# CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Rae-Marie May, Victor M. Hershon, Steven A. Seiden, Scott Passeroff and David A. Klass
Address c/o Rae-Marie May, P.O. Box 3355, Princeville, Kauai, HI 96722

Project Name(*): KAUAIANA
Address: 4873 Kapa'ka Street, Hanalei, HI 96714

Registration No. 4093 (Conversion)
Effective date: April 29, 1999
Expiration date: May 29, 2000

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

_X_ **FINAL: (white)** The developer has legally created a condominium and has filed complete information with the Commission.

[X] 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

FORM: RECO-30 286/986/189/1190/892/0197

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report as Exhibit "F"

[ ] 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.

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

[ ] Changes are made as follows:

## SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

GUEST HOUSE. Buyers are advised that the Comprehensive Zoning Ordinance allows only five (5) farm dwellings for this Project. The guest house, unit 6, is an **"accessory to"** a farm dwelling unit and cannot occur alone. The guest house is **NOT** a legal farm dwelling unit. The Comprehensive Zoning Ordinance prohibits guest houses from being a dwelling unit through the prohibition of a kitchen.

UTILITIES. The Department of Water does not have a domestic water system in the area. The Project is serviced by Princeville's private water system. Prior to the Department of Water recommending building permit approvals for development of units, buyers applying for permits will be required to sign and execute a "Waiver and Release" agreement with the Department of Water, agreeing that County water service is not available.

Buyers are advised that Kauai Electric does not currently have any facilities in the area of the Project. In order to furnish the Project with electrical service, a utility easement must be granted in favor of Kauai Electric.

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

## TABLE OF CONTENTS


| | Page |
|---|---|
| Preparation of this Report | 1 |
| Expiration Date of Reports | 1 |
| Type of Report | 1 |
| Disclosure Abstract | 2 |
| Summary of Changes from Earlier Public Reports | 2 |
| Table of Contents | 3 |
| General Information on Condominiums | 4 |
| Operation of the Condominium Project | 4 |
| I. PERSONS CONNECTED WITH THE PROJECT | 5 |
| Developer / Attorney for Developer / General Contractor | |
| Real Estate Broker / Escrow Company / Condominium Managing Agent | |
| II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS | |
| A. Declaration | 6 |
| B. Condominium Map (File Plan) | 6 |
| C. Bylaws | 6 |
| D. House Rules | 7 |
| E. Changes to Condominium Documents | 7 |
| III. THE CONDOMINIUM PROJECT | |
| A. Interest to be Conveyed to Buyer | 8 |
| B. Underlying Land | 9 |
| C. Buildings and Other Improvements | 10 |
| D. Common Elements, Limited Common Elements, Common Interest | 13 |
| E. Encumbrances Against Title | 14 |
| F. Construction Warranties | 15 |
| G. Status of Construction | 16 |
| H. Project Phases | 16 |
| IV. CONDOMINIUM MANAGEMENT | |
| A. Management of the Common Elements | 17 |
| B. Estimate of Initial Maintenance Fees | 17 |
| C. Utility Charges for Apartments | 17 |
| V. MISCELLANEOUS | |
| A. Sales Documents Filed with the Real Estate Commission | 18 |
| B. Buyer's Right to Cancel Sales Contract | 18 |
| C. Additional Information Not Covered Above | 20 |
| D. Signature of Developer | 21 |

EXHIBIT A: **Title Report**
EXHIBIT B: **Verification from County of Kauai**
EXHIBIT C: **Letter from Engineer**
EXHIBIT D: **Summary of Sales Contract**
EXHIBIT E: **Summary of Escrow Agreement**
EXHIBIT F: **Disclosure Abstract**
EXHIBIT G: **Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements**

## 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:**

Rae-Marie May, Victor M. Hershon, Steven A. Seiden, Scott Passeroff and David A. Klass
Name

Phone: (808) 826-9525 (Business)

c/o Rae-Marie May, P.O. Box 3355, Princeville, Kauai, HI 96722
Business Address

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

None

**Real Estate Broker:**

None. The developers have indicated that they do not plan to sell at this time. See page 20
Name / Business Address

Phone: (Business)

**Escrow:**

Title Guaranty Escrow Services, Inc.
Name

Phone: (808) 521-0211 (Business)

235 South Queen Street
Business Address

Honolulu, HI 96806

**General Contractor:**

None
Name

Phone: (Business)

Business Address

**Condominium Managing Agent:**

None - Self-Managed
Name

Phone: (Business)

Business Address

**Attorney for Developer:**

Ashford & Wriston (Attn: Cynthia K. Ching)
Name

Phone: 539-0400 (Business)

1099 Alakea Street, Suite 1400
Business Address

Honolulu, HI 96813

## II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 98-098006
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
[X] Recorded - Bureau of Conveyances Condo Map No. 2768
[ ] 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
[X] Recorded - Bureau of Conveyances: Document No. 98-098007
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 [X] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. Developer:

[X] 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:**

[X] 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: 4873 Kapa'ka Street Hanalei, Hawaii 96714 Tax Map Key (TMK): 5-3-008-014 (4)

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

Land Area: 25.0 [ ] square feet [X] acre(s) Zoning: AG/Open

Fee Owner:

Rae-Marie May
Name
P.O. Box 3355, Princeville, HI 96722
Address

Steven A. Seiden
Name
10120 E. Alondra Blvd, Bellflower, CA 90706
Address

Victor M. Hershon
Name
P.O. Box 1520, Hanalei, HI 96714
Address

Scott Passeroff
Name
10058 Sunland Blvd., Sunland, CA 91040
Address

David A. Klass
Name
1720 Wellesley Dr., Santa Monica, CA 90405
Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 8 Floors Per Building Unit 1: 2 floors; Units 2, 3, 4, 5: 1 floor

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[ ] Concrete [X] Hollow Tile [X] Wood

[ ] Other _____

4. Uses Permitted by Zoning:

| | No. of Apts. | Use Permitted By Zoning | No. of Apts. | Use Permitted By Zoning |
|---|---|---|---|---|
| [ ] Residential | ___ | [ ] Yes [ ] No [ ] Ohana | _____ | [ ] Yes [ ] No |
| [ ] Commercial | ___ | [ ] Yes [ ] No [ ] Industrial | _____ | [ ] Yes [ ] No |
| [ ] Mix Res/Comm | ___ | [ ] Yes [ ] No [X] Agricultural | 1 | [X] Yes [ ] No |
| [ ] Hotel | ___ | [ ] Yes [ ] No [ ] Recreational | _____ | [ ] Yes [ ] No |
| [ ] Timeshare | ___ | [ ] Yes [ ] No [X] Other: shed | 5 | [ ] Yes [ ] No |

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

[X] Yes [ ] No

5. Special Use Restrictions:

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

[ ] Pets:_____

[ ] Number of Occupants:_____

[X] Other:The apartments of the Project shall be occupied and used only for agricultural uses and, where permitted, as private residential dwellings by the respective owners and for no other purposes.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Unit 1 Trash Chutes:_____

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Net Other Area (sf) | (Identify) |
|---|---|---|---|---|---|
| Unit 1 | 1 | 3 BR/2 BA | 1,479 | 710/400/155 | Lanai/Carport/Laundry-Storage |
| Unit 2,3 & 5 | 3 | | --- | 96 | Shed |
| Unit 4 | 1 | | --- | 120 | Shed |
| Unit 6 | 2 | | --- | 444/96 | Shed |
| | | | | | |

Total Apartments: 6

***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:

The respective apartments shall not be deemed to include any pipes, wires, conduits or other utility or service lines running through one apartment which are utilized for or serve both apartments, the same being deemed common elements. Each apartment shall be deemed to include the entire building in which the apartment is located and all fixtures and appliances originally installed in such apartment for its exclusive use.

Permitted Alterations to Apartment:

Additions to or alterations of an apartment made within such apartment shall be permitted with the approval of the Board only. Upon completion of any addition or alteration which changes the floor plan of the apartment, a revised floor plan shall be filed as an amendment of the Declaration and Condominium Map at the expense of the apartment owner.

7. Parking Stalls:

Total Parking Stalls: 2

| | Regular | | Compact | | Tandem | | |
|---|---|---|---|---|---|---|---|
| | covered | open | covered | open | covered | open | TOTAL |
| Assigned | Unit 1:2 | | | | | | 2 |
| Guest | | | | | | | |
| Un-assign | | | | | | | |
| Extra for Purchase | | | | | | | |
| Other: *Unit 2,3,4 & 5 have ample area within their limited common elements for parking purposes | | | | | | | |
| Total Covered & Open: | 2 | | 0 | | 0 | | 2 |

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:

[X] There are no recreational or common facilities.

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

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute

[ ] Other: _____

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

[X ] There are no violations. [ ] Violations will not be cured.

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

The verification from the County of Kauai (see Exhibit "B") states that [the buildings met code requirements at the time of construction].

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):

See Exhibit "C" - letter from registered structural engineer for Unit 1. No representations are being made about the useful life of any structural components, mechanical and electrical installations. The structures are in fair condition.

11. Conformance to Present Zoning Code

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

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

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

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

| | Conforming | Non-Conforming | Illegal |
|---|---|---|---|
| Uses | X | | |
| Structures | X | | |
| Lot | X | | |

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

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

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

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

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

[ ] described in Exhibit _____

[X] as follows:

The common elements of the Project include:

(a) The land described herein in fee simple;

(b) The portion of the roadway shown on the Condominium Map as "Common Element";

(c) All pipes, wires, conduits or other utility or service lines running through one apartment or house site which are utilized for or serve more than one apartment or house site and any other appurtenant installations for common services.

(d) All other apparatus and installations existing for common use.

(e) All other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

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:

[ ] described in Exhibit ___

[X] as follows:

(a) The area of the yard adjoining the front, rear and the sides of each building, as shown on the Condominium Map.
NOTE: Yards referenced herein are not portions of legally subdivided lots.

(b) The land over which each apartment is constructed.

(c) The end of the driveway shown on the Condominium Map shall be appurtenant to and for the exclusive use of Apartments 3 and 4, for ingress or egress. The owner of Apartments 3 and 4 shall be responsible for the maintenance of the driveway.

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 _____

[X] as follows:

Unit 1 - ten percent (10%)
Unit 2 - ten percent (10%)
Unit 3 - twenty-five percent (25%)
Unit 4 - twenty-five percent (25%)
Unit 5 - twenty percent (20%)
Unit 6 - ten percent (10%)

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 A describes the encumbrances against the title contained in the title report dated Feb. 23, 1999

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.

[X] 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.

| Type of Lien | Effecting on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance** |
|---|---|

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:

When the developers later decide to sell, the apartments will be sold together with appliances and other personal property in an "AS IS" condition, without benefit of warranties. The buyers may have their own architects, engineers and other personnel examine the apartments with sufficient thoroughness to enable the buyers to decide if they want to purchase the apartments. The purchase of apartments by the buyers shall be deemed to include (i) a complete and comprehensive assumption of all liabilities arising with respect to the apartments from and after closing, including all claims based on faulty planning, design, engineering, construction, or defective materials or workmanship; and (ii) a release and discharge of the sellers, their respective heirs, assigns, devisees and personal representatives, from all claims, obligations and liabilities arising out of the condition of the apartments, and any disclosures made or not made with respect thereto. The buyers recognize that the foregoing itemization of potential claims or liabilities is not intended to be exclusive, or to limit the generality of the buyers' acceptance of the apartments in an "AS IS" condition, given the most expansive interpretation of those words.

2. Appliances:

The buyers will have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the apartments, if any exist at the time of the sale.

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

Unit 1 Farm Dwelling was completed 28 years ago.

Unit 2, 3, 4, 5 & 6 sheds wered completed in 1994.

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
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] other _____

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

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit __F__ 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:

[X] 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

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

[X] Escrow Agreement dated April 15, 1998
Exhibit E 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 Farm Dwelling Agreement - Document No. 96-131138

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. 0. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4093 filed with the Real Estate Commission on December 21, 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**

Disclosure regarding selection of Real Estate Broker:

The developer has not selected a real estate broker for the sales 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-liicensed 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.

Guest House:

The Project is entitled to one guest house. The right to construct the guest house on Unit 6 is assigned to Unit 1. All provisions of the County of Kauai Comprehensive Zoninig Ordinance and any other laws, ordinances or regulations applicable shall be observed by the owner of the apartment to which the guest house applies. For further information, refer to Section "I" and Exhibit "B" of the Declaration of Condominium Property Regime of Kauaiana.

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.

Rae-Marie May, Victor M. Hershon, Steven A. Seiden, Scott Passeroff and David Allan Klass
Name of Developer

| | |
|---|---|
| Rae-Marie May<br>RAE-MARIE MAY | April 18, 1998<br>DATE |
| Victor M Hershon<br>VICTOR M. HERSHON | April 18, 1998<br>DATE |
| Steven A Seiden<br>STEVEN A. SEIDEN | 5-10-98<br>DATE |
| Scott Passeroff<br>SCOTT PASSEROFF | 5-10-98<br>DATE |
| David Allan Klass<br>DAVID ALLAN KLASS | 5-10-98<br>DATE |

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

Federal Housing Administration

**EXHIBIT "A"**

Encumbrances Against Title

AS TO ALL UNITS:

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

2. Reservation of Rights to Anini Stream of the Kuleanas of Land Commission Awards at Anini and water privileges for the Government Reservation near the seashore, containing an area of 21 acres as contained in Land Patent Grant No. 4846.

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

4. DECLARATION OF RESTRICTIVE COVENANTS AND CONDITIONS
   Dated: November 25, 1977
   Book: 12660
   Page: 690
   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.

5. Free flowage of water in and to all streams and stream beds, if any, as contained in that certain Warranty Deed dated December 7, 1978, in the Bureau of Conveyances of the State of Hawaii in Book 13370, Page 74.

6. Reservation(s) as contained in the following:
   DEED
   Dated: February 13, 1979
   Book: 13509
   Page:251 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.

7. AGREEMENT
By and Between:CONSOLIDATED OIL & GAS, INC., a Colorado corporation, registered to do business in the State of Hawaii and CITIZENS UTILITIES COMPANY, a Delaware corporation, dba KAUAI ELECTRIC
Dated: December 6, 1982
Book: 16891
Page: 505
Re: Electrical purposes

8. WAIVER AND RELEASE
Dated: January 25, 1994
Document No. 94-016855 to which reference is hereby made.

9. WAIVER AND RELEASE
Dated: undated
Document No. 95-121572 to which reference is hereby made.

10. FARM DWELLING AGREEMENT
By and Between:STEVEN A. SEIDEN, SCOTT PASSEROFF, VICTOR HERSHON, DAVID ALLAN KLASS, ROGER A. ROSS, "APPLICANTS", and the COUNTY OF KAUAI PLANNING DEPARTMENT, "DEPARTMENT"
Dated: September 10, 1996
Document No. 96-131138

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

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "KAUAIANA"
Dated: April 15,1998
Document No. 98-098006
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. 2768, to which reference is hereby made.

12. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "KAUAIANA"
Dated: April 15, 1998
Document No. 98-098007 to which reference is hereby made

13. AS TO UNITS I AND 6 ONLY:

(a) The terms, provisions, covenants, easements and reservations as contained in the following:

APARTMENT DEED (ORIGINAL)
Dated: July 7, 1998
Document No. 98-105359
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

14. AS TO UNIT 2 ONLY:

(a) The terms, provisions, covenants, easements and reservations as contained in the following:

APARTMENT DEED (ORIGINAL)
Dated: July 7, 1998
Document No. 98-105360
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

15. AS TO UNIT 3 ONLY:

(a) The terms, provisions, covenants, easements and reservations as contained in the following:

APARTMENT DEED (ORIGINAL)
Dated: July 7, 1998
Document No. 98-105361

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.

16. AS TO UNIT 4 ONLY:

(a) The terms, provisions, covenants, easements and reservations as contained in the following:

APARTMENT DEED (ORIGINAL)
Dated: July 7, 1998
Document No. 98-105362
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

17. AS TO UNIT 5 ONLY:

(a) The terms, provisions, covenants, easements and reservations as contained in the following:

APARTMENT DEED (ORIGINAL)
Dated: July 7, 1998
Document No. 98-105363
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

18. 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.

AUG 2 8 1998

COPY

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

M E M O R A N D U M

DATE: August 24, 1998

TO: Senior Condominium Specialist
Real Estate Commission
P&VLD/DCCA
250 South King Street, Suite 702
Honolulu, Hawaii 96813

FROM: Dee M. Crowell, Planning Director

Subject: Certification of Inspection of Existing Buildings for

PROJECT NAME: KAUAIANA CONDOMINIUM PROJECT
TAX MAP KEY: (4) 5-3-08:14

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

a. That the existing buildings on the proposed project referred to as Kauaiana is in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by this department.

b. There were no variances approved for the subject property.

c. The parcel does not contain any outstanding legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

d. There are no notices of violation of County Building or zoning codes outstanding according to our records.

EXHIBIT B

e. The subject property is situated in the agriculture and open district.

f. Kauai Electric and the Department of Water requested that this department inform them of new CPRs so they can make their comments on existing facilities and on additional and future service requirements for the project. Their comments herewith enclosed.

g. The limited common elements proposed exceeds the number of farm dwellings that is allowed by the Comprehensive Zoning Ordinance (CZO). There shall be only five (5) farm dwellings allowed to be constructed on the parcel. The guest house is an "accessory to" a farm dwelling unit and cannot occur alone. Locating a guest house on a unit which does not contain a farm dwelling could mislead a potential buyer that the guest house is a legal farm dwelling unit. The CZO prohibits guest houses from being a dwelling unit through the prohibition of a kitchen.

h. WAIVER
The foregoing certification is not a warranty as to any compliance with all applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulation of condominiums under Subsection a-40 (b)(1), Hawaii revised Statutes.

If you have any questions, please contact Alvin Fukushima of my staff at 241-6697.

cc: Cynthia K. Ching

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

M E M O R A N D U M

DATE: August 6, 1998

COUNTY OF KAUAI
'98 AUG 19 P2:10
PLANNING DEPT.

AUG - 6 1998
COUNTY OF KAUAI

TO: Department of Water
Ernest Y. W. Lau
Manager and Chief Engineer

FROM: Alvin Fukushima
Drafting Technician III

SUBJECT: CPR Comments - Kauaiana Condominium

Pursuant to our agreement, we are submitting the attached CPR application for your comments.

The property being proposed for CPR is identified as TMK: 5-3-08:14 which is zoned Ag/Open, and qualifies for 5 farm dwellings units. The developer is proposing 6 CPR units. A map of the proposed CPR is attached for your reference.

Please submit your comments to our office by August 14, 1998. You may use the portion below to comment on or, if you wish, submit a separate letter to us.

If you have questions, please call me at 241-6677.

COMMENTS:

August 17, 1998

We have no objection to the proposed 6-unit CPR, however, the applicant is made aware that the Department of Water does not have a domestic water system in this area, and that Princeville's private water system services this area.

Prior to the Department of Water recommending building permit approvals for the subject CPR development, the applicant will be required to sign and execute a "Waiver and Release" agreement with Department of Water, agreeing that County water service is not available.

If you have any questions, please call Keith Aoki at 245-5418.

Department of Water

C:\templates\cpr\kauaiana

**COUNTY OF KAUAI**
**PLANNING DEPARTMENT**
**4444 Rice Street, Suite 473, Lihue, Hawaii 96766**

# M E M O R A N D U M

**DATE:** August 6, 1998

**TO:** Kauai Electric
Attn: Debra L. Santiago

**FROM:** Alvin Fukushima
Drafting Technician III

**SUBJECT:** CPR Comments

Pursuant to our agreement, we are submitting the attached CPR application for your comments.

The property being proposed for CPR is identified as TMK 5-3-08:14 and named Kauaiana Condominium Project which is zoned Ag/Open and qualifies for 5 units. The developer is proposing 6 units. A map of the proposed CPR is attached for your reference.

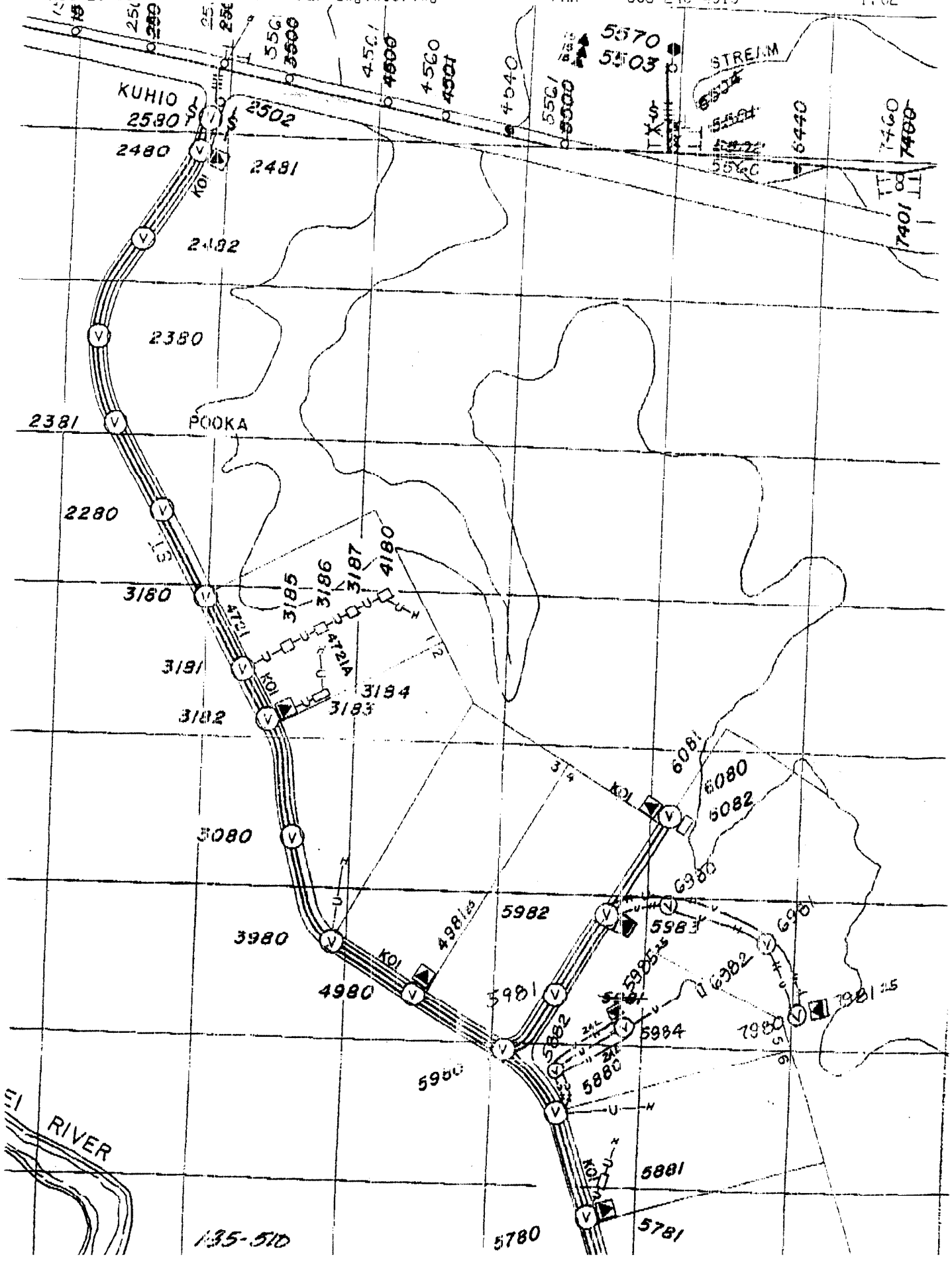
Please submit your comments to our office by August 14, 1998. You may use the portion below to comment on or if you wish, submit a separate letter to us.

If you have questions, please call me at 241-6697.

**COMMENTS:**

A UTILITY EASEMENT GRANTED TO KAUAI ELECTRIC IS REQUIRED IN ORDER TO FURNISH "KAUAIANA CONDOMINIUM PROJECT", TMK: 5-3-08:14 WITH ELECTRICAL SERVICE. FOR FURTHER INFORMATION REGARDING THIS EASEMENT, PLEASE CALL ALICE MIGUEL AT 246-4369 IN OUR PROPERTY & RISK MANAGEMENT DEPARTMENT.
PLEASE NOTE ON THE ATTACHED ELECTRICAL MAP THAT THERE ARE NO KE FACILITIES IN THE AREA OF PROPOSED CPR. THE DEVELOPER OF THIS CPR SHOULD CONTACT KAUAI ELECTRIC A.S.A.P. @246-4340.

Jackie Harlow 8/26/98
Kauai Electric Co.


KUHIO
2580
2502
2480
2481
2482
2380
2381
POOKA
2280
3180
3185
3186
3187
4180
4721
4721A
3181
3184
3183
3182
3080
3980
4980
4981
5982
5983
5981
5984
5882
5880
5980
5881
5781
5780
6081
6080
6082
6980
6981
6982
7980
7981
6440
7460
7401
5570
5503
STREAM
RIVER
135-510

AVERY H. YOUN, ARCHITECT
3082 A PELEKE STREET
LIHUE, HAWAII 96766

# KAUAIANA CONDOMINIUM
## ARCHITECT'S CERTIFICATION

STATE OF HAWAII )
) SS.
COUNTY OF KAUAI )

The undersigned, being a licensed architect within the State of Hawaii and bearing Registration Number 3576, hereby certifies that the attached floor plans and elevations of the Unit 1 Dwelling of the KAUAIANA CONDOMINIUM Project show the layout and dimensions of the apartment and are true and accurate copies of portions of the plans filed with and approved by the County of Kauai Building Division for issuance of building permits. I have inspected the structural, electrical and mechanical components of the project and it appears to be in conformity with all ordinances, codes, rules, regulations, laws and other requirements in force at the time of its construction.

Unit 1 Dwelling was constructed in 1970, and moved onto this property in 1993. A Building Permit was issued in 1995 for a carport/storage/bath and lanai addition and a second story bedroom/bath addition. As of this date, these additions are not complete. Unit 1 Dwelling has a remaining useful life of 40 years.

This is not a warranty of compliance with all rules and regulations, only a warranty that inspection was made and no apparent violations appear to exist, the project conforms to present zoning requirements and no variances have been applied for or granted for any uses or structures on the property. No right shall accrue to any third party for subsequent discovery of any problems with code compliance or for future changes in such code (s)

Within thirty (30) days of completion of construction of the structure depicted in the attachments, the owner/developer shall file an amendment to the Declaration of Condominium Property Regime certifying the placement of such structure upon the project, as well as completion thereof.

AVERY H. YOUN

Subscribed and sworn to before me
this 11 day of July 1996.

Notary Public, State of Hawaii
my commission expires: Sept. 5, 1996

AVERY H. YOUN
REGISTERED PROFESSIONAL ARCHITECT
No. 3576
HAWAII, U.S.A.

EXHIBIT C

## EXHIBIT "D"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

1. Whether a purchaser will be obtaining a mortgage loan to cover part of the purchase price.

2. That the apartment will be subject to various other legal documents which the purchaser should examine.

3. That certain expenses, such as property taxes and insurance premiums shall be prorated as of the date of closing.

4. That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

5. That the Seller may take any or all of the following actions if Buyer fails to pay the balance of the purchase price or complete the purchase.

   a. Bring an action for damages for breach of contract.

   b. Retain the initial deposit and all additional deposits as liquidated damages.

   c. Hold Buyer responsible for any costs incurred in accordance with the sale contract.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

## EXHIBIT "E"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

1. Escrow will let purchasers know when payments are due.

2. Escrow will arrange for purchasers to sign all necessary documents.

3. The Escrow Agreement says under what conditions a refund will be made to the purchaser.

4. The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

The Escrow Agreement contains various other provisions and establishes certain changes with which the purchaser should become acquainted.

**DISCLOSURE ABSTRACT**
Pursuant to §514A-61, Hawaii Revised Statutes
Registration No. 4093

1. Project Name : KAUAIANA
   4873 Kapaka Street
   Princeville, Kauai, Hawaii

2. Developer : SEE SIGNATURES AND ADDRESSES FOLLOWING PAGE

3. Real Estate Broker : Sold by Owners

4. Managing Agent : Managed by Owners' Association

5. See Exhibit "G" attached to the ~~XXXXXXXXXXXXXXXXXXXX~~ 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.

6. 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.

7. All of the apartments of the project are to be used for agricultural purposes 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.

8. Developer represents that in every other respect the information contained in the Final Public Report remains accurate and in full force and effect.

In witness whereof, the Fee Owner/Developer has executed this Amended Disclosure Abstract this ___ day of _____, 19__.

See attached signature page.

---

RECEIPT

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

Purchaser(s)

_____ _____

EXHIBIT F

Disclosure Abstract for Kauaiana Condominium

FEE OWNER/DEVELOPERS:

x RAE-MARIE MAY

Name:
Address:

PO BOX 3355
PRINCEVILLE, HI 96722

x STEVEN A. SEIDEN

Name:
Address:

10120 E. ALONDRA BLVD.
BELLFLOWER, CA 90706

x VICTOR M. HERSHON

Name:
Address:

PO BOX 1520
HANALEI, HI 96714

x SCOTT PASSEROFF

Name:
Address:

10058 SUNLAND BLVD.
SUNLAND, CA 91040

x DAVID ALLAN KLASS

Name:
Address:

1720 WELLESLEY DR.
SANTA MONICA, CA 90405

EXHIBIT "G"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

| Apartment | Monthly Fee x 12 months = | Yearly Total |
|---|---|---|
| 1,2,6 | 10.00 | 120.00 |
| 3,4 | 25.00 | 300.00 |
| 5 | 20.00 | 240.00 |

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

Estimate of Maintenance Fee Disbursements:

| | Monthly x 12 months = Yearly Total | |
|---|---|---|
| Utilities and Services | | |
| Air Conditioning | | |
| Electricity | | |
| [ ] common elements only | | |
| [ ] common elements and apartments | | |
| Elevator | | |
| Gas | | |
| [ ] common elements only | | |
| [ ] common elements and apartments | | |
| Refuse Collection | | |
| Telephone | | |
| Water and Sewer | | |
| Maintenance, Repairs and Supplies (road) | 25.00 | 300.00 |
| Building | | |
| Grounds | | |
| Management | | |
| Management Fee | | |
| Payroll and Payroll Taxes | | |
| Office Expenses | | |
| Insurance | 75.00 | 900.00 |
| Reserves(*) | | |
| Taxes and Government Assessments | | |
| Audit Fees | | |
| Other | | |
| TOTAL | 100.00 | 1,200.00 |

k We the owners, with our signatures attached, owning all interests in the 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.

SEE ATTACHED SIGNATURE PAGE
Signature

April , 1998
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.

THE UNDERSIGNED ARE HOLDERS OF ALL OF THE FEE SIMPLE INTERSTS IN THE LAND UNDERLYING THE "KAUAIANA CONDOMINIUM" AND HEREBY CERTIFY THE FOREGOING GOOD-FAITH ESTIMATES OF PROSPECTIVE COM_ MON EXPENSES OF THE CONDOMINIUM PROJECT.

NO STUDY HAS BEEN UNDERTAKEN TO DETERMINE RESERVES FOR FUTURE REPLACEMENT OF COMMON ELEMENTS AS PROVIDED IN Section 514A-83.6 HAWAII REVISED STATUTES OR THE REPLACEMENT RESERVE RULES IN SUBCHAPTER 6, Title 16, Hawaii Administrative Rules, as amended.

FEE OWNERS:
DATED: April 18, 1998

Rae-Marie May
RAE-MARIE MAY

STEVEN A. SEIDEN

Victor M. Hershon
VICTOR M. HERSHON

Scott Passeroff
SCOTT PASSEROFF

David Allan Klass
DAVID ALLAN KLASS