

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

HAENA SYSTEMS LIMITED LIABILITY COMPANY, a Hawaii limited liability company
Address: P.O. Box 1565, Hanalei, Hawaii 96714

Project Name(*): NANI IKENA CONDOMINIUM
Address: Lot 4 of Pu'u Pane Subdivision, Phase i, Kahili, Kauai, Hawaii

Registration No. 4527
Effective date: January 8, 2001
Expiration date: February 8, 2002

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission
[X] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

And [] Supersedes all prior public reports.
[] Must be read together with
[] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Report:

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 DESIRED, UPON THE PROPERTY. THERE ARE NO RESIDENTIAL STRUCTURES ON THE PROPERTY AT THIS TIME.

1. This Public Report does not constitute an approval of the project by any public entity nor does it assert or imply that all applicable Kauai County codes, ordinances and/or subdivision requirements have been complied with.
2. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map (Exhibit A) are for illustration purposes only. They 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, enhanced water facilities, fire service, related services and trash collection will not be available for interior roads. THERE ARE NO IMPROVED INTERIOR STREETS IN THE PROJECT NOR WATER SERVICE NOR OTHER PUBLIC UTILITIES TO THE INDIVIDUAL UNITS.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REFERENCED IN THIS PUBLIC REPORT, AND TO CONTACT APPROPRIATE COUNTY AGENCIES FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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... 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: HAENA SYSTEMS LIMITED LIABILITY COMPANY, a Hawaii limited liability company Name* Phone: (808) 826-6263 (Business) Business Address P.O. Box 1565 Hanalei, Hawaii 96714

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):

Frederic A. Wyle, Manager & Valerie Mae Wyle, Manager P.O. Box 1565 Hanalei, Hawaii 96714

Real Estate Broker*: None Selected - Please see Page 20a Name Phone: (Business) Business Address

Escrow: Title Guaranty Escrow Services, Inc. Name Phone: (808) 826-5300 (Business) Business Address P.O. Box 449 Kilauea, Hawaii 96754

General Contractor*: James C. Fuller Name Phone: (808) 826-4089 (Business) Business Address P.O. Box 1379 Kilauea, Hawaii 96754

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

Attorney for Developer: Peter C. Miller, Esq. Name Phone: (808) 826-4606 (Business) Business Address P.O. Box 1230 Hanalei, Hawaii 96714

* For Entities: Name of corporation, 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. 2000-133306
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. 3166
 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. 2000-133307
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:

Seller may, from time to time, and without Buyer's consent, amend the Final Public Report, the Condominium Map, the Declaration of Condominium Property Regime, the Bylaws of the Association of Apartment Owners the Condominium Escrow Agreement and the specimen condominium deed, provided that such amendments are either reasonably required to meet the dictates of law, any title insurance company, any institutional lender or any governmental or quasi-governmental agency, or such amendments, made prior to conveyance of the Unit to Buyer, do not substantially and materially impair the prospective use and enjoyment of the Unit, substantially and materially alter the arrangement of the rooms or reduce the useable space within the Unit or require a substantial material physical change of the Unit, or render unenforceable a loan commitment to Buyer, increase the common expenses of Buyer or reduce the obligations of Seller for common expenses on an unsold 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 Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

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

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

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: Lot 4 Pu'u Pane Subdivision Tax Map Key (TMK): (4) 5-1-005-103
Kahili, Hanalei, Hawaii 96754

Address TMK is expected to change because Individual street numbers and tax map key numbers will be assigned to the units created

Land Area: 7.000 [] square feet acre(s) Zoning: Agricultural

Fee Owner: HAENA SYSTEMS LIMITED LIABILITY COMPANY
 Name _____
 Address: P.O. Box 1565
Hanalei, Hawaii 96714

Lessor: _____
 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: 3 Floors Per Building: 1
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Wooden framing on cement blocks, with corrugated plastic roof

4. Uses Permitted by Zoning :

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<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"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Agricultural	_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other: <u>Sheds</u>	<u>3</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:

Pets: Reasonable keeping of domestic pets is permitted

Number of Occupants: _____

Other: An owner must engage in agricultural activity. The uses on the limited common elements shall be limited to those listed as permissible within the Agricultural Land classification.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf) *	Net Other Area (sf)	(Identify)
<u>1</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>39</u>	<u>shed</u>
<u>2</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>39</u>	<u>shed</u>
<u>3</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>39</u>	<u>shed</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of 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:

See Exhibit A (Condominium Map). The boundaries of the apartment of a unit shall be the outer surfaces of each structure comprising the apartment as shown on the plans thereof filed at the time of the filing of the Condominium Map, or in any "as built" plans of the structure or structures filed after the filing of the Condominium Map.

Permitted Alterations to Apartments:

As allowed to each permanent improvement by the Kauai County zoning ordinances, the Nani Ikena Declaration of Condominium Property Regime, the recorded Declaration of Covenants, Conditions and Restrictions for the Pu'u Pane Subdivision, its Design Guidelines and Design Committee. An amendment to the Declaration of Condominium Property Regime and the Condominium Map (Exhibit A) by the Unit Owner making the alterations will be required in order to disclose actual improvements as a matter of public record.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has **not** elected to provide the information in a published announcement or advertisement.

7. Parking Stalls: ***There are no designated parking stalls. However, there is ample room in each unit's limited common element to accommodate parking, and the CCRs require at least a 2 car garage for each residence.**
 Total Parking Stalls: **require at least a 2 car garage for each residence.**

	<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:	_____	_____	_____	_____	_____	_____	_____

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

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

8. Recreational and Other Common Facilities:

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

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

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

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

11. **Conformance to Present Zoning Code**

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

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

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

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

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

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

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

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

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: 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 B

as follows: **The land area of the limited common area set aside for each of the respective apartments is as shown on the Condominium Map, which is Exhibit A hereto. These land areas 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 C

as follows:

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

Exhibit E describes the encumbrances against the title contained in the title report dated

November 10, 2000 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	This mortgage is secured by the interests of the owner / developer of this project and secures repayment of a loan from the Federal Land Bank Association of Hawaii, FLCA. The mortgage will either be released as necessary to allow the condominium interests to be conveyed free of the encumbrance, or will be divided into individual loans secured by the individual units. In the event that the existing mortgage, or a replacement mortgage is foreclosed upon prior to conveyance of a buyer's unit, then that buyer will be entitled to a refund of all of his/her/its deposit money.

F. Construction Warranties:

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

1. Building and Other Improvements:

NONE

2. Appliances:

NONE

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

Construction of the sheds on Units 1, 2 and 3 was completed on or before August 25, 2000.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

Exhibit G contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

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

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit H contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 13, 2000
Exhibit I contains a summary of the pertinent provisions of the escrow agreement.
- Other Specimen Apartment Deed

B. Buyers Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other: **Farm Dwelling Agreement; Declaration of Covenants, Conditions and Restrictions for Pu'u Pane Subdivision**

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 Cashiers 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. 4527 filed with the Real Estate Commission on November 15, 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 is a condominium project, not a subdivision. Units purchased are not subdivided lots. They are not necessarily serviced by infrastructure which one has come to expect as part of a subdivision lot. Also, if a residence is not already constructed, you will be required to comply with Hawaii state law (especially HRS § 205 relating to use of agricultural property) and County of Kauai zoning codes in order to be allowed to construct a residence ("farm dwelling") on your limited common element. To determine whether your expectations for your use of your limited common element can be realized, you should carefully review the entire contents of this Report, especially Exhibit F, which is a summary of the recorded restrictive covenants for the real property upon which this project is located, the Declaration of Condominium Property Regime and the Pu'u Pane subdivision restrictive covenants. Among many other things, those restrictive covenants govern allowable building types and materials, land use, architectural review, number and kinds of allowable animals, and maintenance of the property. Please remember that issuance of an effective date for this Report does not mean the Real Estate Commission has approved the project.

The County of Kauai Planning Department has advised that, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, authorization from at least 75% of the legal and equitable ownership of the entire project shall be required, consistent with the Declaration of Condominium Property Regime and the Bylaws ("condominium documents"). Except as limited specifically by the condominium documents and the Pu'u Pane subdivision restrictive covenants, all uses permitted in the agricultural zone are permitted. Such uses include, but are not limited to, single family detached dwelling, accessory uses and structures, diversified agriculture, livestock and grazing, outdoor recreation, undeveloped campgrounds and resource management. See Kauai County Comprehensive Zoning Ordinance, Chapter 8, Article 8 for detailed information. In relation to specifically permitted uses of buildings and other improvements, they shall only be occupied or used for agricultural or agriculture-associated residential uses, and/or other uses permitted under the Kauai County Zoning Ordinances and the condominium documents. A farm dwelling may not be constructed unless a unit owner demonstrates to the County his ability to derive income from agricultural use of his property, established and verified prior to any building permit approval. You should check with the Kauai County Planning Department for the status of the County's position on these and related issues.

A buyer should understand that development and use of the property must be in compliance with all state law and county codes and ordinances, that owners in this condominium project will not necessarily receive the same County benefits as owners of approved subdivided lots, and that owners who develop their properties later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations. The previous issuance of building permits by the County of Kauai for the agricultural sheds does not constitute a guarantee that water or water services by the County of Kauai will be provided to the property at any time in the future. Also, zoning and land use restrictions are subject to change and each purchaser should maintain awareness of such conditions. You should fully investigate the status of these issues before making a purchase. You should also conduct your own investigations and ascertain the validity of all of the information provided to you.

This project is entitled to one guest house. The right to construct the guest house is assigned to Unit D. See the Declaration of Condominium Property Regime for further information.

The Developer has not selected a real estate broker for the sale of units in the Project. In the event that the Developer chooses to use a real estate broker for the sale of an apartment, then prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser, together with a copy of this Final Public Report.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514-] (The developer is required to make this declaration for issuance of an effective date for a final public report.
- E. 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.

HAENA SYSTEMS LIMITED LIABILITY COMPANY

Printed Name of Developer

By: Frederic A. Wyle, Manager / Valerie Mae Wyle, Manager November 13, 2000
 Duly Authorized Signatory* Date

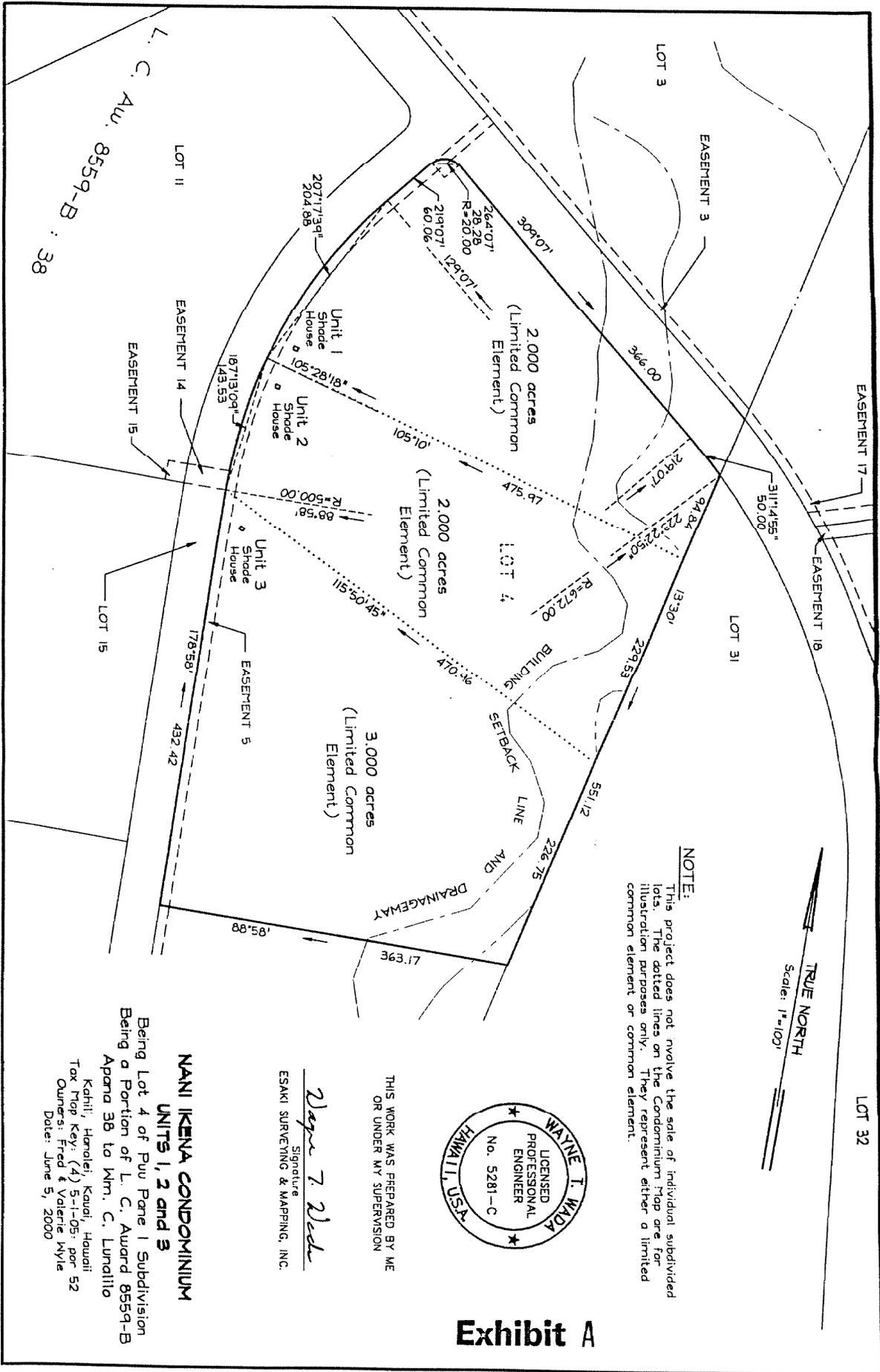
Frederic A. Wyle, Manager / Valerie Mae Wyle, Manager

Printed Name & Title of Person Signing Above

Distribution:

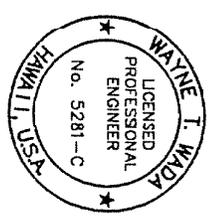
Department of Finance, County of Kauai
 Planning Department, County of Kauai

**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.*



TRUE NORTH
Scale: 1"=100'

NOTE:
This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.



THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION

Wayne T. Wada
Signature
ESAKI SURVEYING & MAPPING, INC.

NANI IKENA CONDOMINIUM
UNITS 1, 2 and 3
Being Lot 4 of Puu Pane I Subdivision
Being a Portion of L. C. Award 8559-B
Apoma 38 to Wm. C. Lunaililo
Kahili, Hanalei, Kauai, Hawaii
Tax Map Key: (4) 5-1-05, ppp 52
Owners: Fred & Valerie Wylie
Date: June 5, 2000

Job Number: 00-48 wc
Drawing File: 00-48.dwg

ESAKI SURVEYING & MAPPING, INC.
Civil Engineers - Land Surveyors - Planners

1610 Halekuna Street
Lihue, Kauai, Hawaii 96766

Exhibit A

EXHIBIT B

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (1) All of the land in fee simple;
- (2) All commonly used present and future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water; sewage, irrigation, cable and telephone;
- (3) Any and all areas or facilities designated on the Condominium Map for common use of the units; and
- (4) Any and all other future elements and facilities for common use or reasonably necessary to or useful to the existence, upkeep and safety of the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

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

- (1) The immediate land area around and upon which each apartment is located, the boundaries of which are as so shown and designated on the Condominium Map and the table below, said land area being deemed a limited common element appurtenant to and for the exclusive use of that respective apartment.

Apartment No.	Area of Limited Common Element*
1	2.000 acres
2	2.000 acres
3	3.000 acres

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

* Land areas referenced herein are not legally subdivided lots.

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Unit No.	Area of Ltd. Common Element (acres)	No. of Bdrm/Bath	Approx. Net Living Area (sq. ft.)	Approx. Farm Shed Area (sq.ft.)	Percentage of Common Interest
1	1	2.000	0	0	39	33 1/3%
1	2	2.000	0	0	39	33 1/3%
1	3	3.000	0	0	39	33 1/3%

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

EXHIBIT D

**DISCLOSURE ABSTRACT FOR NANI IKENA CONDOMINIUM PROJECT
LOT 4, PU'U PANE SUBDIVISION**

Pursuant to Hawaii Revised Statutes, Section 514A-61, the Developer of NANI IKENA CONDOMINIUM PROJECT, located on Lot 4 of the Pu'u Pane Subdivision, makes the following disclosures:

1. The Developer of the project is HAENA SYSTEMS LIMITED LIABILITY COMPANY, a Hawaii limited liability company, P. O. Box 1565, Hanalei, Hawaii, 96714.
2. See Exhibit G for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles, but without the benefit of a reserves study.
3. No warranty will apply to any individual agricultural units. There are pre-existing structures on the property and no warranty will be made regarding the agricultural buildings.
4. If any condominium unit is converted to residential use, no such units will be used for hotel or timeshare purposes; these are condominium units in which residential use is permitted, but neither hotel nor timeshare use is permitted.
5. There will be no commercial use except those activities permitted by the Kauai County Comprehensive Zoning Ordinance and the recorded restrictive covenants for the Pu'u Pane Subdivision.
6. Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed for the above-referenced project. There are three units, each of which sustains a structure and each of which will burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 33 1/3% for each unit.

HAENA SYSTEMS LIMITED LIABILITY COMPANY,
Developer

Dated: Nov 13, 2000

By: Frederic A. Wyle & Valerie Mae Wyle, Managers
Frederic A. Wyle & Valerie Mae Wyle, Managers

RECEIPT

The undersigned has received a copy of the foregoing disclosure abstract with Exhibit
___ this ___ day of _____, 2000

Purchaser(s)

EXHIBIT E

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes - Information pending.

Tax Key: 5-1-005-103 (4) Area Assessed: 7.000 acres

-Note:- Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes.

2. DESIGNATION OF EASEMENT "5" (area 8,517 square feet)

PURPOSE : irrigation
SHOWN : on survey map prepared by Wayne T. Wada, Licensed Professional Land Surveyor, with W. Esaki Surveying and Mapping, Inc., dated September 17, 1999, revised October 15, 1999, and being more particularly described as follows:

Beginning at the northeast corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAMOKU" being 4,742.12 feet West, thence running by azimuths measured clockwise from true South:

1. 39° 07' 77.39 feet along the remainder of L.C. Award 8559-B, Apana 38 to Wm. C. Lunalilo (Lot 4);
thence along the remainder of L.C. Award 8559-B, Apana 38 to Wm. C. Lunalilo (Lot 4) on a curve to the left with a radius of 490.00 feet, the direct azimuth and distance being:
2. 19° 02' 30" 336.38 feet;
3. 358° 58' 432.42 feet along the remainder of L.C. Award 8559-B, Apana 38 to Wm. C. Lunalilo (Lot 4);
4. 88° 58' 10.00 feet along the remainder of L.C. Award 8559-B, Apana 38 to Wm. C. Lunalilo (Lot 6);
5. 178° 58' 432.42 feet along the remainder of L.C. Award 8559-B, Apana 38 to Wm. C. Lunalilo (Lot 15);
thence along the remainder of L.C. Award 8559-B, Apana 38 to Wm. C. Lunalilo (Lot

15) on a curve to the right with a radius of 500.00 feet, the direct azimuth and distance being:

6. 199° 02' 30" 343.25 feet;

7. 219° 07' 60.07 feet along the remainder of L.C. Award 8559-B, Apana 38 to Wm. C. Lunalilo (Lot 15);

thence along the remainder of L.C. Award 8559-B, Apana 38 to Wm. C. Lunalilo (Lot 15) on a curve to the right with a radius of 20.00 feet, the direct azimuth and distance being:

8. 249° 07' 20.00 feet, to the point of beginning and containing an area of 8,517 square feet, more or less.

3. The following matters as described in metes and bounds description prepared by Wayne T. Wada, Licensed Professional Land Surveyor, with Esaki Surveying and Mapping, Inc., dated October 1999: (1) Flood lines; (2) No new structures permitted within the floodway, new structures shall be setback from the floodway line; and (3) Obstructing the flow of drainage within the Building Setback Line and Drainage way is prohibited.
4. The right in favor of the Owners, their successors and assigns, to relocate and/or widen their vehicle access into and from Kauai Belt Road, provided that such relocation and/or widening shall be subject to the approval of the State of Hawaii.

5. GRANT

TO : CITIZENS UTILITIES COMPANY and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED : December 14, 1987

RECORDED : Liber 21742 Page 306

GRANTING : a perpetual right and easement for utility purposes over, under, upon, across and through easement area of which being more particularly described in Exhibit "A" attached thereto

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

INSTRUMENT : DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

DATED : ----- (acknowledged September 30, 1996)

RECORDED : Document No. 96-149955

7. The terms and provisions, including the failure to comply with any covenants, conditions

and reservations, contained in the following:

INSTRUMENT : DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR THE PU'U PANE SUBDIVISION

DATED : November 1, 1999
RECORDED : Document No. 99-181819

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

INSTRUMENT : DECLARATION OF GRANT AND RESERVATION OF EASEMENTS
FOR THE PU'U PANE SUBDIVISION

DATED : November 1, 1999
RECORDED : Document No. 99-181820

Said Declaration was corrected by instrument dated December 10, 1999, recorded as Document No. 99-197185.

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

INSTRUMENT : AGREEMENT TO INCORPORATE AGRICULTURAL
RESTRICTIONS INTO INSTRUMENTS OF CONVEYANCE

DATED : November 1, 1999
RECORDED : Document No. 99-181822
PARTIES : DAVID HASSENMILLER and NANCY J. HASSENMILLER, husband
and wife, PU'U PANE ASSOCIATES LLC, a Hawaii limited liability
company, and the COUNTY OF KAUAI, through its Planning
Department

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

INSTRUMENT : AGREEMENT TO RELEASE RIGHTS TO THREE-PHASE POWER
INSTALLATION

DATED : October 8, 1999
RECORDED : Document No. 99-181824
PARTIES : DAVID HASSENMILLER and NANCY J. HASSENMILLER, husband
and wife, PU'U PANE ASSOCIATES LLC, a Hawaii limited liability
company, and CITIZENS UTILITIES COMPANY, a Delaware
corporation

Said Agreement was corrected by instrument dated December 10, 1999, recorded as Document No. 99-197186.

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

INSTRUMENT : WARRANTY DEED

DATED : February 24, 2000

RECORDED : Document No. 2000-026527

12. HAWAII MORTGAGE

LOAN/ACCOUNT NO. 3026310

MORTGAGOR : FREDERIC A. WYLE, M.D., and VALERIE M. WYLE, Trustees of the Wyle Family Trust under unrecorded Trust Agreement dated March 19, 1996, DAVID M. WYLE, single, and JORDAN S. WYLE, single

MORTGAGEE : FEDERAL LAND BANK ASSOCIATION OF HAWAII, FLCA, a corporation organized and existing under the laws of the United States of America

DATED : January 31, 2000

RECORDED : Document No. 2000-026528

AMOUNT : \$335,110.00

13. WAIVER AND RELEASE

DATED : April 20, 2000

RECORDED : Document No. 2000-059667

BY : FREDERIC A. WYLE and VALERIE MAE WYLE, Trustees, and DAVID M. WYLE and JORDAN S. WYLE

WITH : COUNTY OF KAUAI, DEPARTMENT OF WATER SUPPLY

RE : water services

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 "NANI IKENA" CONDOMINIUM PROJECT

DATED : August 18, 2000

RECORDED : Document No. 2000-133306

MAP : 3166 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 : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : August 18, 2000

RECORDED : Document No. 2000-133307

EXHIBIT F

SUMMARY OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS OF PU'U PANE SUBDIVISION

This Project (The Nani Ikena Condominium) is located on one of the Lots of the Pu'u Pane Subdivision. The Subdivision is controlled by a "Declaration of Covenants, Conditions and Restrictions for the Pu'u Pane" Subdivision (herein called the "CCRs") dated November 1, 1999, recorded as Document No. 99-181819 of the records of the State of Hawaii Bureau of conveyances.

This is a summary of the types of restrictions applicable to the Pu'u Pane Subdivision as a whole, and to the Subdivision Lot (Lot 4) upon which this Project is located. This is not meant to completely recite the actual provisions of the CCRs, nor to cover every issue in which a prospective purchaser might have an interest. The prospective purchaser is **urged** to obtain and carefully read a full copy of the CCRs prior to entering into an agreement to purchase a unit in this Project.

ARTICLE I DEFINITIONS

Article I defines many of the terms used throughout the CCRs.

ARTICLE II RECITALS

Article II identifies the 89.606 acre property that was subdivided into the Pu'u Pane Subdivision, states that County approval of the Subdivision required the recording of certain restrictions and conditions, which is the Subdivision developer's intent in recording the CCRs.

ARTICLE III PROPERTY SUBJECT TO DECLARATION; ANNEXATION

Article III declares the real property and the subject owners of the real property to be permanently subject to the CCRs and to the Design Guidelines and Design Committee Rules described in the CCRs.

ARTICLE IV CONDOMINIUM PROPERTY REGIMES

Article IV allows for any of the individual subdivision Lots to be subjected to Condominium Property Regimes, such as in the case of the Nani Ikena Condominium, the units of which will also be subject to the CCRs.

ARTICLE V
DESIGN GUIDELINES AND RESTRICTIVE COVENANTS

Article V provides that all of the Lots shall be subject to the Design Guidelines of the CCRs and that no excavation, grading, fill, landscaping, drainage improvements, construction or other work shall be undertaken except in strict compliance with this Article. This requires, in general terms, the prior submission of plans for the proposed work to the Design Committee for approval based upon compliance with the Design Guidelines, and that the approved plans be followed in the construction itself; that the buildings and land be maintained in good, clean condition and repair; and states restrictions and limitations on the use of temporary buildings.

This Article provides that an **owner's land is subject to a lien, subject to foreclosure, to enforce the CCR restrictions.** Further, all properties must be used in compliance with all laws.

This Article defines and prohibits noxious and offensive activities including, such things as excess noise, odors, etc. Limitations are placed on the numbers and types of animals and animal husbandry practices. Types of vehicles are restricted, effective treatment of garbage and sewage is required, visible clotheslines are restricted as is intrusive exterior lighting, also as are towers, windmills and satellite dishes; blasting, hunting or the discharge of firearms are prohibited. Destroyed improvements must be repaired, replaced or removed within stated time limits.

All structures must be constructed with new materials and no used structures shall be permanently placed on a property; occupancy of them is prohibited until completed in compliance with their approved plans. It is confirmed that agricultural activities and construction activities will take place at the subdivision and the owners waive rights, claims or actions that the owner might otherwise have as a result of such circumstances. Further subdivision of a Lot is prohibited, except under identified circumstances. Various uses, that might otherwise be allowed with a conditional use permit, are prohibited in the absence of approval by 75% of the owners of the subdivision Lots.

The Design Guidelines set forth require setbacks from Kuhio Highway, Wailapa Stream and interior boundaries, and setbacks for kenneling and other animals. Undergrounding of utilities is required; domes, quonset huts, A-frames and other shapes that the Design Committee may determine to be inappropriate are prohibited. Standards are described for roofs, materials, colors and residential designs. A single guest house, as defined by the County, is allowed on each Lot.

The Subdivision is within the State Land Use Commission Agricultural District, where uses of the land are to be primarily in pursuit of agricultural activities as set forth in §205-4.5 of Hawaii Revised Statutes and where residential uses are restricted to "farm dwellings", meaning single family dwellings located on and used in connection with farms. There are water restrictions applicable to the Lots, including water meters being limited to 5/8 inch until such time, if ever, as adequate water capacity is available in the County's public water system. As required by the Department of Water of the County of Kauai all Lots must hookup to an irrigation water system for irrigation use if it should become available.

The Design Committee is composed of three persons appointed by the subdivision's developer and may adopt rules, consistent with the CCRs and Design Guidelines, to regulate its activities, and may hire a consultant architect and/or landscape architect, with each applicant being responsible for all reasonable fees and costs incurred for the applicant's design review. The Design Committee must deny, approve or approve with modifications within 30 days all final submittals of all materials requested by the Design Committee, and prepared in accordance with its standards. No occupancy shall be allowed until after completion of construction, all required governmental permits and approvals have been obtained, "as built" plans have been submitted to the Design Committee, and a certificate of occupancy has been obtained from the County. Each owner is responsible for maintaining the drainage improvements upon that owner's property, as well as all other improvements and landscaping thereon. Limitations are imposed upon the types, numbers and sizes of any signs placed within the subdivision. Within 6 months of purchase of property fronting on a public highway, the buyer is required to plant screening vegetation.

ARTICLE VI WATER

The Lots have access to County Water. There is no guaranty of access to agricultural water. If it becomes available, the Lot owners will be required to hook up to it at a cost not to exceed \$3,000 for a maximum 3 inch water meter.

ARTICLE VII MORITA RESERVOIR LOTS

This Article applies only to those Lots in the Subdivision designated as "Morita Reservoir Lots". Lot 4, upon which this Project is located, is not so designated.

ARTICLE VIII ENFORCEMENT OF THIS DECLARATION

The CCRs may be enforced by any Lot Owner, the subdivision's developer or the County of Kauai. Broad powers of enforcement are provided, with provision of costs, expenses and reasonable attorneys' fees to the prevailing party in litigation.

ARTICLE IX INDEMNITY

An owner is required to indemnify, defend and hold harmless the developer and all other owners arising from any breach or default in performance of his obligations under the CCRs, and from conditions found on the property or surrounding properties because of past or current use, including existing hazardous materials and toxic substances or underground storage tanks

ARTICLE X ARBITRATION

Arbitrations regarding the CCRs are to be heard by a single arbitrator, to be conducted in accordance with Chapter 658 of Hawaii Revised Statutes, which shall be final and conclusive,

with the loser to be required to pay all costs and expenses of the arbitration, including the prevailing party's reasonable attorney's fees.

ARTICLE XIV
MISCELLANEOUS

This Article has to do with many miscellaneous items. It includes the duration of the CCRs, being initially for fifty-five years with automatic extensions of successive ten year terms, unless terminated or amended by seventy-five percent (75%) of the Owners. Other miscellaneous provisions are discussed, including the means by which the CCRs would be interpreted in a court of law, notice requirements, assignability of rights, severability of clauses, and so forth.

END OF EXHIBIT F

EXHIBIT G

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>	
Unit 1	\$25.00 x 12	\$300.00
Unit 2	25.00 x 12	\$300.00
Unit 3	25.00 x 12	\$300.00

SEE NEXT PAGE: (*). THE DEVELOPER DISCLOSES THAT NO RESERVE STUDY WAS DONE IN ACCORDANCE WITH HRS SECTION 514A-83.6, OR WITH THE REPLACEMENT RESERVE RULES IN SUBCHAPTER 6, TITLE 16, CHAPTER 106 OF HAWAII ADMINISTRATIVE RULES, AS AMENDED.

SEE NEXT PAGE: (#). In the event that none of the structures comprising the improvements portion of the Project contain more than one apartment, but rather each of the individual units of the Project is comprised of a separate detached agricultural or single family dwelling set back within the boundaries of its own limited common element, the Association may, at its option, and subject to the requirements of law, elect to exempt the Project from Section XIV of the Declaration and allow individual unit owners to provide for their own casualty and liability insurance; PROVIDED, HOWEVER, that any such decision to allow individual unit owners to insure themselves must be by unanimous agreement of all the unit owners of the Project. In that event, payment of any premiums pursuant hereto shall not be a common expense, but shall be the responsibility of each individual unit owner and neither the Association nor the other unit owners shall be responsible therefore. The Association shall, however, be named as an "additional insured" in all such policies.

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
 - common elements only
 - common elements and apartments
- Elevator
- Gas
 - common elements only
 - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

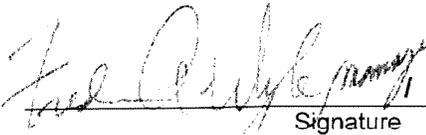
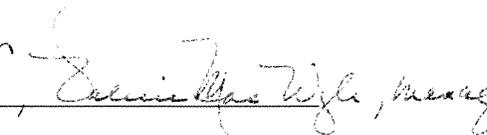
- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance	<div style="border: 1px solid black; padding: 2px; display: inline-block;">(#) Only applies if purchased by Association, rather than individually</div>	\$60.00 x 12	\$720.00
Reserves (*)	Irrigation Water System	\$10.00 x 12	\$120.00
Taxes and Government Assessments			
Audit Fees			
Other	Contingency	\$5.00 x 12	\$60.00
TOTAL		\$75.00	\$900.00

I, Frederic A. Wyle and Valerie Mae Wyle, as agent for/and/or employed by Owner / Developer, the condominium managing agent/developer for the **NANI IKENA CONDOMINIUM** 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.

  November 13, 2000
 Signature Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514 A-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

SUMMARY OF SALES CONTRACT

Each sales contract ("Contract" herein) for a Unit in THE NANI IKENA CONDOMINIUM project (the "Project") will be on a Hawaii Association of Realtors standard printed form of Deposit Receipt Offer and Acceptance (DROA), into which a Special Terms Addendum "A" is incorporated. The Contract will contain, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized here):

1. The total purchase price and the timing and method of payment of it to the escrow agent, subject to other terms in the Contract. A buyer must obtain his/her own financing.

2. The additional costs and expenses not included in the purchase price to be paid respectively by Buyer and Seller relative to the purchase and sale of the Unit.

3. That all deposits and payments of Buyer shall be delivered to escrow and disbursed in accordance with the Condominium Escrow Agreement and the Buyer is subject to all of the terms of that agreement. Entitlement to any interest accruing on the deposits shall be subject to the terms of the DROA and the Condominium Escrow Agreement.

4. Whether, at the time of execution of the Contract, an effective date for a Final Public Report has been issued. If not, then the contract is merely a reservation agreement and may be cancelled at any time by either the Buyer or Seller and no deposit shall be accepted on behalf of the Seller.

5. The terms and conditions of the sale which include, among other provisions, the following:

(a) That buyer receive copies of the Final Public Report for the Condominium Property Regime, the Condominium Map, the Declaration of Condominium Property Regime, Bylaws of the Association of Apartment Owners, the form of Apartment Deed, and the Condominium Escrow Agreement and be given a stated period of time to read those documents; it shall be required that Buyer acknowledge that he/she has had such opportunity and accepts those documents.

(b) Risk of loss to the apartment and percentage interest in the common elements will be borne by Seller until the date of closing as defined in the Contract. Buyer will not be entitled to possession of the apartment until the date of closing.

(c) Until the Apartment Deed conveying title is delivered to Buyer, the Seller may exercise all of the powers of the Association and of the Buyer as a member thereof.

(d) After issuance of the Final Public Report and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Buyer shall have the right to rescind the Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of Buyer's apartment or appurtenant limited common

elements or those amenities of the Project available for the Buyer's use, subject to waiver by the Buyer pursuant to the terms set forth in the Contract and Hawaii Revised Statutes Section 514A-63.

(e) The closing date for the purchase. Time shall be of the essence of the obligations of Buyer under the Contract.

(f) The payment of commissions, if any.

(g) Acknowledgement by Buyer that neither the Seller nor any of its representatives have made any representations as to the rental income or profit to be derived from the Unit.

(h) Acknowledgement by Buyer that Sell makes no warranties of any kind regarding the Unit, the Project or any improvement, appliance or furnishing related thereto.

(i) The Contract shall not be construed as a present transfer of any interest in the Property, but it is instead an agreement to transfer in the future, contingent upon issuance of an effective date by the Real Estate Commission of a Final Public Report for the Project.

(j) In the event of default under the Contract by Buyer:

- (i) Seller may bring an action against Buyer for breach of contract'
- (ii) Seller may retain Buyer's deposit(s)'
- (iii) Buyer shall be responsible for expenses incurred.

(k) In the event of default under the Contract by Seller:

- (i) Buyer may bring an action against Seller for breach of contract;
- (ii) Buyer may bring an action compelling Seller to perform under the Contract;
- (iii) Seller shall be responsible for expenses incurred.

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

End of Exhibit H

EXHIBIT H

SUMMARY OF SALES CONTRACT

Each sales contract ("Contract" herein) for a Unit in THE NANI IKENA CONDOMINIUM project (the "Project") will be on a Hawaii Association of Realtors standard printed form of Deposit Receipt Offer and Acceptance (DROA), into which a Special Terms Addendum "A" is incorporated. The Contract will contain, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized here):

1. The total purchase price and the timing and method of payment of it to the escrow agent, subject to other terms in the Contract. A buyer must obtain his/her own financing.

2. The additional costs and expenses not included in the purchase price to be paid respectively by Buyer and Seller relative to the purchase and sale of the Unit.

3. That all deposits and payments of Buyer shall be delivered to escrow and disbursed in accordance with the Condominium Escrow Agreement and the Buyer is subject to all of the terms of that agreement. Entitlement to any interest accruing on the deposits shall be subject to the terms of the DROA and the Condominium Escrow Agreement.

4. Whether, at the time of execution of the Contract, an effective date for a Final Public Report has been issued. If not, then the contract is merely a reservation agreement and may be cancelled at any time by either the Buyer or Seller and no deposit shall be accepted on behalf of the Seller.

5. The terms and conditions of the sale which include, among other provisions, the following:

(a) That buyer receive copies of the Final Public Report for the Condominium Property Regime, the Condominium Map, the Declaration of Condominium Property Regime, Bylaws of the Association of Apartment Owners, the form of Apartment Deed, and the Condominium Escrow Agreement and be given a stated period of time to read those documents; it shall be required that Buyer acknowledge that he/she has had such opportunity and accepts those documents.

(b) Risk of loss to the apartment and percentage interest in the common elements will be borne by Seller until the date of closing as defined in the Contract. Buyer will not be entitled to possession of the apartment until the date of closing.

(c) Until the Apartment Deed conveying title is delivered to Buyer, the Seller may exercise all of the powers of the Association and of the Buyer as a member thereof.

(d) After issuance of the Final Public Report and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Buyer shall have the right to rescind the Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of Buyer's apartment or appurtenant limited common

elements or those amenities of the Project available for the Buyer's use, subject to waiver by the Buyer pursuant to the terms set forth in the Contract and Hawaii Revised Statutes Section 514A-63.

(e) The closing date for the purchase. Time shall be of the essence of the obligations of Buyer under the Contract.

(f) The payment of commissions, if any.

(g) Acknowledgement by Buyer that neither the Seller nor any of its representatives have made any representations as to the rental income or profit to be derived from the Unit.

(h) Acknowledgement by Buyer that Sell makes no warranties of any kind regarding the Unit, the Project or any improvement, appliance or furnishing related thereto.

(i) The Contract shall not be construed as a present transfer of any interest in the Property, but it is instead an agreement to transfer in the future, contingent upon issuance of an effective date by the Real Estate Commission of a Final Public Report for the Project.

(j) In the event of default under the Contract by Buyer:

- (i) Seller may bring an action against Buyer for breach of contract'
- (ii) Seller may retain Buyer's deposit(s)'
- (iii) Buyer shall be responsible for expenses incurred.

(k) In the event of default under the Contract by Seller:

- (i) Buyer may bring an action against Seller for breach of contract;
- (ii) Buyer may bring an action compelling Seller to perform under the Contract;
- (iii) Seller shall be responsible for expenses incurred.

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

End of Exhibit H

EXHIBIT I

SUMMARY OF ESCROW AGREEMENT

The Condominium Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. a Hawaii Corporation (the "Escrow"), and Owner / Developer of THE NANI IKENA CONDOMINIUM project, (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will deliver an executed copy of the sales contract to Escrow. Seller will require that all payments due under the sales contract on account of the purchase price be made to Escrow to be held and disbursed pursuant to the Agreement and Chapter 514A of Hawaii Revised Statutes.

2. Escrow will, within a reasonable time of receipt, deposit all funds in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in Hawaii, with interest to be paid as specified in the sales contract, and if not so specified, then as described in Paragraph 2 of the Agreement.

3. No disbursement of funds held under the Agreement shall be made, except by way of refunds, until an effective date for a Final Public Report has been issued by the Real Estate Commission and the potential Buyer has acknowledged, or is deemed as having acknowledged, receipt of a copy of the Final Public Report and Seller or Seller's attorney have delivered a written opinion to Escrow that the sales contract has become effective and that certain other legalities discussed in Paragraph 3 of the Agreement have been met.

4. Paragraph 4 of the Agreement describes the return by Escrow of funds to the Buyer under various circumstances of failed contingencies, rescission, cancellation and other failures of the purchase to conclude. It includes discussion of the circumstances when interest, cancellation fees and reimbursement of certain expenses may also be payable to the Buyer.

5. The Agreement describes the duties of Escrow to notify purchasers when funds are to be returned to them and what occurs when those funds are not claimed.

6. Escrow will be responsible to promptly and diligently arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract and shall act with diligence and dispatch, to perform all necessary and customary escrow functions to close the sale pursuant to the terms and conditions set forth in the sales contracts. Escrow will see to the transfer of title to the Buyer and the disbursement of the sales proceeds to Seller, and the recording and delivery of the appropriate conveyancing, loan, release and other transaction documents. Provision is made in Paragraph 8 for dealing with any defects in documents.

7. Developer shall give written notice to Buyer with a copy to Escrow of payments due under the sales contract. Escrow will collect payment due from Buyer as specified by Developer. Escrow will notify Seller of any default in such payment by Buyer or if Buyer fails to

perform in any matter that is being handled by Escrow, and if Seller certifies in writing to Escrow that Seller has terminated the sales contract in accordance with the terms thereof, and supplies Escrow with copies of the notices of termination, then Escrow shall thereafter treat all funds of the Buyer paid on account of the sales contract as funds of the Seller and not of the Buyer and shall hold them for the account of the Seller, free of the escrow. Upon written request of Seller, Escrow will pay such sums to Seller, less any escrow cancellation fee. Any partially executed conveyance documents held by Escrow shall be returned to Seller. Escrow shall hold all other documents theretofore delivered to Escrow for the statutory period.

8. Escrow, in carrying out its responsibilities under the Agreement, is provided several important protections and limitations to its liability. Escrow is not required to resolve any disputes and may instead await settlement or remove itself by depositing monies held by it into court. Seller and Buyer are required to indemnify and hold Escrow harmless from costs, damages and liabilities of all sorts incurred by Escrow for any act of Escrow that is not generally accepted as a reasonable business practice in the Honolulu business community.

9. Escrow's compensation for performance as escrow holder hereunder and for issuing title insurance shall be according to its scheduled rates plus applicable excise tax. In addition, Escrow will charge Buyer a fee of \$100 for each mortgage obtained by Buyer if it is not from a lender designated by Seller. Escrow will also charge a cancellation fee commensurate with its services, but not less than \$25 plus all costs incurred by Escrow, as well as a fee for changing documents previously approved.

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

End of Exhibit I