

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer DAVID J. CISAN, SR., Trustee and JEANNE CISAN, Trustee
Address RR 1, Box 406, Kapaa, Kauai, Hawaii 96746

Project Name(*): BAREFOOT VILLAS
Address 1736 Kaehulua Road, Kapaa, Kauai, Hawaii 96746

Registration No. 4105 (Conversion)

Effective date: March 1, 1999

Expiration date: April 1, 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 governmental 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 expire on

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - disclosure covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL NOTICE:

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

1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.
2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediate adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.
3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FORGOING.

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: Description of Apartments	
EXHIBIT B: Common Elements and Limited Common Elements	
EXHIBIT C: Encumbrances Against Title	
EXHIBIT D: Summary of Sales Contract	
EXHIBIT E: Summary of Escrow Agreement	
EXHIBIT F: Reserved Right to Develop and Designate Sixth Unit	
EXHIBIT G: Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements	
EXHIBIT H: Letter from Planning Department, County of Kauai	

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. The 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 of 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 spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: DAVID J. CISAN, SR., Trustee and JEANNE CISAN, Trustee Phone: (808) 822-7987
Name (Business)
RR 1, Box 406
Business Address
Kapaa, Kauai, Hawaii 96746

Real Estate Broker: Julie A. Black, dba Phone: (808) 822-7774
Kauai Dreams Realty (Business)
Name
P. O. Box 1086
Business Address
Kapaa, Hawaii, Hawaii 96746

Escrow: SECURITY TITLE CORPORATION Phone: (808) 245-6975
Name (Business)
4370 Kukui Grove, Sute 203
Business Address
Lihue, Kauai, Hawaii 96722

General Contractor: N/A Phone: _____
Name (Business)
Business Address

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

Attorney for Developer: Michael H. Sakai, Esq. Phone: (808) 531-4171
Name (Business)
201 Merchant Street, Suite 902
Business Address
Honolulu, Hawaii 96813-2929

**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. 98-129169
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

First Amendment to Declaration and By-Laws dated January 26, 1999 and recorded in said Bureau, as Document No. 99-021827 on February 12, 1999.

- 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. 2788
 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 manners which affect how the condominium project will be governed.

The Bylaws for this condominium re:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 98-129170
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]:

First Amendment to Declaration and By-Laws dated January 26, 1999 and recorded in said Bureau, as Document No. 99-021827 on February 12, 1999.

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

2. Developer:

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

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules: See Exhibit "F" concerning the creation and establishment of a sixth unit.

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Automatically Annually

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

For Subleaseholds:

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

Canceled Foreclosed

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

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s) _____

Lease Rent Payable: Monthly Quarterly
 Semi-Automatically 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 period 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 fee simple owner of the land in order to develop the project. The developer may have then entered into an 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: 1736 Kaehulua Road, Kapaa, Kauai, Hawaii Tax Map Key (TMK): (4) 4-6-30-16
 Address TMK is expected to change because the individual units in the Project may be assigned their own TMK numbers.

Land Area: 37,158 square feet acre(s) Zoning: R-6

Fee Owner: DAVID J. CISAN, SR., Trustee and JEANNE CISAN, Trustee
 Name
RR 1, Box 406

Address
Kapaa, Hawaii 96746

C. Buildings and Other Improvements:

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

2. Number of Buildings: 7 Floors Per Building 2
 (guest cottage and storage shed are one-story)

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other and other allied materials

4. Permitted Uses by Zoning:

	<u>No of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>5</u>	<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 type="checkbox"/> Other:	___	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

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: Domestic Pets are allowed.

Number of Occupants: _____

Other: The guest cottage (unit 6) that is a part of Unit 2 may have use restrictions based on County codes or ordinances.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit 1</u>	<u>1</u>	<u>2/2</u>	<u>913</u>	<u>68/100/800</u>	<u>entry/utility-bath/parking</u>
<u>Unit 2</u>	<u>1</u>	<u>3/2</u>	<u>1468</u>	<u>79/120/472/852</u>	<u>entry/utility-bath/storage/parking</u>
<u>Unit 2/6 (guest cottage)</u>	<u>1</u>	<u>2/1</u>	<u>478</u>		
<u>Unit 2 (storage)</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>216</u>	<u>storage</u>
<u>Unit 3</u>	<u>1</u>	<u>2/2</u>	<u>913</u>	<u>68/100/800</u>	<u>entry/utility-bath/parking</u>
<u>Unit 4</u>	<u>1</u>	<u>2/2</u>	<u>913</u>	<u>68/100/800</u>	<u>entry/utility-bath/parking</u>
<u>Unit 5</u>	<u>1</u>	<u>2/2</u>	<u>913</u>	<u>68/100/800</u>	<u>entry/utility-bath/parking</u>

Total Apartments: 3

*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 boundary of each unit is the exterior finished surfaces of the units' perimeter walls, roofs, foundations, windows and frames, doors, beams, post entries and cesspools, if any.

Permitted Alterations to Apartments:

Each unit owner may alter the structure and any other improvements located within their unit's limited common land area as provided in paragraphs 7.0 and 15.0 of the Declaration of Condominium Property Regime.

7. Parking Stalls:

Total Parking Stalls: 12 Parking is available anywhere within a units limited common land area.

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>TOTAL</u>
Assigned (for each unit)	<u>2</u>	<u>2 (guest cottage)</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>12</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> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational 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 _____

10. Conditions and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years):

Based on a report prepared by Avery H. Youn, AIA, all of the units are in satisfactory condition and the useful remaining life of the units are estimated to be as follows: Units 1 to 5 - 40 years, Unit 2 guest cottage - 30 years; and Unit 2 storage structure - 20 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	<u>X* (see below)</u>	<u> </u>	<u> </u>
Structures	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

*However, see item b in the County's October 26, 1996 memo (Exhibit H) regarding use of one of the residential structures being contrary to the CZO and efforts being made to convert the use to one generally permitted.

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 B.

as follows:

2. Limited Common Elements: 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 B*.

as follows:

*NOTE: Land area referenced herein are not legally subdivided lots.

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

described in Exhibit ____.

as follows:

Unit 1	20%
Unit 2	20%
Unit 3	20%
Unit 4	20%
Unit 5	20%
	100%

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 C describes the encumbrances against the title contained in the title report dated January 4, 1999 and issued by Security 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 specific sums so that individual apartments can be conveyed to buyers free and clear of the lien.

- There are no blanket liens affecting title to the individual apartments.
- There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	If the Developer defaults under the mortgage, the lender may foreclose on the project. This would cancel any contract with a purchaser unless the lender agrees to honor the purchaser's contract. In the event of a contract cancellation, the purchaser shall be entitled to immediate return of all deposits, less an escrow cancellation fee of up to \$250.00.

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. There are no warranties, express or implied.

2. Appliances:
None. There are no warranties, express or implied.

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

Unit 1 was completed in 1984

Unit 2 dwelling was completed in 1985

Unit 2 storage shed was completed in 1986

Unit 3 was completed in 1983

Unit 4 was completed in 1982

Unit 5 was completed in 1981

Unit 2 guest cottage (unit 6) was constructed approximately 30 years ago.

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):

See Exhibit "F" which includes information on the possible future creation of a Unit 6.

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 D contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated June 24, 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 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 a 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 as 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 Report issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any. (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 _____

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, Hawaii 96809, at a nominal cost.

This Public Report is part of Registration No. 4105 filed with the Real Estate Commission on January 22, 1999.

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

yellow paper stock white paper stock pink paper stock

C. Additional Information Not Covered Above

NOT A SUBDIVISION. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

MAINTENANCE FEES. All costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. Driveway maintenance is estimated to be \$60.00 a month for the Project. See Exhibit G.

Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

- 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.

DAVID J. CISAN, SR., Trustee and JEANNE CISAN, Trustee
Name of Developer

David J. Cisan Sr.
DAVID J. CISAN, SR., Trustee
Developer

6-23-98
Date

Jeanne Cisan
JEANNE CISAN, Trustee
Developer

6-23-98
Date

Distribution:

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

EXHIBIT "A"

Description of Apartments

The Project consists of the following five (5) apartments:

a. Unit 1. Unit 1 consist of one freehold estate consisting of one existing two story residential structure without a basement constructed principally of wood, glass, concrete with asphalt shingle roofing. This dwelling consists of a living/dining room, kitchen, study area, entry, two bedrooms, and one bathroom on the second floor. The first floor contains a utility area, one bathroom, and covered parking area for at least two cars. The net living area of the second floor is 913 square feet, the entry and stairs is 68 square feet, the first floor utility and bathroom is 100 square feet, and the covered parking area is 800 square feet. The land area surrounding Unit 1 as delineated and described in the Condominium Map is a limited common element for Unit 1 and is for the exclusive use of Unit 1.

b. Unit 2. Unit 2 consist of one freehold estate consisting of one existing two story residential structure without a basement constructed principally of wood, glass, concrete with asphalt shingle roofing, a one-story tool shed and a one-story guest cottage (Unit 6 on the Condominium Map). The dwelling consists of a living room, kitchen, a den, entry, three bedrooms, and one bathroom on the second floor. The first floor contains a utility area and one bathroom, storage and workshop, and covered parking area for at least two cars. The net living area of the second floor is 1,468 square feet, the entry and stairs is 79 square feet, the first floor utility and bath is 120 square feet, the storage/workshop area is 472 square feet, and the covered parking area is 852 square feet. The tool or storage shed structure is constructed of metal, and concrete block with a metal corrugated roof. It has a net living area of 216 square feet. The one-story guest cottage (identified as Unit 6 on the Condominium Map) structure without a basement is constructed principally of wood with a composition roof on a post and concrete footing foundation. This structure has a net living area of 478 square feet and consists of a living room, 2 bedrooms, one bath and kitchen/wet bar. Parking for the guest cottage may occur anywhere within the limited common area of Unit 6 and there is space for at least two cars. The land area surrounding Unit 2 the tool shed and the guest cottage identified as Unit 6 as delineated and described in the Condominium Map are a limited common element for Unit 2 and is for the exclusive use of Unit 2.

c. Unit 3. Unit 3 consists of one freehold estate consisting of one existing two story residential structure without a basement constructed principally of wood, glass, concrete with asphalt shingle roofing. This dwelling consist of a living/dining room, kitchen, study area, entry, two bedrooms, and one bathroom on the top floor. The first floor contains a utility area, one bathroom, and covered parking area for at least two cars. The net living area of the second floor is 913 square feet, the entry and stairs is 68 square feet, the first floor utility and bath is 100 square feet, and the covered parking area is 800 square feet. The land area surrounding Unit 3 as delineated and described in the Condominium Map is a limited common element for Unit 3 and is for the exclusive use of Unit 3.

d. Unit 4. Unit 4 consists of one freehold estate consisting of one existing two story residential structure without a basement constructed principally of wood, glass, concrete with asphalt shingle roofing. This dwelling consist of a living/dining room, kitchen, study area, entry, two bedrooms, and one bathroom on the second floor. The first floor contains a utility area, one bathroom, and covered parking area for at least two cars. The net living area of the second floor is 913 square feet, the entry and stairs is 68 square feet, the first floor utility and bath is 100 square feet, and the covered parking area is 800 square feet. The land area surrounding Unit 4 as delineated and described in the Condominium Map is a limited common element for Unit 4 and is for the exclusive use of Unit 4.

e. Unit 5. Unit 5 consists of one freehold estate consisting of one existing two story residential structure without a basement constructed principally of wood, glass, concrete with asphalt shingle roofing. This dwelling consist of a living/dining room, kitchen, study area, entry, two bedrooms, and one bathroom on the second floor. The first floor contains a utility area, one bathroom, and covered parking area for at least two cars. The net living area of the second floor is 913 square feet, the entry and stairs is 68 square feet, the first floor utility and bath is 100 square feet, and the covered parking area is 800 square feet. The land area surrounding Unit 5 as delineated and described in the Condominium Map is a limited common element for Unit 5 and is for the exclusive use of Unit 5.

EXHIBIT "B"

Common Elements

The common elements of the Project and which the units have immediate access to include:

- a. The land in fee simple.
- b. The central and appurtenant installations for services such as power, light, telephone, sewer, drainage, hot and cold water and like utilities.
- c. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project including the easements described in Paragraph 6.0.
- d. The common roadway identified as Easement "A" consisting of approximately 4,596 square feet for driveway and/or utility purposes.

Limited Common Elements

The land area delineated and designated in the Condominium Map are limited common elements of a unit and consist of the following:

- a. Unit 1. The land area surrounding and under Unit 1 is a limited common element of Unit 1 and is for the exclusive use of Unit 1 and consists of approximately 5,045 square feet, subject however to Easement A. This unit has its own cesspool located within the limited common land area.
- b. Unit 2. The land area surrounding and under Unit 2, the tool shed and the guest cottage identified as Unit 6 are a limited common element of Unit 2 and is for the exclusive use of Unit 2 and consists of approximately 8,902 square feet (Unit 2) and 10,007 square feet (Unit 6, the portion under the guest cottage) subject however to Easement A. This unit has its own cesspools located within the limited common land area.
- c. Unit 3. The land area surrounding and under Unit 3 is a limited common element of Unit 3 and is for the exclusive use of Unit 3 and consists of approximately 5,065 square feet, subject however to Easement A. This unit has its own cesspool located within the limited common land area.
- d. Unit 4. The land area surrounding and under Unit 4 is a limited common element of Unit 4 and is for the exclusive use of Unit 4 and consists of approximately 4,005 square feet, subject

however to Easement A. This unit has its own cesspool located within the limited common land area.

e. Unit 5. The land area surrounding and under Unit 5 is a limited common element of Unit 5 and is for the exclusive use of Unit 5 and consists of approximately 4,134 square feet, subject however to Easement A. This unit has its own cesspool located within the limited common land area.

EXHIBIT "C"

Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.

2. Right-of-Way in favor of Citizens Utilities Company, a Delaware corporation, duly authorized to do business in the State of Hawaii and Hawaiian Telephone Company, a Hawaii corporation, now known as GTE Hawaiian Telephone Company Incorporated, dated July 16, 1982, for easement for utility purposes over, under, across and through the land herein described, recorded in the Bureau of Conveyances, State of Hawaii, in Book 16568, Page 481.

3. Mortgage dated September 14, 1987, in favor of Kauai Community Federal Credit Union, a corporation or association which was formed and which exists under the laws of the State of Hawaii, recorded in the Bureau of Conveyances, State of Hawaii, in Book 21123, Page 176.

4. Mortgage dated February 27, 1991, in favor of Kauai Community Federal Credit Union, a federally chartered organization, recorded ins aid Bureau, as Document No. 91-028384.

5. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, and easements set forth in the Declaration of Condominium Property Regime of "Barefoot Villas", dated June 23, 1998, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 98-129169.

6. Matters as shown on Condominium File Plan No. 2788, filed in the Bureau of Conveyances.

7. By-Laws of the Association of Unit Owners of Barefoot Villas, dated June 23, 1998, recorded in said Bureau, as Document No. 98-129170, to which reference is hereby made.

8. Real property taxes as may be due and owing. Check with the County Tax Office for further information.

Since the title report, the Declaration and By-Laws were amended as noted on page 6 of this Public Report.

EXHIBIT "D"

Summary of Sales Contract

The Sales Contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.

2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.

3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, By-Laws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:

a. substantially and materially impairs the use and enjoyment of the apartment;

b. substantially and materially alters the arrangement of the rooms or usable space of an apartment or building;

c. renders unenforceable a purchasers' loan commitment;

d. increases the purchaser's share of common expenses or maintenance fees;

e. reduces the obligations of Developer of common expenses on unsold apartments.

5. Provides that the Developer is selling the apartments in "AS-IS WHERE-IS" condition. This means that the Developer is not making any warranties or representations with respect to the apartments and Project.

6. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.

7. Provides that the closing cost shall be paid as follows:

a. By purchaser: title insurance, drafting of any note and mortgage, purchaser notary fees, recording fees, one half of escrow fees, and also a start fee for common expenses, if any.

b. By Developer: drafting of apartment deed and Developer notary fees, conveyance taxes, preliminary title report, and one half of escrow fees.

8. Provides the following remedies, in the event of default under the Sales Contract:

by purchaser:

- a. Developer may bring an action against purchaser for breach of contract;
- b. Developer may retain initial deposit;
- c. Purchaser shall be responsible for expenses incurred.

by Developer:

- a. Purchaser may bring an action against Developer for breach of Contract;
- b. Purchaser may bring an action compelling Developer to perform under contract;
- c. Developer shall be responsible for expenses incurred.

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

9. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

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

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"). Escrow is SECURITY TITLE CORPORATION under the Escrow Agreement dated June 24, 1998, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the apartment unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

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

EXHIBIT "F"

Reserved Right to Develop and Designate Sixth Unit (Unit 6)

The following is from Paragraph 19.0 of the Declaration of Condominium Property Regime.

a. Reserved Right to Develop and Designate Unit 6. The Declarant (who his the Developer) reserves the right at any time and from time to time prior to January 1, 2019 to subdivide or divide Unit 2 into two separate units (units 2 and 6) approximately within the area labeled on the site plan of the Condominium Map as Units 2 and 6.

b. No Obligations Regarding Creation of Sixth Unit. Nothing in this Paragraph 19.0 shall be construed as a representation or warranty by Declarant that a sixth unit will be created and developed.

c. Designation of Unit 6. Declarant, its contractors and their respective employees and agents, shall have the right and an easement in favor of the Declarant and its successors and permitted assigns is hereby granted at any time, and from time to time prior to January 1, 2019 to enter upon the property and use the area designated as Unit 6 and any common elements, and of all things reasonably necessary, desirable or useful for designing, developing, constructing, or completing Unit 6 (including, without limitation, surveying, excavation, access, parking and the storage of construction equipment and materials), and selling the apartment, upon and subject to the following terms and conditions:

(1) A description of Unit 6 has been set forth in this Declaration and the Condominium Map. Declarant reserves the right to modify Unit 6 and make may change the square footage, layout, location, types or number of apartments constituting Unit 6 and may further modify, delete and/or add types of limited common elements or common elements in connection with the designation and creation of Unit 6.

(2) Declarant shall have the right to add, delete, relocate, realign, reserve, grant and receive all easements and rights-of-ways and to otherwise make alterations in and use the common elements for such designation and development and to designate limited common elements over, under and on the common elements, necessary or desirable with respect to the use of Unit 6, including but not limited to, easements and rights of way for

utilities (including, without limitation, electrical lines, cable television, telephone lines and water lines), septic tanks, cesspools, sanitary and storm sewers, driveways, parking areas and roadways; provided that such easements and rights-of-ways and limited common elements shall not be located on or within any existing unit of the project as then constituted and, upon completion, shall not unreasonably and materially impair the use of any existing unit or limited common element appurtenant thereto; provided that the Declarant shall have the right, in the exercise of its rights hereunder, to eliminate, delete, reconfigure, readjust and/or redesignate any limited common element appurtenant to an apartment provided that a substantially equivalent limited common element is substituted therefor.

(3) Every apartment owner and all holders of liens affecting any of the apartments of the project as then constituted and each and every other party acquiring an interest in the project or any part thereof, or in the property, by acquiring such apartment, lien or other interest, agrees that he shall, if required by law or by Declarant (or Declarant's lender or title insurer), join in, consent to, execute, deliver and record all instruments and documents necessary or desirable to effect the granting of easements and/or rights-of-way and/or the designation or redesignation of limited common elements provided for hereinabove; and appoints the Declarant and their assigns his attorney-in-fact with full power of substitution to execute, deliver and file such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserve rights and shall not be affected by the disability of any such party; and which grant of such power shall be binding upon any assignee of or successor-in-interest to any such party and shall be deemed to be automatically granted by any assign or successor-in-interest upon any transfer of an apartment in the project or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

(4) The Declarant, its contractors and subcontractors, and their respective employees and agents, shall not, in their pursuit of the development and designation of Unit 6, cause any interruption other than a temporary interruption in the service of utilities to the project as then constituted, and shall use reasonable efforts without additional costs to the Declarant and consistent with maintaining the progress of the design, development, construction, completion and sale, to minimize interference with the apartment owners' use and enjoyment of the project as then constituted.

d. Election Not to Designate and Develop Unit 6. In the event that Declarant chooses not to exercise its reserved right to designate Unit 6 prior to January 1, 2019, Declarant's rights hereunder shall terminate and lapse.

EXHIBIT "G"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

<u>Estimate of Initial Maintenance Fees</u>	<u>Monthly Fees x 12 months = Yearly Total</u>
<u>Apartment</u>	
1	\$1.00 x 12 = \$12.00
2	\$1.00 x 12 = 12.00
3	\$1.00 x 12 = 12.00
4	\$1.00 x 12 = 12.00
5	\$1.00 x 12 = <u>12.00</u>
	TOTAL = \$60.00

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	All Units are directly connected to utility co.'s water-electricity-phone	\$ 0.00
Air Conditioning		
Electricity		
	<input type="checkbox"/> common elements only	
	<input type="checkbox"/> common elements and apartments	
Elevator		
Gas		
Refuse Collection		
Telephone		
Water and Sewer		

Maintenance, Repairs and Supplies

Building	The only common element	
Grounds	is a driveway	\$6.00 x 12 = \$ 60.00

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance

Reserves(*)	Each Unit takes care of its own.	\$ 0.00
Taxes and Government Assessments		
Audit Fees		

Other

TOTAL		\$ 60.00
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I, DAVID CISAN, as ~~agent for/and/or employed by~~ _____, the ~~condominium managing agent/~~developer, for the BAREFOOT VILLAS 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.

David Cisan
Signature

JANUARY 26, 1999
Date

(*) Mandatory reserves assessments 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.

EXHIBIT "H"

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

COPY

M E M O R A N D U M

DATE: October 24, 1996

TO: Ms. Benedyne S. Stone
Condominium Program Specialist
Real Estate Commission
Real Estate Branch
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: BAREFOOT VILLAS CONDOMINIUM
TAX MAP KEY: (4) 4-6-30:16

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 "f" below) specified herein, we certify the following:

- a. The developer has contracted architect Avery H. Youn to certify that the existing buildings on the proposed project are 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. The subject property is presently zoned R-6, contains an area of 37,158 square feet. So within these parameters the parcel qualifies for five (5) single family dwellings.

Architect Avery H. Youn verifies that there are six (6) existing residential structures and one (1) storage shed on the parcel.

The amount of limited common elements proposed exceeds the allowable unit density permitted by the Comprehensive Zoning Ordinance. One of the residential structure's use is contrary section 8-3.3 of the CZO. All efforts should be made to convert the residential structure to a use that is generally permitted by the CZO in a residential district.

Ms. Benedyne S. Stone
Real Estates Commission
Page 2
October 24, 1996

- c. There were no variances approved for the subject property.
- d. 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.
- e. The first structure was built approximately in 1966, followed by residential units 1,3,4,5 in 1981 and unit 2 in 1983. The garden shed was built in 1996.
- f. 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 514A-40 (b)(1), Hawaii revised Statutes.

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

cc: Michael H. Sakai