

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer REGENCY INVESTMENTS & DEVELOPMENT, L.C.
Address 801 North 500 West, Suite 100, Bountiful, Utah 84010-6847

Project Name (*): THE REGENCY AT POIPU KAI, INCREMENT 2
Address: 1831 Poipu Road, Koloa, Kauai, Hawaii 96756

Registration No. 4594 Effective date: April 12, 2001
Expiration date: May 12, 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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.

(*) 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 Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

1. This public report covers the second increment of a 73 apartment condominium project of which the First Increment of 45 apartments was completed on September 3, 1991 for which a Final Public Report was issued on October 15, 1990, Registration No. 2178 to SILAGI/POIPU KAI, a Hawaii limited partnership.
2. SILAGI/POIPU KAI conveyed its interest in the second increment of 28 apartment units to REGENCY INVESTMENTS & DEVELOPMENT, L.C. (Developer) on June 10, 1999 the deed of which was recorded as Document No. 99-095236.
3. The Developer has built the 28 apartment units in the Second Increment and the Notice of Completion was first published in the Garden Island newspaper in the County of Kauai on February 9, 2001.

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

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: REGENCY INVESTMENTS & DEVELOPMENT, L.C. Phone: (801) 2961000
Name* 801 North 500 West, Suite 100. (Business)
Business Address Bountiful, Utah 84010-6847

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):

Nathan Hale, Trustee of Resource Holding Trust Member
Michael K. Thompson, Trustee of FF Trust Member

Real Estate Broker*: Bob Keown, Ltd., dba Makai Properties Phone: (808) 7427561
Name 1941 Poipu Road (Business)
Business Address Koloa, Hawaii 96756-0905

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 2453381
Name 4415 Kukui Grove St., Suite 104 (Business)
Business Address Lihue, Hawaii 96766

General Contractor*: Betsill Brothers Construction, Inc. Phone: (808) 8795375
Name 635 Kenolio Road (Business)
Business Address Kihei, Maui, Hawaii 96733

Condominium Managing Agent*: Mike A. Harismendy Phone: (808) 3329603
Name (Attention Owen Morgan) P. O. Box 1197 (Business)
Business Address Koloa, Kauai, Hawaii 96756

Attorney for Developer: Hiroshi Sakai Phone: (808) 5314171
Name 201 Merchant Street, Suite 902 (Business)
Business Address Honolulu, Hawaii 96813

* 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. 90-113259
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]: 1st Am 9/7/90 D No 90-141591; 2nd Am 1/2/91 D No 91-002496; 3rd Am 10/16/92 D No 92-172679; 4th Am 6/17/94 D No 94-110856; 5th Am 10/22/96 D No 96-154273; 6th Am 6/9/99 D No 99-095235; 7th Am 2/20/01 D No 2001-027771.

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. 1354
 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]:
6th Am 6/9/99 D No 99-095235
7th Am 2/20/01 D No 2001-027771

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. 90-113260
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>Majority of Board</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:

Developer has reserved the right under Paragraph 19.0 of the Declaration to amend the Declaration to file an amendment pursuant to the provisions of Section 514A-12, Hawaii Revised Statutes, after construction of the buildings described herein and attaching to such amendment the verified statement of the architect certifying that the Final Plans fully and accurately depict the apartments as built as required by law.

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: 1831 Poipu Road Tax Map Key (TMK): (4) 2-8-27: 20
Koloa, Kauai, Hawaii 96756

Address TMK is expected to change because _____

Land Area: 4.266 square feet acre(s) Zoning: R-10

Fee Owner: REGENCY INVESTMENTS & DEVELOPMENT, L.C.
 Name
801 North 500 West, Suite 100
 Address
Bountiful, Utah 84010-6847

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: 2 plus loft
 Exhibit _____ contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Glass, aluminum frame
4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>28*</u>	<input checked="" 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"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<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

* Total number of units in Increment 2. The total number of units for Increment 1 and 2 constituting the entire project is 73 units.

5. Special Use Restrictions:

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

[] Pets: _____

[] Number of Occupants: _____

[X] Other: See House Rules attached as Exhibit G.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: Each Building Trash Chutes: -0-

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
See page 11A.					
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 28

* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

The exterior surfaces of the apartments and the description of the limited common element for each of the units as set forth in the Condominium Map.

Permitted Alterations to Apartments:

None provided for in the Declaration, as amended.

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.

Addendum to page 11.

Additional information as to apartment types, quantity, BR/BA, Net living area, net other area and identification.

Bldg Type	Apt Type	Apt No.	Quantity	BR/Bath	Net Living Area (s.f.)	Net Lanai Area (s.f.)
2	C	10	2	2BR/2BA	1,258	213
2	CR	11	2	2BR/2BA	1,258	213
2	CL	20	2	3BR/3BA	1,438	213
2	CRL	21	2	3BR/3BA	1,438	213
1	AR	10	2	2BR/2BA	1,263	144
1	A	11	2	2BR/2BA	1,263	144
1	B	12	2	2BR/2BA	1,329	250
1	A	13	2	2BR/2BA	1,263	144
1	AR	14	2	2BR/2BA	1,263	144
1	ARL	20	2	3BR/3BA	1,438	144
1	AL	21	2	3BR/3BA	1,438	144
1	BL	22	2	3BR/3BA	1,554	274
1	AL	23	2	3BR/3BA	1,438	144
1	ARL	24	2	3BR/3BA	1,438	144

Note:

BUILDING TYPE 2 - The apartments in Building 6 are numbered 610 and 611 on the first floor has two bedrooms, two bathrooms and two lanais. The apartments numbered 620 and 621 on the second floor has two bedrooms, two bathrooms and two lanais and in addition has a loft (sleeping) and a third bathroom in the loft space. The apartments in Building 7 are numbered 710 and 711 on the first floor has two bedrooms, two bathrooms and two lanais. The apartments numbered 720 and 721 on the second floor has two bedrooms, two bathrooms and two lanais and in addition has a loft (sleeping) and a third bathroom in the loft space.

BUILDING TYPE 1 - The apartments in Building 8 are numbered 810 through 814 inclusive on the first floor and has two bedrooms, two bathrooms and two lanais except for apartment 812 which shall have three lanais. The apartments numbered 820 and 824 on the second floor has two bedrooms, two bathrooms and two lanais except for apartment 822 which shall have three lanais and in addition has a loft (sleeping) and a third bathroom in the loft space. The apartments in Building 9 are numbered 910 through 914 inclusive on the first floor and has two bedrooms, two bathrooms and two lanais except for apartment 912 which shall have three lanais. The apartments numbered 920 through 924 inclusive on the second floor has two bedrooms, two bathrooms and two lanais except for apartment 922 which shall have three lanais and in addition has a third bedroom, loft and a third bathroom in the loft space.

7. Parking Stalls:

Total Parking Stalls: 110 - entire project

	<u>Regular</u> <u>Covered Open</u>	<u>Compact</u> <u>Covered Open</u>	<u>Tandem</u> <u>Covered Open</u>	TOTAL
Assigned (for each unit)	----- 73 -----	----- -----	----- -----	----- 73 -----
Guest	----- -----	----- -----	----- -----	----- -----
Unassigned	----- 37 -----	----- -----	----- -----	----- 37 -----
Extra for Purchase	----- -----	----- -----	----- -----	----- -----
Other: _____	----- -----	----- -----	----- -----	----- -----
Total Covered & Open:	<u>110</u>	<u>0</u>	<u>0</u>	<u>110</u>

Each apartment is assigned a parking stall with the same number as the apartment on the Condominium Map.

Each apartment will have the exclusive use of at least one 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 Interest:

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

described in Exhibit A .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit B.

as follows:

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

described in Exhibit 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 D describes the encumbrances against the title contained in the title report dated 3/8/2001 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, security agreement and financing statement dated 3/17/2000 in favor of John K. Alston husband of Delia Alston recorded as Document No. 2000-031925 in the amount of \$1,300,000 which was increased to \$1,900,000 by Amendment dated 7/3/2000 recorded as Document No. 2000-100467.	Buyer's interest may be terminated in which case Buyer's deposit shall be refunded, less cancellation fees.

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:**
See Exhibit E.

2. **Appliances:**
See Exhibit E.

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

Affidavit of Notice of Completion filed in the Fifth Circuit Court,
State of Hawaii on 2/20/2001.

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 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 E 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:

- [X] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated 2/20/2001
Exhibit H contains a summary of the pertinent provisions of the escrow agreement.
- [x] Other Declaration of Covenants & Restrictions of Poipu Kai Association
dated 1/8/79, as amended

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Declaration of Covenants & Restrictions of Poipu Kai Association dated 1/8/79, as amended.

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. 4594 filed with the Real Estate Commission on March 13, 2001.

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.

The following information is provided to a prospective buyer(s) so they will be informed as to the terms and conditions under which sales are being made to buyer(s):

1. Time share prohibited. The Time Share Declaration dated 6/14/90, recorded as Document No. 90-113261, as amended, as noted under encumbrances as Exhibit D was not registered as a time share project. Subsequently the Association of Apartment Owners (Increment 1) and Silagi/Poipu Kai (owner of Increment 2) agreed upon and executed the Third Amendment to the Declaration of Condominium Property Regime of the Regency at Poipu Kai dated October 16, 1992 recorded as Document No. 92-172679 which prohibited time sharing in this project.

2. Poipu Kai Association. There is a Poipu Kai Association, a master association, which was formed through the Declaration of Covenants, Conditions and Restrictions dated January 8, 1979, recorded in the Bureau of Conveyances, State of Hawaii in Book 23428, page 440 governing Lots D-18, D-22, D-1 and D-9 in the Poipu Kai Subdivision which subjected the lots to land classification and use restrictions, Poipu Kai Design Committee, Poipu Kai Association, Funds and Assessments, water, sewer, roadway and other assessments and miscellaneous provisions so the properties can be developed as a planned community (herein referred to as "CC&R"). The CC&R permitted the addition of other lots. Through the First Supplemental Declaration dated 4/17/79, recorded 4/19/79 recorded in Book 13622, page 445, Lot 20 and 21 were added to the CC&R. Lot 21 was denominated and developed as The Regency at Poipu Kai (the "Project"). There were Second, Third and Fourth Supplemental Declarations which added additional lots under this CC&R.

Therefore any prospective buyer should be aware that in purchasing an apartment in this Project the buyer is subject to the terms and covenants of the CC&R as well as the condominium documentation of the Project. Silagi/Poipu Kai, the original developer of the Project submitted in 1989 to the developer of the Poipu Kai subdivision (who acted on behalf of the Design Committee of the Poipu Kai Association) for the approval of the design and development of the The Regency at Poipu Kai project which included the First and Second Increment and received its approval of the plans as advised by the property management agent of the Project. Any changes that a prospective buyer desires to make to the apartment unit will require submission to the Poipu Kai Association and the Association of Apartment Owners of The Regency at Poipu Kai.

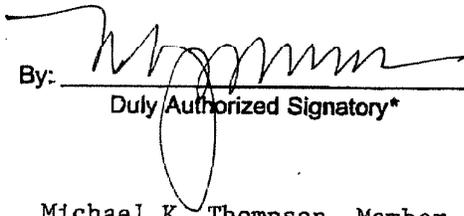
The Poipu Kai Association was incorporated as a Section 415B, Hawaii Revised Statutes, non-profit corporation, by its filing on January 12, 1979 with offices at 1946 Hoone Road, Koloa, Kauai,

Hawaii at the Business Registration office, Department of
Commerce and Consumer Affairs, State of Hawaii. Any inquiry
relative to the Poipu Kai Association may be addressed to the
Association office at 1775 Poipu Road, Koloa, Kauai, Hawaii
96756, (808) 7422229.

- 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.

REGENCY INVESTMENTS & DEVELOPMENT, L.C.

Printed Name of Developer

By: 

3/2/2001

Duly Authorized Signatory*

Date

Michael K. Thompson, Member, Trustee of FF Trust

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

EXHIBIT "A"

COMMON ELEMENTS

- A. The land in fee simple.
- B. The foundations, floor, slabs, columns, girders, beams, supports, bearing walls, roofs, entry landings, and stairways in the building not within any of the apartments.
- C. The yards, landscaping, trash area, including the parking areas, including any open parking stalls which may be used on a non-exclusive basis with the owners of the project adjacent to this Project, all of the landscaped yards and lawns.
- D. The central and appurtenant installations for services use or necessary to the existence, maintenance and safety of the Project.
- E. All licenses, leases, or contractual arrangements that the Association enters into with respect to the common elements.
- F. Any limited common elements that by the terms thereof shall become common elements.
- G. The driveway within the Project and the unassigned parking stalls. Any other improvements placed on the grounds.

EXHIBIT "B"

LIMITED COMMON ELEMENTS

The limited common elements of the Project are the parking stalls designated and set aside for the exclusive use of certain apartments. The parking stalls are numbered the same as the apartment number, the location more particularly outlined in the Condominium Map.

EXHIBIT "C"

INCREMENT TWO - Buildings 6, 7, 8 and 9

<u>Building Type</u>	<u>Apt No.</u>	<u>Percentage Common Interest</u>
#2	610	1.3113
#2	611	1.4717
#2	620	1.3113
#2	621	1.4717
#2	710	1.3113
#2	711	1.4717
#2	720	1.3113
#2	721	1.4717
#1	810	1.2542
#1	811	1.2542
#1	812	1.4076
#1	813	1.2481
#1	814	1.2543
#1	820	1.4102
#1	821	1.4102
#1	822	1.6081
#1	823	1.4102
#1	824	1.4102
#1	910	1.2542
#1	911	1.2542
#1	912	1.4076
#1	913	1.2481
#1	914	1.2543
#1	920	1.4102
#1	921	1.4102
#1	922	1.6081
#1	923	1.4102
#1	924	1.4102

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

The title report of Title Guaranty of Hawaii, Incorporated reports that title to the land is subject to the following encumbrances.

1. Real property taxes - For an update contact the Director of Finance, County of Kauai.

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

3. Pedestrian Easement "A" (10-feet wide), as shown on Final Subdivision Map.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: Declaration of Covenants and Restrictions dated January 8, 1979, recorded in the Bureau of Conveyances, State of Hawaii in Book 13428, Page 440.

The foregoing Declaration was amended by the following:

<u>Document - dated</u>	<u>Recording information</u>
First Supplemental - 4/17/79	Book 13622, page 44b
Second Supplemental - 5/22/79	Book 13709, page 20
Third Supplemental - 10/31/79	Book 14122, page 665
Amended by instrument - 10/3/80	Book 15058, page 76
Fourth Supplemental - 9/21/81	Book 15849, page 511
Amendment effective - 4/7/88	Book 21805, page 499

5. Grant in favor of Poipu Kai Association, a Hawaii nonprofit corporation, dated 8/1/79, recorded in said Bureau in Book 14234, page 331, granting a perpetual nonexclusive easement for pedestrian access purposes upon, through, over and across a portion of the land described herein, being Easement 5 (area 11,276 square feet). Consent thereto given and joinder by Palakiko Company, Ltd., a Hawaii limited partnership, and Theodore Barry and Mary Barry, husband and wife, dated 11/14/79, recorded in said Bureau in Book 14234, page 338. Amendment dated 10/31/79 to the Grant recorded in said Bureau in Book 14234, page 331.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: Declaration as to Merger of Increments in a Condominium Project (Kahala at Poipu Kai) dated August 24, 1979, recorded in said Bureau in Book 13993, Page 329.

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

in the following: Deed dated November 10, 1989, recorded in said Bureau in book 23919, page 433.

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: Waiver, Release and Indemnity Agreement (Building Permit) dated May 14, 1990, recorded in said Bureau as Document No. 90-111281 between Silagi/Poipu Kai, a Hawaii limited partnership and the Department of Water, County of Kauai.

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: Declaration of Condominium Property Regime of "The Regency at Poipu Kai" dated May 25, 1990, recorded in said Bureau as Document No. 90-113259 and Condominium Map No. 1354, to which reference is hereby made and the amendments thereto.

The foregoing Declaration of Condominium Property Regime and Condominium Map* was amended by the following:

<u>Document - Dated</u>	<u>Document No.</u>
1st Amendment - 9/7/90	90-141591
2nd Amendment - 1/2/91	91-002496
3rd Amendment - 10/16/92	92-172679
4th Amendment - 6/17/94	94-110856
5th Amendment - 10/22/96	96-154273
6th Amendment - 6/9/99*	99-095235
7th Amendment - 2/20/01*	2001-027771

Note: The Third Amendment dated October 16, 1992, recorded as Document No. 92-172679, amends paragraph 8 of the Declaration to read as follows:

"8.0 USE. The apartments shall be occupied and used as an apartment, residential and transient vacation rental use. The use or occupancy of an apartment or other dwelling or, in connection with, or pursuant to any Time Sharing Plan or program that requires registration under the Chapter 514E, Hawaii Revised Statutes, is prohibited notwithstanding the Declaration of Covenants and Restrictions of the Poipu Kai Association."

*The 6th and 7th amendment also amends the Condominium Map.

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: By-Laws of the Association of Apartment Owners of "The Regency at Poipu Kai" dated May 25, 1990, recorded in said Bureau as Document No. 90-113260.

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

in the following: Declaration of Covenants, Conditions and Restrictions for The Regency at Poipu Kai dated June 14, 1990, recorded in said Bureau as Document No. 90-113261, to establish a time share plan and further intend to offer for sale those apartments. Said Declaration was amended by instrument dated September 7 1990, recorded as Document No. 90-141590, dated September 13, 1990, recorded as Document No. 90-141591 and dated January 2, 1991, recorded as Document No. 91-002496.

12. Grant in favor of Citizens Utilities company, a Delaware Corporation dated May 1, 1992, recorded in said Bureau as Document No. 93-091220 for utility purposes (pole, wire lines and/or underground lines) over, under, across and through Utility Easement "A" (8 feet wide, area 0.084 acre) and Utility Easement "B" (8 feet wide. area, 0.018 acre) and being more particularly described therein.

13. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated June 10, 1999, recorded as Document No. 99-095236.

14. Mortgage, Security Agreement and Financing Statement between Mortgagor Regency Investments & Development, LC, a Utah limited liability company and Mortgagee John K. Alston, husband of Delia Alston, dated March 7, 2000, recorded in said Bureau as Document No. 2000-031925 in the amount of \$1,300,000.00. The above mortgage was amended by instrument dated July 1, 2000, recorded in said Bureau as Document No. 2000-100467, increasing the loan amount from \$1,300,000.00 to \$1,900,000.00.

15. Any recorded and unrecorded Time Sharing Leases covering apartment units within the Condominium Project known as "The Regency at Poipu Kai" and matters arising from or affecting the same.

C:\WP51\CONDO\REGLC.EXD

EXHIBIT "E"

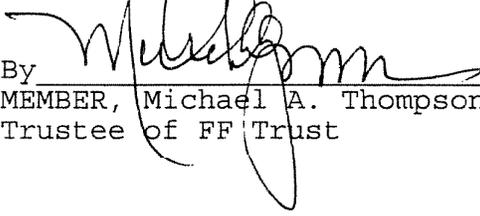
REGENCY AT POIPU KAI, INCREMENT 2
REGISTRATION NO. 4594
DISCLOSURE STATEMENT AS OF FEBRUARY 20, 2001

1. Name of Project: REGENCY AT POIPU KAI, INCREMENT 2
2. Address: 1831 Poipu Road, Koloa, Kauai, Hawaii 96756
3. Name of Developer and Address:
REGENCY INVESTMENTS & DEVELOPMENT, L.C.
801 North 500 West, Suite 100
Bountiful, Utah 84010-6847
4. Telephone: (801) 2981000
5. Managing Agent of Project: Mike A. Harismendy,
(Attention Owen Morgan)
6. Address: P. O. Box 1197, Koloa, Kauai, Hawaii 96756
Telephone No. (808) 3329603
7. Maintenance Fees: The maintenance fees as approved by the Association of Apartment Owners of the Regency at Poipu Kai Increment 1 and Increment 2 by the Developer is attached hereto and incorporated herein by reference.

Mandatory reserves assessment and collection in effect beginning the 1994 budget year. Developer discloses that a reserve study was done by the Managing Agent in accordance with Chapter 514A-83.6, HRS, and replacement reserves rules, subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.
8. Commencement of Maintenance Fees: At such time that the Developer gives notice to all of the apartment owners in Increment 2 that the maintenance fees shall be uniformly applicable to all apartments. If not, the Developer will continue to maintain Increment 2 at its own cost and expense.
9. Warranties: The Project is a fee simple condominium project and there are warranties for a period of one year after notice of completion is filed with the Clerk of the Fifth Circuit Court, State of Hawaii.
10. Project: The Project consists of fourteen (14) two bedroom and fourteen (14) three bedroom condominium apartments located within four Buildings 6, 7, 8 and 9 of two stories with loft space. The uses will be residential uses that are permitted by the County of Kauai ordinances.

Dated: Koloa, Hawaii this 20th day of February,
2001.

REGENCY INVESTMENTS & DEVELOPMENT,



By _____
MEMBER, Michael A. Thompson,
Trustee of FF Trust

2001 BUDGET

REGENCY AT POIPIU KAI

# UNITS	INDIVIDUAL ASSESSMENT %	TOTAL % ASSESSMENT	1999 GENERAL ASSESS		MONTHLY STATE RESERVE ASSESS		2001 MONTHLY RESERVE ASSESS		2000 MONTHLY TOTAL	
			ASSESS	ASSESS	ASSESS	ASSESS	TOTAL	TOTAL		
6	1.2460%	7.49%	2831.51	235.96	34.70	6.24	276.76	276.76	276.76	
1	1.2469%	1.25%	2835.82	236.32	34.76	6.25	277.06	277.06	277.06	
19	1.2542%	23.83%	2845.58	237.13	34.88	6.27	278.36	278.36	278.36	
4	1.3113%	5.25%	2975.13	247.93	36.46	6.98	290.95	N/A		
6	1.4076%	8.45%	3193.62	266.13	39.14	7.04	312.39	312.39	312.39	
26	1.4102%	36.67%	3199.52	266.63	39.21	7.05	314.50	314.50	314.50	
4	1.4717%	5.85%	3339.05	278.25	40.92	7.36	326.54	N/A		
1	1.5396%	1.54%	3493.11	291.09	42.81	7.70	341.60	341.60	341.60	
6	1.6081%	9.65%	3648.52	304.04	44.72	8.04	356.90	356.90	356.90	

100.00%

REGENCY AT POIPIU KAI

2001 BUDGET

	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	2001 TOTAL	2000 JAN/AUG SEP-DEC	2000 TOTAL	2000 BUDGET	
PAGE #1 INCOME:																	
OPERATIONS ASSESSMENT	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	226,908	91,393	45,697	137,090	137,090
TOTAL ASSESSMENTS	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	18,909	226,908	91,393	45,697	137,090	137,090
OTHER INCOME:																	
INTEREST	150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,241	700	1,941	1,800
FINANCE CHARGES (OWNERS)	0	0	0	0	0	0	0	0	0	0	0	0	0	42	0	42	0
MISCELLANEOUS	25	25	25	25	25	25	25	25	25	25	25	25	300	420	100	520	300
TOTAL OTHER INCOME	175	175	175	175	175	175	175	175	175	175	175	175	2,100	1,703	800	2,503	2,100
TOTAL INCOME	19,084	19,084	19,084	19,084	19,084	19,084	19,084	19,084	19,084	19,084	19,084	19,084	229,008	93,097	46,497	139,593	139,190
PAYROLL EXPENSES																	
GENERAL MANAGER	377	377	377	377	377	377	377	377	377	377	377	377	4,524	2,144	1,072	3,216	3,216
ACCOUNTING/SECRETARIAL	600	600	600	600	600	600	600	600	600	600	600	600	7,200	3,168	1,584	4,752	4,752
BUILDING MAINTENANCE	624	624	624	624	624	624	624	624	624	624	624	624	7,488	3,462	1,800	5,262	5,400
JANITORIAL	350	350	350	350	350	350	350	350	350	350	350	350	4,200	2,000	1,000	3,000	3,000
GROUNDS MAINTENANCE	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000	11,032	5,516	16,548	16,548
POOL MAINTENANCE	771	771	771	771	771	771	771	771	771	771	771	771	9,252	2,648	1,324	3,972	3,972
VACATION	217	217	217	217	217	217	217	217	217	217	217	217	2,604	1,128	564	1,692	1,692
SICK PAY	32	32	32	32	32	32	32	32	32	32	32	32	384	182	96	288	288
TOTAL WAGES	4,971	4,971	4,971	4,971	4,971	4,971	4,971	4,971	4,971	4,971	4,971	4,971	59,652	25,774	12,956	38,730	38,868
TAXES/BENEFITS	621	621	621	621	621	621	621	621	621	621	621	621	7,452	3,272	1,636	4,908	4,908
HEALTH BENEFITS	884	884	884	884	884	884	884	884	884	884	884	884	10,608	3,977	2,219	6,196	5,736
WORKERS COMPENSATION	298	298	298	298	298	298	298	298	298	298	298	298	3,576	1,464	732	2,196	2,196
TOTAL PAYROLL EXPENSE	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	6,774	81,288	34,487	17,543	52,030	51,708

REGENCY AT POIPU KAI

2001 BUDGET

PAGE #2 OTHER EXPENSES	2001												2000				
	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL	JAN-AUG	SEP-DEC	TOTAL	BUDGET
156	156	156	156	156	156	156	156	156	156	156	156	156	1,872	1,248	624	1,872	1,872
68	68	68	68	68	68	68	68	68	68	68	68	68	816	400	200	600	600
30	30	30	30	30	30	30	30	30	30	30	30	30	360	168	84	252	252
100	100	100	100	100	100	100	100	100	100	100	100	100	1,200	800	400	1,200	1,200
180	180	180	180	180	180	180	180	180	180	180	180	180	2,160	850	500	1,350	1,500
288	288	288	288	288	288	288	288	288	288	288	288	288	3,456	1,440	720	2,160	2,160
450	450	450	450	450	450	450	450	450	450	450	450	450	5,400	2,354	1,200	3,554	3,600
250	250	250	250	250	250	250	250	250	250	250	250	250	3,000	1,997	1,000	2,997	3,000
30	30	30	30	30	30	30	30	30	30	30	30	30	360	160	80	240	240
1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,600	9,461	4,000	13,461	13,200
117	117	117	117	117	117	117	117	117	117	117	117	117	1,404	504	252	756	756
575	575	575	575	575	575	575	575	575	575	575	575	575	6,900	433	400	833	420
350	350	350	350	350	350	350	350	350	350	350	350	350	4,200	1,888	944	2,832	2,832
3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	43,200	18,504	9,440	27,944	28,730
117	117	117	117	117	117	117	117	117	117	117	117	117	1,404	616	308	924	924
50	50	50	50	50	50	50	50	50	50	50	50	50	600	273	0	273	300
15	15	15	15	15	15	15	15	15	15	15	15	15	180	118	60	178	180
438	438	438	438	438	438	438	438	438	438	438	438	438	5,256	2,160	1,080	3,240	3,240
155	155	155	155	155	155	155	155	155	155	155	155	155	1,860	872	436	1,308	1,308
50	50	50	50	50	50	50	50	50	50	50	50	50	600	280	140	420	420
52	52	52	52	52	52	52	52	52	52	52	52	52	624	248	124	372	372
450	450	450	450	450	450	450	450	450	450	450	450	450	5,400	2,559	1,320	3,879	3,960
250	250	250	250	250	250	250	250	250	250	250	250	250	3,000	1,025	500	1,525	1,500
45	45	45	45	45	45	45	45	45	45	45	45	45	540	256	128	384	384
40	40	40	40	40	40	40	40	40	40	40	40	40	480	224	115	339	336
24	24	24	24	24	24	24	24	24	24	24	24	24	288	96	48	144	144
150	150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,200	600	1,800	1,800
6	6	6	6	6	6	6	6	6	6	6	6	6	72	32	16	48	48
24	24	24	24	24	24	24	24	24	24	24	24	24	288	136	68	204	204
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	19,200	7,958	4,000	11,958	12,000
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,200	0	0	0	0
12,310	12,310	12,310	12,310	12,310	12,310	12,310	12,310	12,310	12,310	12,310	12,310	12,310	147,720	58,261	28,787	87,043	87,482
0	0	0	0	0	0	0	0	0	0	0	0	0	349	167	515	0	0

BUDGET SURPLUS/DEFICIT

REGENCY AT POIPIU KAI

2001 BUDGET

	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPI	OCT	NOV	DEC	2001 TOTAL	2000 JAN-AUG	2000 SEP-DEC	2000 TOTAL	2000 BUDGET
PAGE #3																	
OPERATING RESERVE																	
INCOME																	

ASSESSMENT																	
PRIOR YR BALANCE FORWARD	9,047	0	0	0	0	0	0	0	0	0	0	0	9,047	9,905	0	9,905	9,904
PRIOR YR SURPLUS/(DEFICIT)	515	0	0	0	0	0	0	0	0	0	0	0	515	3,404	0	3,404	588
OTHER RESERVE INCOME	500	500	500	500	500	500	500	500	500	500	500	500	6,000	3,998	1,998	5,993	6,000
TOTAL RESERVE INCOME	10,062	500	500	500	500	500	500	500	500	500	500	500	15,562	17,304	1,998	19,302	16,490
EXPENSES																	

TERMITE PREVENTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROVISION FOR BAD DEBT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BUILDING ONE STAIRS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BARBECUES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GROUNDS IMPROVEMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	1,276	0	1,276	0
NEW POOL	0	0	0	0	0	0	0	0	0	0	0	0	0	65	1,500	1,565	0
ENTRY SIGNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
POOL FENCING	0	0	0	0	0	0	0	0	0	0	0	0	0	7,414	0	7,414	9,000
TOTAL RESERVE EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	8,756	1,500	10,256	9,000
RESERVE BALANCE	10,062	10,562	11,062	11,562	12,062	12,562	13,062	13,562	14,062	14,562	15,062	15,562	15,562	8,549	488	9,047	7,490

EXHIBIT "F"

Summary of Sales Contract

The Sales Contract (Deposit Receipt Offer and Acceptance Hawaii Association of Realtors Standard Form, Rev. 5/00) contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) A buyer must obtain his own financing. The Buyer must disclose whether the sale will be contingent on financing.

(b) That a purchaser's money will be held in escrow, under the terms of the Escrow Agreement with Title Guaranty Escrow Services, Inc.

(c) That interest on deposits shall belong to the Seller unless Buyer arranges with Escrow to establish a separate savings account and to pay \$25.00 to Escrow for the establishment and maintenance of such account, then such interest shall accrue to the benefit of the Buyer.

(d) That the unit will be subject to various legal documents, including Declaration, By Laws, Final Public Report including Encumbrances and Disclosure Statement attached thereto, Building/House Rules, Escrow agreement, Apartment Deed, Certificate of Architect and Condominium Map and any other documents which the buyer is given a copy of and for which he has receipted for the same.

(e) That the buyer must close the purchase at a certain date and pay the closing costs in addition to the purchase price as specified in the Sales Contract unless otherwise negotiated.

(f) There are default provisions in favor of both the seller and the buyer under the default provisions. The Seller has the remedy of damages, retaining the initial deposit and additional deposits as liquidated damages, and not responsible for any costs incurred in accordance with this Sales Contract. The Buyer has the remedy of damages, specific performance and any costs incurred by Buyer in accordance with the Sales Contract.

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

EXHIBIT G

THE REGENCY AT POIPU KAI
HOUSE RULES

The purpose of these Rules and Regulations are to protect all occupants from annoyance and nuisance caused by improper use of the condominium apartments and to promote harmonious living and the maximum enjoyment of THE REGENCY AT POIPU KAI condominium. The responsibility for enforcement of these rules may be delegated to a managing agent by the Board of Directors of the Association of Apartment Owners. All occupants, tenants and their guests shall be bound by these rules and by standards of reasonable conduct whether covered by these rules or not.

I. OCCUPANCY

1. An apartment shall be used and occupied as an apartment, resort, residential or fractional interest use for any time period or periods, their tenants, families, domestic servants and social guests, subject to such limitation as may be contained in the Declaration, By Laws and the House Rules which may be adopted from time to time governing the use of the apartments.

2. Absentee apartment owners, should notify the Managing Agent as to the usage or nonusage of their apartment from time to time.

3. No livestock, poultry or other animals or pets whatsoever shall be allowed or kept in any part of the Project.

4. Apartment owners shall be responsible for the conduct of their children at all times, ensuring that there behavior is neither offensive to any occupant of the building nor damaging to any portion of the common elements. Children ten years of age and under shall not be permitted on the recreation deck and pool area unless accompanied by an adult. Children are not permitted to play in corridors, lobbies, elevators or the parking garage.

5. Subject to the By-Laws of the Association, apartment owners may lease their apartment or make it available to friends, but the person or persons leasing, renting or living in their apartment shall abide by the House Rules, and the owners shall assume responsibility for the occupants' conduct. The owners must notify the manager of the names and length of anticipated occupancy of lessees or guests and must deliver to

lessees or guests a copy of these House rules and, if required by the Board of Directors, must obtain prior approval of the Board of any such lessee or guest.

6. Upon request of the Board of Directors or Managing Agent, for good cause, apartment owners shall immediately abate and remove any lessee or guest from the Project premises, without compensation for lost rentals or any other damage resulting therefrom.

7. Owners shall be responsible for designating a local agent to represent their interest if their residence is outside of Hawaii or if they will be absent from their apartment for more than 30 days. Such owners shall file with the Manager their out-of-town address and telephone number and the telephone number of their local agent.

II. COMMON AREAS, AND ENTRANCES AND LANAIS

1. The sidewalks, passages, lobbies, stairways and corridors must not be obstructed or used for any purpose other than ingress and egress.

2. No shoes, sandals, dry cleaning, etc., shall be allowed to remain in view at front entrances.

3. The throwing of firecrackers and the explosion of any fireworks anywhere on the Project building grounds or within the Project buildings is expressly prohibited.

4. All garbage deposited in either the trash chute (if any), or trash cans must be wrapped. No bottles, cans, boxes or any breakable, bulky or inflammable objects shall be placed in the trash chute (if any). All newspapers are to be rolled and tied before depositing them in the chute (if any).

5. Barbecuing is not allowed on the lanai.

6. No clothes shall be hung on or from lanai railings for any purpose whatsoever so as to be in view of persons outside the building.

7. Any potted plant on lanais shall have containers placed under the pots so as to avoid dripping of water therefrom.

III. INTERIOR OF APARTMENTS

1. All apartments shall have window drapes of white or light beige in color as seen from the Project buildings'

exterior. Drapes of other color are allowed, however, if otherwise approved by the Board of Directors.

IV. USE OF RECREATION AREAS AND FACILITIES

1. Use of the recreation areas and facilities shall be limited to apartment owners, lessees, tenants, and members of their families and guests. No other person may use the recreation areas unless accompanied by a resident of the Project.

2. Pool hours are from 8:00 a.m. to 6:00 p.m. or as designated from time to time by the Board of Directors or the Managing Agent.

3. Children ten years of age and under shall not be permitted on the pool deck area unless accompanied by an adult.

4. No roughhousing is allowed in the pool or surrounding area.

5. Swimmers shall dry themselves completely before leaving the recreation deck.

6. No container, tumbler, drinking glass, or any other item made of glass shall be permitted in the vicinity of the swimming pool.

7. No person with bandages or open wounds of any type may use the pool.

8. Persons with long hair (shoulder length or longer) shall wear bathing caps in the pool if required by the Board of Directors or the Managing Agent.

V. PARKING AREAS

1. Paved Parking.

The paved parking are for the use of the owners, tenants, guests and invitees. The Manager may designate parking stalls for employees who are employed in the Project.

2. Parking Stall Use.

The following shall be observed in the use of parking stalls:

a. An Apartment Owner shall park his vehicle in the parking stall assigned under the Declaration of Condominium Property Regime.

b. Automobiles shall be centered in parking spaces so as to prevent crowding of adjacent spaces and/or blocking of passages.

c. Violators of parking regulations shall have their cars towed away at their own expense. If the violator is a lessee or guest of an owner, the owner shall be held responsible.

d. Owners working, washing, cleaning or polishing cars on the Project premises shall clean the area thoroughly before leaving.

e. Extensive repairs of a motor vehicle, boat, surfboard or other equipment shall not be permitted on the Project premises.

VI. NOISE

1. Excessive noises of any type are prohibited at any time.

2. No workmen are allowed in the Project buildings before 8:00 a.m., or after 7:00 p.m., except in an emergency.

3. Radios, T.V.'s, stereos, etc., are to be played at reduced volume after 10:00 p.m. and early in the morning.

VII. BUILDING MODIFICATIONS

1. No structural changes of any type shall be permitted either within or without an apartment except in accordance with the By-Laws of the Association.

2. No awnings, shades, windbreaks, or any other similar device which is visible from the exterior of the Project buildings shall be installed without the prior approval of the Board of Directors.

3. No signs, signals or lettering shall be inscribed or exposed on any part of the Project buildings, nor shall anything be projected out of any window or off any lanai or deck, without the prior approval of the Board of Directors except for temporary sales and marketing signs for the Developer and its broker.

4. No projections shall extend through any door or window opening into any corridor or beyond the exterior face of the Project buildings.

5. No radio or TV antenna shall be erected or maintained outside the physical confines of any apartment.

6. No additions or alterations to the original design of any apartment will be permitted which are visible from the exterior of the Project buildings.

VIII. GENERAL

1. Furniture placed in common areas are for use in those specific areas and must not be moved therefrom.

2. Maintenance personnel shall not be asked to do work within the area of any apartment or asked to leave the Project premises for any reason.

3. No solicitation or canvassing shall be allowed in the Project buildings at any time.

4. Advance notice must be given to the Manager when household goods or large items of furniture are to be moved in order that the stairways can be protected by pads, if necessary, and proper scheduling of their use can be made.

5. The Manager shall not be required to give anyone access to any apartments or lockers (if any) without the written permission of the apartment owner.

6. Apartment owners shall file their name, address, phone number and signature with the Manager.

7. Apartment owners shall observe and adhere to these House Rules and ensure that their lessees, licensees, and invitees observe and adhere to these House Rules. Apartment owners will be responsible for their guests' observance of all House Rules as set forth herein. In the event expenses are incurred due to violations of House Rules by lessees, licensees and invitees, the Owner shall be responsible for payment of same.

IX. THE VIOLATION OF ANY HOUSE RULES ADOPTED BY THE ASSOCIATION OF APARTMENT OWNERS OF THE REGENCY AT POIPU KAI SHALL GIVE THE BOARD OF DIRECTORS OR ITS AGENT THE RIGHT TO:

1. ENTER THE APARTMENT IN WHICH, OR AS TO WHICH SUCH VIOLATION OR BREACH EXISTS AND TO SUMMARILY ABATE AND REMOVE, AT THE EXPENSE OF THE DEFAULTING APARTMENT OWNER, ANY STRUCTURE, THING OR CONDITION THAT MAY EXIST THEREIN CONTRARY TO THE INTENT AND MEANING OF THE PROVISIONS HEREOF AND THE BOARD OF DIRECTORS

OR THE MANAGING AGENT SHALL NOT THEREBY BE DEEMED GUILTY IN ANY MANNER OF TRESPASS: OR

2. TO ENJOIN, ABATE OR REMEDY BY APPROPRIATE LEGAL PROCEEDINGS, EITHER AT LAW OR IN EQUITY, THE CONTINUANCE OF ANY SUCH BREACH, AND ALL COSTS THEREOF, INCLUDING ATTORNEYS' FEES, SHALL BE BORNE BY THE DEFAULTING APARTMENT OWNER.

Adopted in Honolulu, Hawaii this 25th day of January, 1990.

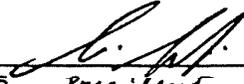
ASSOCIATION OF APARTMENT OWNERS
OF THE REGENCY AT POIPU KAI

SILAGI/POIPU KAI, a Hawaii
Limited Partnership

By MAKSIL CORP.

Per

Its


President

General Partner

POIPU2
H R

EXHIBIT "H"

Summary of Escrow Agreement

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

(a) Developer will let purchasers know when payments are due.

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

(c) The Escrow Agreement states the following conditions under which a refund will be made to a purchaser. Developer and Purchaser must make a written request to Escrow: (a) Requesting the return of purchaser's funds to purchaser; (b) Notifying Escrow of Developer's exercise of any option to rescind the sales contract; or (c) Notifying Escrow that the conditions provided for a refund under Sections 514A-62 or 514A-63 of the Condominium Act have been met.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract, that is, the Purchaser's funds shall be retained by the Seller as liquidated damages.

(e) A summary of the conditions under which disbursement of the buyer's fund may be made are as follows:

(1) Escrow shall make no disbursements of purchaser's funds or proceeds on the sale of such apartments (including any payments made on loan commitments from Permanent Lenders), except by way of refunds thereof as provided hereinbelow, until:

(i) Escrow receives a copy of a "Receipt for Public Report(s) and Notice of Right to Cancel, in the form specified by Section 514A-62 of the Condominium Act for the Final and any Supplementary Public Reports, executed by the purchaser;

(ii) Escrow has received a certification from Developer, acceptable to Escrow, stating that the Sales Contract has become effective and requirements of Section 514A-39 and 514A-63 have been met as those quoted phrases are used in Section 514A-65 of the Condominium Act; and

(iii) until the purchaser's apartment deed is recorded in the Bureau of Conveyances of the State of Hawaii.

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

Note: Section 514A-63, Hawaii Revised Statutes provides for Rescission Rights to a purchaser under a binding contract if there is a material change in the project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the project available for such purchaser's use.