

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by: Developer: Reed P. Schwichtenberg, Merrily A. Schwichtenberg and
Mark Schwichtenberg
Address: 10615 Cedar Forest Drive
Garfield, Arkansas 72732

Project Name (*): Lawai Hana Condominium
Address: A Private Road, Easement Document Book 13003, Page 617 dated 6/24/78
Koloa, Kauai, Hawaii

Registration No.: 4574
(conversion)

Effective date: **March 22, 2001**
Expiration date: **April 22, 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: The developer may not as yet have created the condominium but has filed with the Real
(yellow) 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:** The developer has legally created a condominium and has filed complete information
(white) with the Commission.
 No prior reports have been issued.
 This report supersedes all prior public reports.
 This report must be read together with _____

 SUPPLEMENTARY: This report updates information contained in the:
(pink) 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. FORM: RECO-30 286/986/189/1190/892/01971098/0800

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report as Exhibit G & H Not Required

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 UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.

1. There are presently THREE (3) RESIDENTIAL STRUCTURES ON THE 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 number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements normally 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*: REED P. SCHWICHTENBERG, Phone: (501) 359-2818
MERRLY A. SCHWICHTENBERG, and
MARK SCHWICHTENBERG
10615 Cedar Forest Drive
Garfield, Arkansas 72732

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*: Bob Keown, Ltd.
dba Makai Properties
P.O. Box 905 Phone: (808) 742 7561
Koloa, Hawaii 96756

Escrow: Hawaii Title Guaranty Incorporated Phone: (808) 245-3381
235 Queen Street,
Honolulu, Hawaii 96813

General Contractor*: N/A

Condominium Managing Agent*: Self-managed by the Association of Apartment Owners

Attorney for Developer: Helene Taylor Phone: (808) 245-9601
4370 Kukui Grove Street, Suite 208
Lihue, Hawaii 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. 2000-124753
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. 3159
 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. 2000-124754
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 interests, 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>100%</u>
Bylaws	65%	<u>100%</u>
House Rules	---	<u>100%</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 reserves the right to change the Declaration and Condominium Map as provided for in the Declaration.

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 if 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 lessees 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: A Private Road, Easement Document 13003, Page 617 dated 6/24/78TMK: (1) 2 5-07:14
Koloa, Kauai, Hawaii 96756

Address TMK is expected to change because CPR numbers will be added to the current TMK number.

Land Area: 33,775 square feet acre(s) Zoning: Residential R4

Fee Owner: Reed P. Schwichtenberg,
 Merrily A. Schwichtenberg, and
 Mark Schwichtenberg
 10615 Cedar Forest Drive
 Garfield, Arkansas 72732

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: 4 Floors Per Building: Unit A: 2, Unit B: 1, Unit C1: 2, Unit C2: 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other: Screen

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>3</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural & Open	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

- Pets: Animals and pets are limited as provided in the Bylaws.
- Number of Occupants: _____
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identify
<u>Unit A</u>	<u>1</u>	<u>3/2</u>	<u>1993</u>	<u>0</u>	<u>_____</u>
<u>Unit B</u>	<u>1</u>	<u>1/1</u>	<u>456</u>	<u>0</u>	<u>_____</u>
<u>Unit C</u>	<u>1</u>	<u>1/2</u>	<u>1205</u>	<u>464</u>	<u>Garage/deck</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>532</u>	<u>Workshop (C2)</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 Condominium Map

External surfaces of each building.

Permitted Alteration to Apartments:

With approval of the Board of Directors per Article XVI of the Declaration.

Apartments Designated for Owner-Occupants Only: As allowed by Kauai County Zoning Ordinances and recorded restrictions on the project, if any. Upon construction of each permanent improvement and an amendment to the Declaration of Condominium Property Regime and Condominium Map (Exhibit A) will be required to disclose actual improvements as a matter of public record.

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 elected to provide the information in a published announcement or advertisement.

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 lawfully at one time but which does not now conform to present zoning requirements:

	Conforming*	Non-Conforming	Illegal
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 Interest:

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

described in Exhibit "E" .

as follows:

* See Exhibit I: Letter from the County of Kauai

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

There are no limited common elements in this project.

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

described in Exhibit "E".

as follows:

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

3. **Common Interests:** 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:

Each unit shall have appurtenant thereto an undivided one-third (1/3) interest in all common elements of the property, and the same proportionate share in all common profits and common expenses of the property (except as may be otherwise provided in the Bylaws) and for all other purposes, including voting. The fractional common interest for each unit is determined by assigning a 1/3rd fractional interest to each of the three (3) units irrespective of the actual land areas contained in the limited common elements appurtenant to each unit.

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

Exhibit "F" describes the encumbrances against the title contained in the title report dated February 2, 2001

and issued by Title Guaranty of Hawaii Incorporated.

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.

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

Type of Lien

Effect on Buyer's Interest and Deposit if Developer Defaults
or Lien is Foreclosed Prior to Conveyance

None

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: Units are sold "as is".

2. Appliances:

None

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

The construction of Units A and B were completed in the early 1980's.

The construction of Unit C buildings were completed as follows.

Building C - 1 in 1993

Building C - 2 in 1980

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.

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

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

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

B. Estimate of Initial Maintenance Fees:

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

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

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

C. Utility Charges for Apartments:

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "B" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated January 3, 2001
Exhibit "D" 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 deliver, 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. 4574 filed with the Real Estate Commission on February 12, 2001.

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

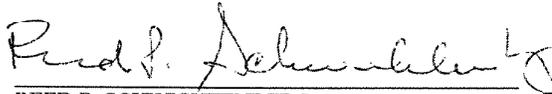
YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. Additional Information Not Covered Above:

1. The Developer has not 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.
2. The use of hazardous material is restricted except as provided in the Declaration and all hazardous materials laws.

- 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 514A-] (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.

REED P. SCHWICHTENBERG, MERRILY A. SCHWICHTENBERG and MARK SCHWICHTENBERG
Name of Owner/Developer


REED P. SCHWICHTENBERG

9 MAR 2001
Date


MERRILY A. SCHWICHTENBERG

9 MAR 2001
Date


MARK SCHWICHTENBERG

MARCH 14 2001
Date

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.*

PETER N. TAYLOR
INCORPORATED
 ENGINEER & SURVEYOR
 4370 KUKUA GROVE ST., SUITE 208
 LIHUE, KAUAI, HAWAII 96736
 PH 808 248-1864, FAX 808 248-9818
 COMMERCIAL LICENSE NO. 12172
 CONTRACT NO. 12172

- NOTES:**
1. FOUNDATION EXISTENCE, SIZE, DEPTH, LOCATION, CAPACITY OF ANY FOUNDATION SYSTEMS, REBAR OR AIR WATER SYSTEM, CESSPOOL, SEPTIC TANK SYSTEM, SWAMP LOTS, AND UTILITY LINES TO BE CONVEYED TO THE BUYER. ALL UTILITY LINES SHOULD BE CONTACTED FOR LOCATION AND DEPTH PRIOR TO CONSTRUCTION OF THIS DEVELOPMENT.
 2. BASEMENT 'A' A VEHICULAR ACCESS, PEDESTRIAN & UTILITY BASEMENT IN FAVOR OF UNITS A, B & C. MAUM ELECTRIC, 676 HAWAIIAN TEL. DEPT. OF WATER ALSO FOR CONDO/UNITED PURPOSES IN FAVOR OF DESCRIPTION OF UNITS:
- | UNIT NO. | DESCRIPTION OF UNITS: | AREA |
|----------|-------------------------------|---------|
| A | TWO STORY RESIDENCE | 1889 SF |
| B | SINGLE STORY GUEST HOUSE | 488 SF |
| C | TWO STORY RESIDENCE (BLDG #1) | 993 SF |
| | GARAGE/WORKSHOP (BLDG #2) | 332 SF |

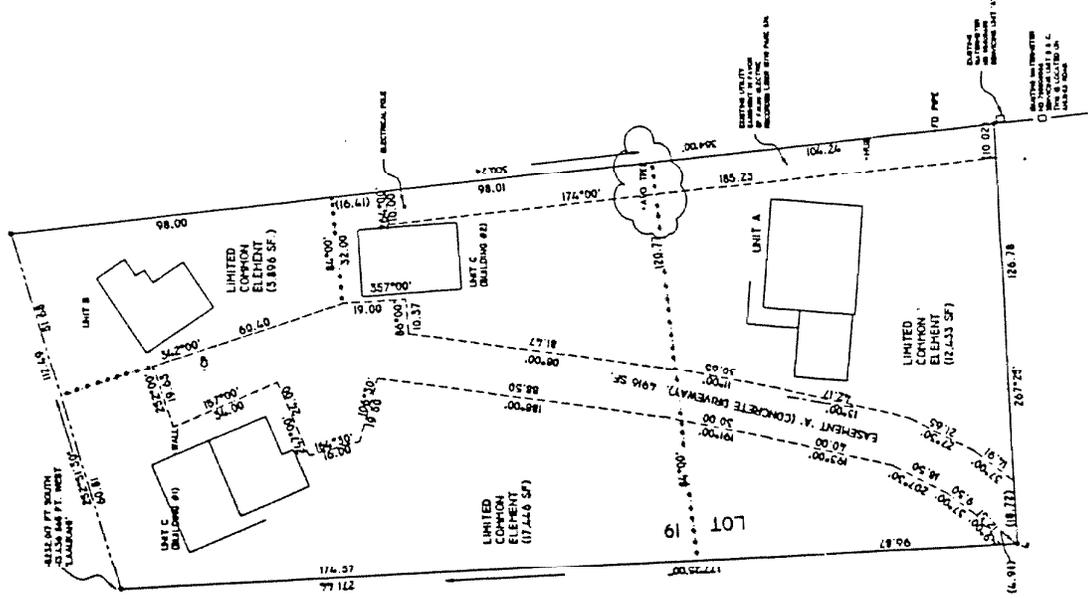
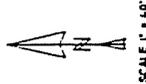
OWNER:
 AND PETER NORTON, MARK, HAWAII
 TRACT, AKA HOMEOWNERS TRACT
 1997-1998, 1999-2000, 2001-2002
 1997-1998, 1999-2000, 2001-2002
 LUPA 018, HAWAIIAN TITLE

MAP SHOWING:
 LAWAI HANA CONDOMINIUM
 BEING LOT 19
 "CLEMENS TRACT" SUBDIVISION
 FILE PLAN NO. 452
 LAWAI HOMESTEADS, KOLOA,
 KAUAI
 TOTAL AREA OF LOT: 33,775 SF.
 TAX MAP REF. (LTH) 2-5-07 PARCEL 14

THIS PROJECT DOES NOT INVOLVE THE SALE OF INDIVIDUAL UNITS OR LOTS. THE DOTTED LINES ON THE CONDOMINIUM MAP ARE FOR ILLUSTRATION PURPOSES ONLY. THEY DO NOT REPRESENT A LIMITED COMMONS OR EASEMENT OR RIGHT OF

THIS WORK WAS PREPARED BY ME OR UNDER MY CLOSE PERSONAL SUPERVISION AND I AM A LICENSED PROFESSIONAL ENGINEER IN HAWAII.

Peter N. Taylor



AUG 28 2010

CONDOMINIUM MAP No. 3159

EXHIBIT 'A'

EXHIBIT B

SUMMARY OF SALES CONTRACT

The LAWAI HANA CONDOMINIUM Contract and Receipt (the “contract”), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to the other terms.
2. The closing date for the purchase.
3. Whether, at the time of execution of the contract, an effective date for a final public report has been issued.
4. The terms and conditions of the sale which include, among other provisions, the following:
 - a. That Purchaser will receive a copy of the final public report for the project.
 - b. Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement.
 - c. Seller has a right to extend the closing date by 31 days or by 31 days after the public report effective date is issued, whichever is later.
 - d. After issuance of the Final Public Report effective date and buyer’s waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Purchaser shall not have the right to rescind the contract.
 - e. Purchaser has received a copy of the Escrow Agreement for the Project.
 - f. If purchaser defaults, Seller may cancel the contract or bring legal action against Purchaser to force sale, obtain money damages, and will retain Purchaser’s deposit money held in escrow and treat such as liquidated damages. Seller may also recover attorney’s fees and costs upon purchaser’s default.
 - g. The unit the Purchaser is purchasing will be shown on a condominium map prior to closing and will have the right to cancel if it is different from that shown on the Exhibit A.
 - h. That a deed conveying clear title will be given at closing, subject to certain obligations.

- i. The Purchaser agrees to give future easements if reasonable required for the project.
- j. The Purchaser will accept the Unit "AS-IS", including, but not limited to, Purchaser assumes all risks regarding any potential hazardous materials on the condo property or property adjoining or in the vicinity, including liability for suits by third parties. Seller is, however, unaware of any such materials, chemicals or conditions on the property.
- k. The payment of commissions, if any, is set out in the contract.
- l. Time is of the essence of the obligations of Purchaser under the contract.

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

END OF EXHIBIT B

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS FOR LAWAI HANA CONDOMINIUM

Qty	Apt. No.	Area of Limited Common Element	No. of BR/BATH	Approx. Net Living Area (Sq.Ft.)	Approx. workshop/lanai/laundry/garage Area (Sq.Ft.)	% of Common Interest
1	A	12,433 sq. ft.	3/2	1,993	0	33.333%
1	B	3,896 sq. ft.	1/1	456	0	33.333%
2	C1	17,446 sq. ft.	4/2 0/1	1,205 0	464 532 (Bldg. 2)	33.334%

Unit A consists of a two story residence consisting of three bedrooms, two bathrooms, living room, kitchen, family room, laundry and deck area. It is made up of 1,147 square feet of living area, 846 square feet of laundry and deck area. It is located in the middle of 12,433 square feet of limited common element and is constructed of wood and concrete.

Unit B consists of a single story guesthouse consisting of one bedroom, one bathroom, living room, breezeway and deck. It is made up of 456 square feet of living area. It is located in the middle of 3,896 square feet of limited common element and is constructed of wood.

Unit C consists of two structures. Unit C1 consists of a two-story residence consisting of four bedrooms, two bathrooms, living room, dining room and attached garage. It is made up of 1,205 square feet of living area. Unit C2 consists of a single story garage/workshop with one bathroom. It is made up of 532 square feet of work area. They are located in the middle of 17,446 square feet of limited common element and are constructed of wood.

Easement A consists of 4,916 square feet of land and serves as a Vehicular Access, pedestrian and utility purposes in favor of Units A, B and C and to Kauai Electric, GTE Hawaiian Tel, Garden Island Telecommunications and Department of Water.

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

signatures. See Exhibit I for cautionary comments from the County of Kauai Planning Department.

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement (“Agreement”) between **Title Guaranty of Hawaii Incorporated** (the “Escrow”) and **REED SCHWICHTENBERG, MERRILY SCHWICHTENBERG and MARK SCHWICHTENBERG** (the “Seller”) contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow. If the Buyer is an owner-occupant, the buyer shall deliver an affidavit in the approved form, to escrow.
2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.
3. Escrow will not release from the trust fund and disburse Buyer’s funds at closing, unless: (a) the Real Estate commission has issued a Final Report on the Project and the Buyer has acknowledged receipt of the same, (b) Seller has delivered a written opinion to Escrow stating that Sections 514A-62, 514A-63 or 521-38, Hawaii Revised Statutes, as amended, if applicable, have been complied with, © Seller has given escrow a written waiver of any option reserved in any sales contract to cancel said sales contract, (d) Seller has delivered to Escrow, a certificate from Seller’s architect stating that the project is in compliance with the Federal Fair Housing Amendments Act of 1988, (e) If it is intended that the sale of a unit will be made to Buyers as owner-occupants, the required affidavits of the buyers must be reaffirmed and delivered to Escrow with proof of the date of receipt by the buyer of the final public report, upon receipt of the final public report by the Buyer or no later than closing of escrow for the unit.
4. Escrow will return deposited sums to the buyer without interest if: (a) Seller and buyer give Escrow written notice to return the funds to Buyer, (b) If there is a right to cancellation and refund of moneys under the sales contract or otherwise and Seller has notified Escrow of his/her exercise of said right, (c) If Buyer’s funds were obtained prior to the issuance of the Final Report and Buyer has exercised buyer’s right to cancel the contract, (d) The Buyer has exercised the Buyer’s right to rescind the contract under Section 514A-63, Hawaii Revised Statutes, as amended or (e) The Seller of Buyer has requested in writing, that the funds be returned to Buyer and one of the following has

occurred: (I) No sales contract has been offered to the prospective owner-occupant within six months of the issuance of the first public report or public lottery or (ii) the prospective owner-occupant has requested to be removed from the final reservation list, or (iii) the prospective owner-occupant has elected not to execute the sales contract or (iv) the prospective owner-occupant has not obtained adequate financing within the required period of time. Thereafter, in the event of a cancellation as a matter of agreement of right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00.

5. If Buyer does not claim any returned funds within sixty (60) days after receiving adequate notice, Escrow shall deposit the funds into a special account, in a bank under the name of Seller as trustee for the benefit of such purchaser. Escrow's duties with respect to such funds shall thereafter be released.
6. Escrow will arrange for and supervise the signing of all documents that are to be signed subsequent to and contemplated by the sales contract and shall promptly and diligently close the transaction.
7. Seller may close any or all sales at different times and Escrow agrees to cooperate with Seller to facilitate its performance of such partial closings.
8. If all documents necessary to effect each sales transaction are accurate and in no way defective, Escrow shall, within five (5) business days (exclusive of the day of closing) file and record the documents necessary to effect the transfer of legal title to the purchaser. If the documents are defective, Escrow shall file the documents within five (5) business days after learning that the reason that prevented their filing or recording no longer exists.
9. If purchaser fails to make the required payments to Escrow in a timely manner, Escrow shall notify Seller of purchaser's failure. If the contract has been terminated, Seller shall provide, in writing, certification of such termination. Upon written request by Seller thereafter, Escrow shall return all funds to Seller, less the cancellation fee, along with any partially executed documents. The buyer's funds shall be treated as liquidated damages and shall be returned to Seller as herein specified.
10. Escrow is relieved from all liability for acting in accordance with the terms herein, unless otherwise notified to the contrary by the Seller of purchaser. If any dispute involving Escrow should arise, Escrow may take no action but instead may await settlement by the appropriate legal proceeding or may file a suit for adjudication and shall thereafter be fully released and discharged from

further obligations with respect to the moneys deposited. Seller and purchaser shall indemnify and hold Escrow harmless.

11. Where a material house bond guarantees completion of construction of improvement of unit(s), no sale of any such unit shall be closed until 45 days after publication of notice of completion of all construction on any affected unit(s) unless: (a) cash sums equivalent to the bond is retained in escrow for the 45 day period, (b) an indemnity and title policy are executed by a title company to the purchaser, and (c) a surety bond is posted with the Real Estate commission.
12. The Escrow Agreement shall be binding and may only be terminated by either party upon fifteen (15) days written notice to the other. This Agreement shall be interpreted under Hawaii Law, which shall control in all instances.
13. Escrow shall provide Seller with semi-monthly report covering the status of each sales contract in escrow and if certification is received, bill each purchaser for payments due under the sales contract.
14. As Escrow's compensation for its performance under this Agreement, Escrow will receive \$ ** for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

** Fee will be based on scheduled rates determined by the selling price of the apartment at opening of escrow.

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

END OF EXHIBIT D

EXHIBIT E

Common elements of the Project

The common elements of the project are:

- (a) Land in fee simple;
- (b) The vehicular and utility easement;
- (c) The common element for septic purposes;
- (d) All future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;
- (e) Any and all other elements and facilities in common use or necessary 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 units, and such unit(s) shall have appurtenant thereto-exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved as follows:

- (a) That certain land area upon and around which **Units A, B and C** are located, shown and designated on the condominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective unit.

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
A	12,433 square feet
B	3,896 square feet
C	17,446 square feet

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 unit to which said limited common elements are appurtenant.

END OF EXHIBIT E

EXHIBIT F

Encumbrances Against Title

1. Real property taxes. Check with the Kauai County Tax Assessor for further information.
2. GRANT

TO: CITIZENS UTILITIES COMPANY
DATED: June 10, 1981
RECORDED: Liber 15719 Page 574
GRANTING: an easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground line, etc., for the transmission and distribution of electricity
3. Any claim or boundary dispute which may exist, or arise by reason of the failure of the Deed dated April 11, 1990, recorded as Document No. 90-054956 referred to in Schedule C, to locate with certainty the boundaries of the utility and access easement described in said instrument.
4. 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 "LAWAI HANA CONDOMINIUM" CONDOMINIUM PROJECT

DATED: August 8, 2000
RECORDED: Document No. 2000-124753
MAP: 3159 and any amendments thereto.
5. 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 8, 2000
RECORDED: Document No. 2000-124754

END OF EXHIBIT F

EXHIBIT G

**DISCLOSURE ABSTRACT FOR
LAWAI HANA CONDOMINIUM**

Pursuant to Hawaii Revised Statutes, Section 514A-61, the developer of **LAWAI HANA CONDOMINIUM** makes the following disclosures:

1. The developer of the project is **REED SCHWICHTENBERG; MERRILY SCHWICHTENBERG and MARK SCHWICHTENBERG** whose address is 10615 Cedar Forest Drive, Garfield, Arkansas 72732.
2. See Exhibit H for the projected annual maintenance fees. The developer hereby certifies that the estimations have been based on generally accepted accounting principles.
3. No warranty will apply to any structure. There are four existing structures on the property and no warranty will be made regarding these buildings.
4. No condominium units will be used for both hotel and residential use.
5. There will be no commercial use except those activities permitted by the Kauai County Comprehensive Zoning Ordinance.
6. Mandatory reserves assessment and collection in effect beginning 1994 budget year. Developer discloses that no reserve study was done in accordance with Chapter 514A-83.6 HRS, and replacement reserves rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Dated: MARCH 14, 2000


REED SCHWICHTENBERG


MERRILY SCHWICHTENBERG


MARK SCHWICHTENBERG

RECEIPT

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

Purchaser(s)

EXHIBIT H

**ESTIMATE OF INITIAL MAINTENANCE FES
AND
ESTIMATE OF MAINTENANCE FEE DESBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
Unit A	\$37.83	\$454
Unit B	\$37.75	\$453
Unit C	\$37.75	\$453

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

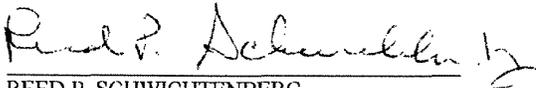
Management

Management Fee

Payroll and Payroll Taxes

Insurance	\$100 x 12	\$1200
Reserves(*)		
Taxes and Government Assessments	\$30 x 12	\$ 360
Audit Fees		
Other		
TOTAL		\$1360

We, REED P. SCHWICHTENBERG, MERRILY A. SCHWICHTENBERG and MARK SCHWICHTENBERG, the developer for the Lawai Hana 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.


REED P. SCHWICHTENBERG

9 Mar 2001
Date


MERRILY A. SCHWICHTENBERG

MAR 9 2001
Date


MARK SCHWICHTENBERG

MARCH 14 2001
Date

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

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year, which begins after the association's first annual meeting.

EXHIBIT I

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

DATE: February 20, 2001

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: LAWAI HANA CONDOMINIUM PROJECT

TAX MAP KEY: (4) 2-5-7:14

The developer of the above-mentioned condominium project has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, (Section 515A-40 (b), (1), Hawaii Revised statutes. Subject to the disclosures and waivers (item "e" below) specified herein, we certify the following:

- a. The developer has contracted engineer Peter N. Taylor to certify that the existing buildings on the proposed project referred to as Lawai Hana Condominium Unit A through C are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by 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

February 20, 2001

e. **WAIVER**

The foregoing certification is not a warranty to any compliance with 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: Helene Taylor

END OF EXHIBIT I