

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, there is no assurance that the Purchaser will be able to build a residential dwelling on the property. There is also 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, or any other type of structure, on the property.

1. There are presently one residential structure with detached garage and fifteen other structures on this property, each of which may be defined as an "apartment" under the Condominium Property Act.
2. This public report does not constitute an "approval" of the project by the Real Estate Commission, or any other governmental agency, nor does it warrant that all applicable County codes, ordinances and subdivision requirements have necessarily been complied with.
3. 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 area in the land comprising each limited common element are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

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

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (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: WILLIAM ANTHONY LYDGATE, JR. Phone: (808) 821-1857
Name*
P. O. Box 68 (Business)
Business Address
Kapaa, HI 96746

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership(LLP); or manager and members of a Limited Liability Company(LLC)(attach separate sheet if necessary):

N/A

Real Estate Broker*: VISION PROPERTIES, INC. Phone: (808) 822-1141
Name (Business)
1070 Kuhio Highway
Business Address
Kapaa, HI 96746

Escrow: TITLE GUARANITY ESCROW SERVICES, INC. Phone: (808) 245-3381
Name (Business)
4414 Kukui Grove Street #104
Business Address
Lihue, HI 96766

General Contractor*: US GUYS BUILDERS, LLC Phone: (808) 639-1288
Name (Business)
4-1070 KUHIO HWY
Business Address
Kapaa, HI 96746

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

Attorney for Developer: PATRICK J. CHILDS Phone: (808) (808) 245-2863
Name (Business)
4365 Kukui Grove Street #104
Business Address
Lihue, HI 96766

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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. 2000-059239
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3085
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2000-059240
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

The Developer has reserved the right to amend the Declaration and Condominium Map for the purpose of adjusting the plan or description of any apartment which may be improved, enlarged or altered upon the condition that no such amendment shall in any way alter any apartment or common interest thereof which has been conveyed by the Developer prior to the filing of such amendment in the Bureau of Conveyances, State of Hawaii.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

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

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

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Lots A, B, C, E, F, G & H

Address: Waipouli, Kauai, Hawaii Tax Map Key (TMK): (4) 4-4-003:045, 167, 168, 170, 171, 172 & 173

Address TMK is expected to change because _____

Land Area: 24,419 square feet acre(s) Zoning: Agriculture

Fee Owner: WILLIAM ANTHONY LYDGATE, JR., Managing Trustee of the
Constance B. Lydgate Block Island Trust dated December 26, 1995

Name
P. O. Box 68
Address
Kapaa, HI 96746

Lessor: N/A
Name
Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 17 Floors Per Building 1

Exhibit contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other: Metal

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input type="checkbox"/> Residential	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>Shade House</u>	<u>14</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

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:

Pitbulls, mixed pitbull dogs, pig hunting dogs, roosters, pigs or in excess of twelve
 [X] Pets: peafowl or chicken hens shall not be permitted.

[] Number of Occupants: _____

[X] Other: Refer to Section 10 of the Declaration of Condominium Property Regime.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

<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>Apts 2&4-16</u>	<u>14</u>	<u>0/0</u>	<u>0</u>	<u>20</u>	<u>Shade House</u>
<u>Apt 1</u>	<u>1</u>	<u>4/3-1/2</u>	<u>1,860</u>	<u>1,468</u>	<u>lanai</u>
<u>Apt 3</u>	<u>1</u>	<u>0/1</u>	<u>0</u>	<u>1,440</u>	<u>Dam</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 16

*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: Perimeter wall to perimeter wall, floor to exterior of roof.

Permitted Alterations to Apartments: Any alterations permitted by law.

7. Parking Stalls:

*There is sufficient area in each limited common element for the parking of at least two vehicles.

Total Parking Stalls: *

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

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

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

There are no violations. Violations will not be cured.

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

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

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	_____X_____	_____	_____
Structures	_____X_____	_____	_____
Lot	_____X_____	_____	_____

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

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

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

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

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

described in Exhibit A .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit A.

as follows:

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

described in Exhibit _____.

as follows: Apartments 1 - 16 = 6.25% each

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 B describes the encumbrances against the title contained in the title report dated May 4, 2000
and issued by TITLE GUARANTEE OF HAWAII, INC.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting title to the individual apartments.

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage(s)	The underlying mortgage(s) is/are superior to and take(s) precedence over the sales contract. If the Developer defaults, Purchaser shall lose its option to consummate its purchase of the property and Purchaser's money shall be refunded, less any escrow cancellation fee.

F. Construction Warranties:

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

1. Building and Other Improvements: None.

2. Appliances: None.

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

Apartments 1 and 3 were completed in November 1999.

Apartments 2 and 4-16 were completed in March 2000.

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):

Developer has reserved the right to merge into this project adjoining Lots D, 107-A and/or 107-B, and to provide easements for utilities and access thereto, with the condition that the addition of such lot(s) and the resultant apartments, shall cause the recalculation of the percentage of undivided interest(s) in the common elements of the project to be made equally among the total number of units in the project. Any new easements shall be over existing easements or roadways.

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 C 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

Specimen Sales Contract

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

Escrow Agreement dated April 25, 2000

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 _____

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

This Public Report is a part of Registration No. 4424 filed with the Real Estate Commission on May 16, 2000.

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

This condominium project is situated on agriculturally zoned land and, as such, is subject to all restrictions associated therewith. This is not residentially-zoned property and the Developer does not warrant that any residence will be permitted by the County of Kauai within any specific limited common element. Agriculture properties are subject to density requirements that may change. Any such change will affect the number of allowable units that may be placed on the underlying land. See the County of Kauai ordinance and the project documents, including Page 19 of the Declaration.

It is the intent of the Developer that one farm dwelling may be constructed on each limited common element, with the exception of Limited Common Element 16 which shall be reserved for landscaping and agricultural purposes only. Some of the units are "o'hana units" and are subject to such ordinance. See Pages 9 and 13 of the Declaration.

There shall be no direct access onto Olohena Road from Lot A (Units 1, 2 and 3), Lot B (Units 12 and 13), and Lot C (Units 14 and 15).

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.

WILLIAM ANTHONY LYDGATE, JR.

Printed Name of Developer

By: William Anthony Lygate, Jr.
Duly Authorized Signatory*

May 9, 2000

Date

WILLIAM ANTHONY LYDGATE, JR.

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, COUNTY OF KAUAI

Planning Department, COUNTY OF KAUAI

**Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.*

EXHIBIT "A"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

1. Common Elements. The common elements of the Project consist only of the following:

- (i) All the land in fee simple.
- (ii) The limited common elements hereinafter described, subject to the provisions set forth in Paragraph 6.
- (iii) All pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures retaining walls (if any) and yard fences, which are located outside the apartments and which are utilized for or serve more than one apartment.

2. Limited Common Elements. The limited common elements of the Project consist only of the following:

- (i) That portion of the Land which is designated as Limited Common Element 1, being 2.317 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment 1 for the support of the building and other improvements comprising Apartment 1, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.
- (ii) That portion of the Land which is designated as Limited Common Element 2, being 1.081 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment 2 for the support of the building and other improvements comprising Apartment 2, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.
- (iii) That portion of the Land which is designated as Limited Common Element 3, being 8.564 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment 3 for the support of the building and other improvements comprising Apartment 3, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.
- (iv) That portion of the Land which is designated as Limited Common Element 4, being 0.985 acre in area, on the Condominium Map, is reserved for the exclusive use of Apartment 4 for the support of the building and other improvements comprising Apartment 4, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(v) That portion of the Land which is designated as Limited Common Element 5, being 1.497 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment 5 for the support of the building and other improvements comprising Apartment 5, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(vi) That portion of the Land which is designated as Limited Common Element 6, being 1.241 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment 6 for the support of the building and other improvements comprising Apartment 6, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(vii) That portion of the Land which is designated as Limited Common Element 7, being 1.063 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment 7 for the support of the building and other improvements comprising Apartment 7, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(viii) That portion of the Land which is designated as Limited Common Element 8, being 1.002 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment 8 for the support of the building and other improvements comprising Apartment 8, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(ix) That portion of the Land which is designated as Limited Common Element 9, being 0.672 acre in area, on the Condominium Map, is reserved for the exclusive use of Apartment 9 for the support of the building and other improvements comprising Apartment 9, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(x) That portion of the Land which is designated as Limited Common Element 10, being 1.822 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment 10 for the support of the building and other improvements comprising Apartment 10, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(xi) That portion of the Land which is designated as Limited Common Element 11, being 1.777 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment 11 for the support of the building and other improvements comprising Apartment 11, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(xii) That portion of the Land which is designated as Limited Common Element 12, being 0.480 acre in area, on the Condominium Map, is reserved for the exclusive use of Apartment 12 for the support of the building and other improvements comprising Apartment 12, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(xiii) That portion of the Land which is designated as Limited Common Element 13, being 0.560 acre in area, on the Condominium Map, is reserved for the exclusive use of Apartment 13 for the support of the building and other improvements comprising Apartment 13, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(xiv) That portion of the Land which is designated as Limited Common Element 14, being 0.508 acre in area, on the Condominium Map, is reserved for the exclusive use of Apartment 14 for the support of the building and other improvements comprising Apartment 14, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(xv) That portion of the Land which is designated as Limited Common Element 15, being 0.511 acre in area, on the Condominium Map, is reserved for the exclusive use of Apartment 15 for the support of the building and other improvements comprising Apartment 15, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(xvi) That portion of the Land which is designated as Limited Common Element 16, being 0.339 acre in area, on the Condominium Map, is reserved for the exclusive use of Apartment 16 for the support of the building and other improvements comprising Apartment 16, or attendant thereto, and for agriculture related and landscaping purposes.

NOTICE: This is not a subdivision. The Limited Common Elements that are reserved for the exclusive use of individual units are not subdivided parcels. As such, they do not fall within the ordinances of the County of Kauai as the same pertain to subdivision nor do they derive any benefits therefrom.

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. For real property taxes that may be due and owing reference is made to the Director of Finance, County of Kauai.

2. RESTRICTION OF VEHICLE ACCESS RIGHTS

ALONG : Olohena Road
SHOWN : on subdivision map prepared by Dennis M. Esaki, Licensed Professional Land Surveyor with Esaki Surveying & Mapping, Inc., dated February 22, 2000

3. RIGHT OF ENTRY

TO : CITIZENS UTILITIES COMPANY and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED
DATED : July 2, 1979
RECORDED : Liber 13914 Page 399
GRANTING : an easement for the construction and maintenance of power and communication

4. GRANT

TO : GLORIA M. DUARTE, unmarried, and LINDA L. VARAO, unmarried
DATED : January 31, 1992
RECORDED : Document No. 92-018443
GRANTING : an exclusive easement (15 feet wide) for ingress and egress and underground utilities

5. Free flowage of stream, in favor of the State of Hawaii, as shown on Tax Map.

6. PURCHASE MONEY MORTGAGE

MORTGAGOR : CONSTANCE B. LYDGATE BLOCK ISLAND TRUST and WILLIAM A. LYDGATE, Trustee foresaid trust and individually

MORTGAGEE : KAPAA 108, LTD., a Hawaii corporation

DATED : May 22, 1998
RECORDED : Document No. 98-077468
AMOUNT : \$640,000.00

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : December 9, 1998
RECORDED : Document No. 98-189442

7. MORTGAGE

MORTGAGOR : CONSTANCE B. LYDGATE BLOCK ISLAND TRUST and
WILLIAM A. LYDGATE, individually and as
Trustee

MORTGAGEE : BOSLEY WILDER, a single woman

DATED : May 16, 1998
RECORDED : Document No. 98-077469
AMOUNT : \$100,000.00

By SUBORDINATION AGREEMENT dated December 28, 1998, recorded as Document No. 98-196843, said above Mortgage was subordinated to the lien of that certain Mortgage recorded as Document No. 98-196842.

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

INSTRUMENT : FARM DWELLING AGREEMENT

DATED : August 10, 1998
RECORDED : Document No. 98-140366
PARTIES : CBL BLOCK ISLAND TRUST and the COUNTY OF
KAUAI PLANNING DEPARTMENT

9. SECOND MORTGAGE

MORTGAGOR : WILLIAM ANTHONY LYDGATE, JR., Managing
Trustee under the unrecorded Constance B.
Lydgate Block Island Trust dated December
26, 1995, as amended on February 26, 1996

MORTGAGEE : TED A. CHIHARA and PAULA S. CHIHARA, husband
and wife, as Tenants by the Entirety

DATED : December 28, 1998
RECORDED : Document No. 98-196842
AMOUNT : \$150,000.00

10. MORTGAGE

MORTGAGOR : WILLIAM A. LYDGATE, Managing Trustee for the
Constance B. Lydgate Block Island Trust

MORTGAGEE : JOHN J. K. KINIMAKA and DONNA JO KINIMAKA,
Trustees of the Kinimaka 1997 Revocable
Living Trust, dated November 22, 1997

DATED : August 10, 1999
RECORDED : Document No. 99-143187
AMOUNT : \$200,000.00

11. MORTGAGE

MORTGAGOR : WILLIAM A. LYDGATE, Managing Trustee for
the Constance B. Lydgate Block Island Trust

MORTGAGEE : JAMES H. HUGHES and LYNELLE HUGHES, husband
and wife

DATED : November 15, 1999
RECORDED : Document No. 99-183739
AMOUNT : \$95,000.00

12. WAIVER AND RELEASE

DATED : December 30, 1999
RECORDED : Document No. 2000-000846
BY : WILLIAM A. LYDGATE
WITH : COUNTY OF KAUAI

13. NOTICE OF DEDICATION

DATED : ----- (acknowledged January 25, 2000)
RECORDED : Document No. 2000-015152
BY : WILLIAM ANTHONY LYDGATE, JR., Trustee of the
Constance B. Lydgate Block Island Trust dated
December 26, 1995
RE : dedication of land for agricultural purposes
PERIOD : 10 years

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

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME
FOR LYDGATE RISE AGRICULTURAL CONDOMINIUM

DATED : April 20, 2000
RECORDED : Document No. 2000-059239
MAP : 3085 and any amendments thereto

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

INSTRUMENT : BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS
OF LYDGATE RISE AGRICULTURAL CONDOMINIUM

DATED : April 20, 2000
RECORDED : Document No. 2000-059240

16. -AS TO LOT A ONLY-

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

INSTRUMENT : FARM DWELLING AGREEMENT
DATED : --- (acknowledged April 6, 2000)
RECORDED : Document No. 2000-060362
PARTIES : WILLIAM ANTHONY LYDGATE, JR., Managing
Trustee under the unrecorded Constance B.
Lydgate Block Island Trust dated December
25, 1995, as amended

17. -AS TO LOTS A, E F, G AND H ONLY:-

SETBACK LINES

PURPOSE : drainageway and building
SHOWN : on condominium map prepared by Wayne T. Wada,
Licensed Professional Land Surveyor with
Esaki Surveying and Mapping, Inc., dated
April 4, 2000, and being more particularly
described in Exhibit "A" attached to the
Declaration dated April 20, 2000, recorded
as Document No. 2000-059239.

18. -AS TO LOTS B, C, E, F, G AND H ONLY:-

DESIGNATION OF A PORTION OF EASEMENT "A"

PURPOSE : access and utility
SHOWN : on condominium map prepared by Wayne T. Wada,
Licensed Professional Land Surveyor with
Esaki Surveying and Mapping, Inc., dated
April 4, 2000, and being more particularly
described in Exhibit "A" attached to the
Declaration dated April 20, 2000, recorded
as Document No. 2000-059239.

19. AS TO LOTS B, F, G AND H ONLY:-

DESIGNATION OF A PORTION OF EASEMENT "B"

PURPOSE : access and utility
SHOWN : on condominium map prepared by Wayne T. Wada,
Licensed Professional Land Surveyor with
Esaki Surveying and Mapping, Inc., dated
April 4, 2000, and being more particularly
described in Exhibit "A" attached to the
Declaration dated April 20, 2000, recorded
as Document No. 2000-059239.

20. -AS TO LOT H ONLY:-

DESIGNATION OF EASEMENT "E-1"

PURPOSE : electrical
SHOWN : on condominium map prepared by Wayne T. Wada,
Licensed Professional Land Surveyor with
Esaki Surveying and Mapping, Inc., dated
April 4, 2000, and being more particularly

described in Exhibit "A" attached to the Declaration dated April 20, 2000, recorded as Document No. 2000-059239.

21. . -AS TO LOTS F AND H ONLY:-

(A) DESIGNATION OF A PORTION OF EASEMENT "L-1"

PURPOSE : landscaping
SHOWN : on condominium map prepared by Wayne T. Wada, Licensed Professional Land Surveyor with Esaki Surveying and Mapping, Inc., dated April 4, 2000, and being more particularly described in Exhibit "A" attached to the Declaration dated April 20, 2000, recorded as Document No. 2000-059239.

(B) DESIGNATION OF A PORTION OF EASEMENT "L-2"

PURPOSE : landscaping
SHOWN : on condominium map prepared by Wayne T. Wada, Licensed Professional Land Surveyor with Esaki Surveying and Mapping, Inc., dated April 4, 2000, and being more particularly described in Exhibit "A" attached to the Declaration dated April 20, 2000, recorded as Document No. 2000-059239.

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
1-16	\$15.63 \$187.56

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

EXHIBIT "D"

SUMMARY OF SALES CONTRACT

The Seller intends to use the Hawaii Association of Realtors' form of Deposit Receipt, Offer and Acceptance ("DROA") as the sales contract for the sale of apartments in the Project. The sales contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Buyer will agree to buy an apartment.

Among other things, the sales contract and addendum:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.
2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or cancelled.
3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Provides the following remedies, in the event of default under the sales contract:

By Buyer:

- a. Seller may bring an action against Buyer for breach of contract;
- b. Seller may retain Buyer's initial deposit;
- c. Buyer shall be responsible for expenses incurred.

By Seller:

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

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

5. Allocation of payment of closing costs.
6. Provides that the property is sold "as is".

EXHIBIT "E"

SUMMARY OF ESCROW AGREEMENT

An Escrow Agreement allows the Condominium Buyers' money to be held by a neutral party, the Escrow Agent, until the Seller can deliver good and marketable title to the Condominium. The Escrow Agreement for this project provides for, among other things:

1. That Title Guaranty Escrow Services, Inc. is the Escrow Agent.
2. That, upon execution of a Sales Contract, the Developer shall deliver all money received over to the Escrow Agent.
3. That no money shall be released from escrow until the Real Estate Commission shall issue a final report.
4. That the Buyer shall receive all public documents relating to the project.
5. That a Buyer's money shall be returned to him if he exercises certain rights he may have to cancel his Sales Contract as provided by law, if that is his wish, or if the Seller is unable to provide title to the Condominium.
6. That, upon the Seller providing good title to the Condominium, the Buyer's money shall be turned over to the Seller.
7. That the Escrow Agent will record with the State of Hawaii all documents requiring such.
8. That, if the Buyer is unable to perform and has money on deposit in escrow, these monies will be turned over to the Seller.

EXHIBIT "F"

MEMORANDUM FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

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

COPY

DATE: May 25, 2000

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

PROJECT NAME: LYDGATE RISE AGRICULTURAL CONDOMINIUM PROJECT
TAX MAY KEY: (4) 4-4-03:45,167,168,170,171,172 &173

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 515A-40 (b), (1), Hawaii Revised statutes. Subject to the disclosures and waiver (item "e" 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 referred to as Lydgate Rise Agricultural Condominium Units 1 through 15 inclusive, are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its constructions, 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 the department.
- b. There were no variances approved for the subject property.
- c. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes.
- d. There are no notices of violation of County Building or zoning codes outstanding according to our records.

Senior Condominium specialist
Page 2
May 25, 2000

e. **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 regulations of condominiums under Subsection 515A-40, (b), (1), Hawaii Revised Statutes.

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

cc: Patrick J. Childs