

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer MARK CHRISTOPHER WATTEN  
Address 5835 Ahakea Street, Kapaa, Kauai, Hawaii 96746

Project Name (\*): KOLO PUA HALE ESTATES  
Address: 6107 Kolo Pua Street, Kapaa, Kauai, Hawaii 96746

Registration No. 4696

Effective date: August 24, 2001  
Expiration date: September 24, 2002

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY:**  
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
  - FINAL:**  
(white) The developer has legally created a condominium and has filed complete information with the Commission.
    - No prior reports have been issued.
    - This report supersedes all prior public reports.
    - This report must be read together with \_\_\_\_\_
  - SUPPLEMENTARY:**  
(pink) This report updates information contained in the:
    - Preliminary Public Report dated: \_\_\_\_\_
    - Final Public Report dated: \_\_\_\_\_
    - Supplementary Public Report dated: \_\_\_\_\_
- And
- Supersedes all prior public reports.
  - Must be read together with \_\_\_\_\_
  - This report reactivates the \_\_\_\_\_  
public report(s) which expired on \_\_\_\_\_

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

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

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

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL ATTENTION**

This is a CONDOMINIUM PROJECT, not a subdivision. 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.

A buyer should understand that development and use of the property shall be in compliance with all County Codes and Ordinances. If County facilities are not already in place, the prospective purchaser is advised that owners in the project will not necessarily receive the same County benefits as owners of approved subdivided lots; owners who develop their properties later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations. Zoning and land use restrictions are subject to change and each purchaser should maintain awareness of such conditions.

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: MARK CHRISTOPHER WATTEN Phone: (808) 8238138  
Name\* (Business)  
5835 Ahakea Street  
Business Address  
Kapaa, Kauai, Hawaii 96746

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

N/A  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker\*: PACIFIC OCEAN PROPERTIES, INC. Phone: (808) 7426428  
Name (Business)  
2523 Poipu Road  
Business Address  
Koloa, Hawaii 96756

Escrow: Security Title Corporation Phone: (808) 2456975  
Name (Business)  
4270 Kukui Grove Street #207  
Business Address  
Lihue, Hawaii 96766

General Contractor\*: US GUY BUILDERS LLC Phone: (808) 8229644  
Name (Business)  
4-1070B Kuhio Highway  
Business Address  
Kapaa, Hawaii 96746

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

Attorney for Developer: Hiroshi Sakai Phone: (808) 5314171  
Name (Business)  
201 Merchant Street, Suite 902  
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. 2001-102052  
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. 3295  
 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. 2001-102053  
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 vote 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 15.0 of the Declaration to alter the units in the Project which it owns without the approval of the Association or the other apartment owner and to amend the Condominium Map to note changes resulting from the exercise of the Developer's reserved rights under Paragraph 15.0. Developer has also reserved the right under Paragraph 16.0 to record any "as built" statement as required by law.



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: 6107 Kolo Pua Street Tax Map Key (TMK): (4) 4-2-10: 015  
Kapaa, Kauai, Hawaii 96746

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 26,212  square feet  acre(s) Zoning: R-2

Fee Owner: Mark Christopher Watten  
 Name  
5835 Ahakea Street  
 Address  
Kapaa, Kauai, Hawaii 96746

Lessor: N/A  
 Name  
 \_\_\_\_\_  
 Address  
 \_\_\_\_\_

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building: 1

Exhibit \_\_\_\_\_ contains further explanations.

3. **Principal Construction Material:**

Concrete       Hollow Tile       Wood

Other 4 PVC pipes - plastic mesh roof

4. **Uses Permitted by Zoning:**

	No. of <u>Apts.</u>	<u>Use Permitted By Zoning</u>
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> 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 checked="" type="checkbox"/> Other	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes       No

5. Special Use Restrictions:

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

Pets: \_\_\_\_\_

Number of Occupants: \_\_\_\_\_

Other: See Section 8 of Declaration and Exhibit E

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0-                      Stairways: -0-                      Trash Chutes: -0-

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>1 &amp; 2</u>	<u>2</u>	_____	_____	<u>16</u>	<u>Shed</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

\* 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 structures and the description of the limited common element for each of the units as set forth in the Condominium Map.

Permitted Alterations to Apartments:

Any apartment owner can increase the total square footage of his structure, add additional structures, alter the location of his structure and/or subdivide in accordance with the Declaration, Building and House Rules, building code, zoning and subdivision ordinances.

Apartments Designated for Owner-Occupants Only:

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

7. Parking Stalls:

Total Parking Stalls:	<u>4</u>			
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered</u>	<u>Covered</u>	<u>Open</u>	TOTAL
Assigned (for each unit)	<u>4</u>	_____	_____	<u>4</u>
Guest	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Total Covered & Open:	<u>4</u>	<u>0</u>	<u>0</u>	<u>4</u>

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

- Commercial parking garage permitted in condominium project.
- Exhibit \_\_\_\_\_ 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):

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 \_\_\_\_\_.

as follows:

Apartment 1- 11,181 square feet

Apartment 2 - 15,031 square feet

Note: Land area referenced herein are not legally subdivided lots. See Exhibit G for description of the limited common element area for each apartment.

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

described in Exhibit \_\_\_\_\_.

as follows:

Apartment 1 - 50% appurtenant common interest.

Apartment 2 - 50% appurtenant common interest.

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

Exhibit B describes the encumbrances against the title contained in the title report dated 7/5/01 and issued by Security Title Corporation.

**Blanket Liens:**

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of 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.

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 dated 2/21/01 in favor of Finance Factors, Limited, a Hawaii corporation, in the amount of \$100,000, recorded as Document No. 2001-026890.	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:

None

2. Appliances:

None

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

Apartments 1 and 2 were completed on April 14, 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 \_\_\_\_\_

Note: Developer discloses that no reserve study was done in accordance with Chapter 514A-83.6 and replacement reserve rules, Subchapter 6, Title 16, Chapter 197, Hawaii Administrative Rules, as amended.

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 C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated 6/27/01  
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 delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
  - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other \_\_\_\_\_

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

This Public Report is a part of Registration No. 4696 filed with the Real Estate Commission on July 23, 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**

N/A

- 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.

MARK CHRISTOPHER WATTEN

Printed Name of Developer

By  6/27/01  
 Duly Authorized Signatory\* Date

MARK CHRISTOPHER WATTEN, DEVELOPER

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

The common elements which the apartments have immediate access to include:

- a. The land in fee simple.
- b. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities.
- c. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

The title report of Security Title Corporation reports that title to the land is subject to the following encumbrances.

1. Real property taxes - To have a confirmation with respect to taxes contact the Director of Finance, County of Kauai.

2. Reservation of State of Hawaii of all mineral and metallic mines.

3 Restrictive covenants contained in Deed dated February 8, 1973, recorded in the Bureau of Conveyances in Book 8934, page 454. But deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(C).

4. Mortgage dated February 21, 2001, recorded on February 28, 2001 as Document No. 2001-026890 to secure the sum of \$100,000.00 and any additional advances as provided in the promissory note of said mortgage therein referred to.

5. The terms and provisions, including the failure to comply with any covenants, conditions, restrictions, reservations or obligations of that certain Road Widening Reserve Agreement dated March 5, 2001, made by and between Mark Christopher Watten and County of Kauai Planning Department, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-035285, to which reference is hereby made.

6. The terms and provisions, if any, of that certain Waiver of Construction Drawings dated March 8, 2001, and recorded in said Bureau as Document No. 2001-043955, to which reference is hereby made.

7. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the Declaration of Condominium Property Regime of KOLO PUA HALE STATES Condominium dated June 27, 2001, recorded as Document No. 2001-102052. Condominium Map No. 3295, to which reference is hereby made.

7. By Laws of the Association of Apartment Owners of KOLO PUA HALE ESTATES Condominium dated June 27, 2001, recorded as Document No. 2001-102053 to which reference is hereby made.

EXHIBIT "C"

Summary of Sales Contract

The Sales Contract 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. Buyer must make an application for a mortgage loan within 10 days after notification by Seller and if approval is not concluded within 30 days after submission of the application then Seller has the option to terminate the contract. Buyer acknowledges that this Sales Contract is contingent on any financing after the issuance of the final public report.

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

(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 all closing costs, in addition to the purchase price.

(f) If Buyer defaults, Seller shall give written notice to Buyer by certified mail and if such default is not cured within 10 days after receipt of notice, Seller may terminate the Sales Contract and retain the Buyer's deposits as liquidated damages. Seller may in addition pursue any other remedy including specific performance and all costs by reason of such default shall be borne by Buyer.

(g) If Buyer has paid all payments required under the Sales Contract, Buyer shall be entitled to specific performance.

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

EXHIBIT "D"

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.

C:\wp51\condo\kolopua.exd

**EXHIBIT "E"**

KOLO PUA HALE ESTATES

REGISTRATION NO. 4696

DISCLOSURE STATEMENT AS OF JUNE 27, 2001.

1. Name of Project: KOLO PUA HALE ESTATES
2. Address: 6107 Kolo Pua Street, Kapaa, Kauai, Hawaii 96746
3. Name of Developer: Mark Christopher Watten, single
4. Address: 5835 Ahakea Street, Kapaa, Kauai, Hawaii 96746
5. Telephone: (808) 8238138
6. Project Manager or Agent: Self managed by Association of Apartment Owners.
7. Address: Mark Christopher Watten, 5835 Ahakea Street, Kapaa, Kauai, Hawaii 96746.
8. Maintenance Fees: There are presently no maintenance fees since the project is divided with each party having improvements located within its own apartment unit and has direct access to Kolo Pua Street.
9. Commencement of Maintenance Fees: At such time that the both owners decide that a maintenance fee is necessary and desire the maintenance fee to commence. Each party to maintain his respective premises at his own cost and expense and secure insurance for his apartment with the Association as an additional insured.
10. Warranties: The Project is a fee simple condominium project and there are no warranties.
11. Project: The Project consists of two (2) condominium apartments. Apartments 1 and 2 are free standing detached sheds with a plastic mesh roofing with 4 PVC pipes on four corners of the shed with no walls. The uses will be residential and other uses that are allowed by the County of Kauai ordinances.

Dated: Kapaa, Kauai this \_\_\_\_\_ day of JUN 27 2001,  
2001.

  
MARK CHRISTOPHER WATTEN

EXHIBIT "F"

**BUILDING AND HOUSE RULES  
KOLO PUA HALE ESTATES**

The purpose of these Building and House Rules ("Rules") is to protect all owners and occupants from annoyance and nuisance caused by improper conduct and improper use of the condominium, hereinafter referred to as "Project", and to provide for the maximum enjoyment of the premises. All owners and occupants, their agents, employees and invitees shall be bound by the Rules and standards of reasonable conduct whether covered by these Rules or not.

1. Definitions. As used herein:

a. The "Area" refers to the land set aside for the use of each owner as a limited common element.

b. The "Apartment" or "Unit" refers to the existing building built on the land designated as the limited common element for the owner and any subsequent improvements built within the Area.

c. The "unit owner" as used in the condominium documents shall also refer to an "apartment owner" or "apartment unit owner" in the Project.

d. The "condominium documents" refers to the Declaration, By Laws, Building and House Rules, Certificate of Architect or Engineer, and the Condominium Map.

e. The "Declarant" refers to Mark Christopher Watten, his heirs and assigns.

2. Private Building Approvals. Any owner desiring to construct or install any building or improvements in an Apartment is required to submit the plans and specifications to the Declarant so long as he owns an apartment for approval of such plans and specifications to be in conformance with the condominium documents. Thereafter the plans and specification shall be submitted to the owner of the other Apartment for his or her review for conformance with the condominium documents. If there is a difference of opinion the matter is subject to arbitration as set forth in the By Laws.

3. Building Permit and Construction. Any owner desiring to construct a single family dwelling in a Unit will have to comply with the building and zoning ordinances as the same may be changed from time to time. The requirements of the County of Kauai ordinances are required to be observed in the securing of a building permit and construction and maintenance of a single family dwelling as well as the following:

a. No house trailer, mobile home, motor home, permanent camping tent or similar facility or structure shall be

kept, placed or maintained upon any Unit at any time to serve as an additional dwelling Unit, provided, however, that the provisions of this paragraph shall not apply to temporary construction shelters or facilities maintained for a period not to exceed one year during and used exclusively in connection with the construction or any work or improvement permitted on the Unit.

b. In any grading and/or excavation of the Unit the grade of the Apartment shall not be altered in such a manner as to affect the drainage of any adjoining Unit.

c. Notwithstanding any other law to the contrary, there shall be no more than one dwelling permitted on any Unit except in accordance with the terms and conditions of the condominium documents. A dwelling under these Rules shall mean a detached dwelling designed for the use and occupancy of a single family.

d. Each dwelling shall contain not less than 800 square feet of livable floor area, exclusive of lanais, patios, garage, storage space and workshop. The basic design of any farm dwelling shall not include a geodesic dome, quonset hut or A-frame structure. No second hand or used building may be moved into the Unit as a farm dwelling. Each Unit shall have a garage or carport designed to accommodate at least two motor vehicles which is architecturally harmonious with the dwelling to which it is appurtenant.

e. Each dwelling and all improvements from time to time located thereon shall be maintained by the owner(s) thereof in good and clean condition and repair and in such manner as not to create any fire, safety, or health hazard to the Project or any part thereof, all at such owner's sole cost and expense.

f. There shall be no barbed wire fencing along the boundary of any of the Units. No fence may be constructed within any utility easement.

g. A building setback as may be required by the County of Kauai building and zoning code shall be observed from all Unit boundaries in the Project. No permanent structure shall be built on any utility or setback easement area as shown in the Condominium Map for the Project if it impairs the use of such easement.

4. Use Restrictions. The property is zoned for residential use and such use shall be observed by each owner of a Unit in the Project. In addition the following Use Restrictions shall be observed by each Unit Owner:

a. Pets. Dogs, cats and other typical household

pets may be kept, but only in reasonable numbers and under reasonable conditions so as not to become a nuisance to the neighboring Unit owners. All animals kept or maintained on a Unit, whether domestic pets, livestock, game and fish or any other animal or aquatic life propagated for economic or personal use shall be kept and maintain only in a density compatible with the agricultural zoning of the Unit and shall be cared for in conformance with practices of good animal husbandry, including but not limited to (i) fencing and animal housing facilities adequate to restrict such animals to their Unit where it is being maintained and (ii) control of noise and noxious odors to levels which are customary under practices of good animal husbandry and which are compatible with the agricultural zoning of the land.

b. Animals and Noise. The keeping and maintaining of pigs (except for personal use and consumption) and fighting cocks and chickens are expressly prohibited as being incompatible with the neighboring residential and agricultural use. No animals or fowl that are loud or obnoxious shall be maintained. This includes, but is not limited to peacocks, donkeys, hunting dogs, pit bulls or any vicious animals.

c. Noxious Activities. No noxious chemicals or pesticides shall be sprayed without giving a 24 hour notice to all Unit owners or agent of a Unit Owner prior to commencement of spraying. For the purpose of this paragraph, noxious shall be deemed to mean any chemical that presents a danger of physical injury to human beings, domestic pets and farm animals as well as offering a possible drift residue contamination to neighboring unit crops that will be harvested for human consumption. No aircraft serial spraying of noxious chemical or pesticides shall be allowed.

d. Garbage and Trash. Each owner or occupant shall place his or her own garbage, trash and rubbish in covered receptacles or in plastic or fastened bags. Each owner or occupant shall exercise reasonable care to avoid exposure of waste materials to flies, roaches, rodents and other insects or materials.

#### 5. General Appearance.

a. Signs. Signs, signals and lettering may be inscribed or exposed on any part of a building or in the common elements of the project that meets the requirements of the ordinances of the County of Kauai.

b. Storage. No open storage of furniture, fixtures, appliances and other goods not in use will be permitted if not screened from the street and the other apartment.

c. Antenna. No new antenna or other device to

receive or transmit any television, radio, C.B. or any electronic signal shall be erected, placed or maintained on any building or area that is visible from the other apartment without the prior written approval of the adjacent apartment owner(s).

6. Upkeep of Area. Each owner will be responsible for the landscaping and upkeep of its own Area and shall not permit its Area to be overgrown with weeds and/or place used vehicles and/or storage of materials to make the Area become unsightly like a junkyard.

7. Water and Utilities. The water, electricity and telephone will be drawn from Kolo Pua Street to each Apartment's boundary abutting said street. The Declarant will provide a water meter for each Unit. Declarant will have such water and utilities built to the Unit's boundary at the cost and expense of the Declarant. Each Unit Owner will be required to construct utilities to their own dwelling at his or her own cost and expense.

8. Cesspools/Septic Tanks. There are no sewer lines and a sanitary sewer system. Each Apartment Owner will have his own cesspool or septic tank located within his own area no closer than 5 feet to any area boundary and/or easement and in compliance with the State of Hawaii Department of Health laws, rules and regulations.

9. Completion. After completion of the dwelling and/or improvements, the owner shall proceed to do the following:

a. Publish a Notice of Completion in the Garden Island or newspaper of general circulation in the State of Hawaii for two (2) consecutive weeks at least seven (7) days apart and have it filed with the Clerk of the Fifth Circuit Court.

b. The plans and drawings should meet the requirements of a Condominium Map. The plan should show a site plan indicating where the dwelling and improvements will be located in the unit's limited common element land area. There should be a floor plan indicating the living/dining room, bedrooms, kitchen, bathrooms, lanai, etc. and the total net living area. The plan should show the elevations of the dwelling or improvement. The project's name, Tax Map Key, and the architect's or engineer's stamp should be stamped on the plans.

c. The architect or engineer's

certificate should be executed reflecting the obtaining of a building permit from the County of Kauai and reflecting the "as built" condition of the dwelling.

d. The owner should have prepared at his own cost an amendment to the Declaration reflecting the change in description of the apartment and an amendment to the Condominium Map.

e. The amendment to the Declaration should then be filed for record in the Bureau of Conveyances, State of Hawaii.

2001. Executed this \_\_\_\_\_ day of JUN 27 2001 \_\_\_\_\_,

  
MARK CHRISTOPHER WATTEN

EXHIBIT "G"

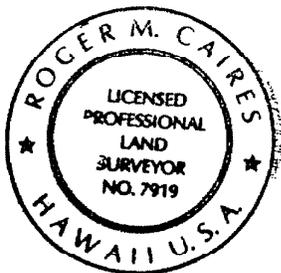
KOLO PUA HALE ESTATES CONDOMINIUM  
UNIT 1

All of that certain parcel of land being the Limited Common Element containing Condominium Unit "1", Kolo Pua Hale Estates Condominium, situate on the intersection of Kolo Pua Street and Kalili Place, at Wailua, Puna, Kauai Hawaii.

Being Lot 32 of the Wailua Estates Subdivision, Wailua Homesteads, First Series.

Beginning at the Southwest corner of this parcel of land on the East side of Lot 33, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 1,071.56 feet South and 6,363.80 feet West, thence running by azimuths measured clockwise from true South:

- |    |            |        |   |
|----|------------|--------|---|
| 1. | 192° 30'   | 102.76 | feet along Lot 33;  |
| 2. | 278° 35'   | 117.02 | feet along Lot 31;  |
|    |            |        | thence along Kolo Pua Street on a curve to the left having a radius of 270.00 feet, the chord azimuth and distance being; |
| 3. | 0° 19' 55" | 77.50  | feet;   |
| 4. | 87° 46'    | 137.61 | feet to the point of beginning and containing an area of 11,181 square feet.  |



Kalaheo, Hawaii 96741  
April 10, 2001

DESCRIPTION PREPARED BY  
CAIRES LAND SURVEYING:

A handwritten signature in cursive script that reads "Roger M. Cairns".

\_\_\_\_\_  
ROGER M. CAIRES  
Licensed Professional Land Surveyor  
Certificate Number 7919

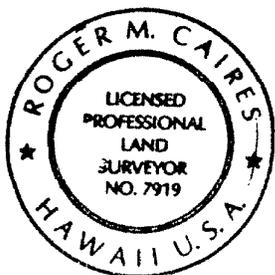
KOLO PUA HALE ESTATES CONDOMINIUM  
UNIT 2

All of that certain parcel of land being the Limited Common Element containing Condominium Unit "2", Kolo Pua Hale Estates Condominium, situate on the intersection of Kolo Pua Street and Kalili Place, at Wailua, Puna, Kauai Hawaii.

Being Lot 32 of the Wailua Estates Subdivision, Wailua Homesteads, First Series.

Beginning at the Northwest corner of this parcel of land on the East side of Lot 33, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 1,071.56 feet South and 6,363.80 feet West, thence running by azimuths measured clockwise from true South:

- |                 |        |   |
|-----------------|--------|---|
| 1. 267° 46'     | 137.61 | feet along the remainder of Lot 32 (Unit 1);<br><br>thence along Kolo Pua Street on a curve to the left having a radius of 270.00 feet, the chord azimuth and distance being; |
| 2. 346° 15' 22" | 54.80  | feet;<br><br>thence along the intersection of Kolo Pua Street and Kalili Place on a curve to the right having a radius of 20.00 feet, the chord azimuth and distance being;   |
| 3. 80° 17' 25"  | 165.21 | feet;   |
| 4. 192° 30'     | 102.76 | feet along Lot 33 to the point of beginning and containing an area of 15,031 square feet.   |



Kalaheo, Hawaii 96741  
April 10, 2001

DESCRIPTION PREPARED BY  
CAIRES LAND SURVEYING:

A handwritten signature in cursive script that reads "Roger M. Cairés".

ROGER M. CAIRES  
Licensed Professional Land Surveyor  
Certificate Number 7919