller", and CLARUM CORPORATION, a California corporation, "Buyer", of which a MEMORANDUM OF OPTION is recorded as Document No. 97-138294, whereby Seller grants to Buyer an exclusive option to purchase a portion of the land described herein, being the portion of the property referred to as Cotenancy Area C or CPR Unit C.

22. WAIVER AND RELEASE

DATED : ----- (acknowledged January 14, 1998)
RECORDED : Document No. 98-011503
BY : STEPHEN W. LONG
WITH : COUNTY OF KAUAI
RE : Water service

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

INSTRUMENT: DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
"KALIHIWAI BAY VIEW ESTATES"

DATED : March 13, 1998
RECORDED : Document No. 98-049081
MAP : 2715

CONSENT AND JOINDER by CLARUM CORPORATION, a California corporation, by instrument dated March 30, 1998, recorded as Document No. 98-049083.

24. The following easements as contained in Declaration of Condominium Property Regime, recorded as Document No. 98-049081; to-wit:

- (A) Easement "P-1", for pedestrian access purposes, in favor of this Project and Lot 9;
- (B) Easement "P-2", for pedestrian access purposes, in favor of Units C, D and E; and
- (C) Easement "AU-1", a non-exclusive easement over Units A and C for access and utility purposes, in favor of Unit B, as well as for Units A and C.

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

INSTRUMENT: BY-LAWS OF THE ASSOCIATION OF CONDOMINIUM OWNERS

DATED : March 13, 1998
RECORDED : Document No. 98-049082

CONSENT AND JOINDER by CLARUM CORPORATION, a California corporation, by instrument dated March 30, 1998, recorded as Document No. 98-049083.

END OF EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR
KALIHIWAI BAY VIEW ESTATES

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of KALIHIWAI BAY VIEW ESTATES makes the following disclosures:

1. The Developer of the project is STEPHEN W. LONG, P. O. Box 1428, Hanalei, Hawaii, 96714; telephone 826-4550.

2. See Exhibit H to the Final Public Report for the projected maintenance fees. The Developer discloses that no reserve study was conducted in accordance with §514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

4. All of the apartments of the project are to be used for agricultural purposes only and permitted residential use within the agricultural zone. There will be no commercial use except those activities permitted by the County of Kauai County Comprehensive Zoning Ordinance.


STEPHEN W. LONG

Dated: March 28, 1998

RECEIPT

The undersigned has received a copy of the foregoing disclosure abstract with Exhibit H this ___ day of _____, 19__.

Purchaser(s)

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
A	\$ 20.00 \$240.00
B	20.00 240.00
C	20.00 240.00
D	20.00 240.00
E	20.00 240.00

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

EXHIBIT I

SUMMARY OF DECLARATION OF RESTRICTIVE COVENANTS FOR ANINI VISTA ESTATES SUBDIVISION

This Project is located on one of the lots of the Anini Vista Estates Subdivision. Lots in the subdivision are subject to a "Declaration of Restrictive Covenants" (herein called the "Restrictive Covenants") dated May 6, 1997, recorded in the Bureau of Conveyances of the State of Hawaii on as Document No. 97-061606. This is a summary of the types of restrictions applicable to the subdivision as a whole, and to the Lot upon which this Project is located. This summary is not meant to completely recite the actual provisions of the Restrictive Covenants, nor to cover every issue in which a purchaser might have interest. A prospective purchaser is urged to obtain a full copy of the Restrictive Covenants from the Developer prior to entering into an agreement to purchase a unit.

ARTICLE II Restrictions

Section 1. Land Use. The lots shall be used in accordance with the State Land Use District Regulation and the Comprehensive Zoning Ordinance of the Island and County of Kauai. Uses shall be limited to those uses permissible in an "A" agricultural district. Any dwelling constructed on any lot shall be a farm dwelling where agricultural activity provides income to the occupying family. No off street or curb parking is permitted, commercial activities (other than vacation rentals) shall be prohibited and no activities which generates offensive noises and offensive or noxious odors shall be permitted.

Section 2. Site Improvement Guidelines. There are height limitations on corner lots for fences, walls, hedges or shrubs to protect sight lines at intersections within the subdivision. There are restrictions on materials used for fences and a height limitation for walls. Recreational and construction vehicles, boats and trailers must be parked under roof. Lots must be kept mowed in a reasonable manner. There are limitations on the number of driveways permitted each lot. Construction is limited to the hours of 7:00 a.m. and 6:00 p.m.

Section 3. Building Guidelines. There are building setbacks. There are minimum building sizes, costs and limitations to construction materials. There are height restrictions. There is a minimum roof pitch slope and limitations on the type of roofing materials permissible. Garages must accommodate at least two cars. There are limitations on the numbers of barns and accessory farm buildings permitted on each dwelling site. There are restrictions against temporary buildings within the subdivision.

Section 4. View Corridors and Tree Trimming Guidelines. Lot owners shall have the right to reasonably trim vegetation in the open space zoning area to enhance views. Only licensed tree trimmers with adequate insurance coverage shall be allowed to undertake and complete such trimming work.

Section 5. Additional Restrictions. No noxious or offensive activity shall be carried on upon any lot. No temporary buildings shall be used on any lot for residential purposes. There are restrictions as to the types of signs permitted on the lots. There are guidelines for garbage and refuse disposal. Water will be

supplied only through a public water system. No improvements or any grading or other materials shall impede the free flow of water in the natural water courses located within the lots.

ARTICLE III
Design Review Committee

Section 1. Design Review Committee and Amendments to the Guidelines. A design review committee consisting of three members will be established. These Restrictive Covenants, including the guidelines set forth herein, may be amended by a vote of at least seven of the nine lot owners.

ARTICLE IV
General Provisions

Section 1. Duration. These Restrictive Covenants will be in effect from the date of their recordation and shall run with the land.

Section 2. Enforcement. The Association of Owners of Anini Vista Estates shall have the right and the responsibility to enforce any or all of the restrictive covenants and conditions imposed by this Declaration. Any disputes or differences or questions arising between the Association and a lot owner concerning the interpretation of or compliance with these covenants shall be submitted to arbitration.

END OF EXHIBIT I