

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Kenneth B. Holden and Stuart K. Hanchett
Address c/o Peter C. Miller, Esq., P.O. Box 1230, Hanalei, Hawaii 96714

Project Name (\*): PUANANI CONDOMINIUM
Address: 3168-A and 3168-B Kalihiwai Road, Kalihiwai, Hanalei, Kauai, Hawaii

Registration No. 4763
Effective date: May 28, 2002
Expiration date: June 28, 2003

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.
X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with
SUPPLEMENTARY: (pink) This report updates information contained in the:
[ ] Preliminary Public Report dated:
[ ] Final Public Report dated:
[ ] Supplementary Public Report dated:
And [ ] Supersedes all prior public reports.
[ ] Must be read together with
[ ] This report reactivates the public report(s) which expired on

(\* ) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.
FORM RECO-30 286/986/189/1190/892/0197/1098/8800

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Report:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS OR OTHER STRUCTURES WHICH MAY BE BUILT UPON THE PROPERTY. THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, AND THERE IS NO ASSURANCE NOR LIKELIHOOD THAT THE PURCHASER WILL BE ABLE TO CONVERT ANY EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY REMODEL EXISTING STRUCTURES OR BUILD ANY OTHER TYPE OF STRUCTURE DESIRED, UPON THE PROPERTY.

1. This Public Report does NOT constitute an approval of the project by the REAL ESTATE COMMISSION or by any other public entity, nor does it assert or imply that all applicable Kauai County codes, ordinances and/or subdivision requirements have been complied with.
2. This is a CONDOMINIUM PROJECT, NOT A SUBDIVISION. It does NOT involve the sale of individual SUBDIVIDED LOTS. The dotted lines on the Condominium Map (Exhibit A) are for illustration purposes only. They merely represent the approximate location of the Limited Common Element assigned to each unit. The dotted lines should NOT be construed as property lines of legally subdivided lots.
3. All owners and users of the individual condominium units (apartments) are automatically members of the Association of Apartment Owners of the Project and are subject to the Bylaws of that Association, the Declaration of Condominium Property Regime, any House Rules and other existing or adopted Project Documents.
4. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided. For instance, any new domestic water service, if available must be obtained from the Princeville Utilities Co., Inc., rather than from the Kauai County Department of Water.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REFERENCED IN THIS PUBLIC REPORT, AND TO CONTACT APPROPRIATE COUNTY AGENCIES AND THE PRINCEVILLE UTILITIES CO., INC. 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: Stuart K. Hanchett and Kenneth B. Holden Name\* Phone: (808) 826-4606 (Business) Business Address c/o Peter C. Miller, Esq. P.O. Box 1230 Hanalei, Hawaii 96714

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

N/A

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

Escrow: Title Guaranty Escrow Services, Inc. Name Phone: (808) 826-5300 (Business) Business Address P.O. Box 223330 Princeville, Hawaii 96722

General Contractor\*: None Name Phone: (Business) Business Address

Condominium Managing Agent\*: None- self managed by the Association of Name Phone: (Business) Business Address Condominium Owners

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

\* 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. 2001-141828  
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. 3333  
 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. 2001-141829  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed             Adopted             Developer does not plan to adopt House Rules

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

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

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

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

2. Developer:

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

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

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: 3168-A & B Kalihiwai Rd., Kalihiwai, Kauai, HI Tax Map Key (TMK): (4) 5-3-03: 08  
Kalihiwai, Hanalei, Kauai, Hawaii

Address  TMK is expected to change because Individual numbers will be  
assigned to the units created

Land Area: 16,990  square feet  acre(s) Zoning: Agriculture

Fee Owner: Kenneth B. Holden, Trustee; and Stuart K. Hanchett, Caroline K. Remedios, Tiare H. Ono, and Suzanne H Swartman, as Trustees  
 Name \_\_\_\_\_  
 c/o Peter C. Miller, Esq.; P.O. Box 1230 \_\_\_\_\_  
 Address \_\_\_\_\_  
 Hanalei, Hawaii 96714 \_\_\_\_\_

Lessor: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 \_\_\_\_\_

C. **Buildings and Other Improvements:**

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

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

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

3. Principal Construction Material:

- Concrete                       Hollow Tile                       Wood  
 Other \_\_\_\_\_

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoninci</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 checked="" type="checkbox"/> Agricultural	<u>2*</u>	<input checked="" 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

\* NOTE: The subject property is within the State Land Use Agricultural District and is zoned Agricultural by the County of Kauai. "Farm Dwellings" and other structures appropriate to agricultural usage are permitted, subject to certain guidelines. See the disclosures on Page 20 of this Final Public Report under the paragraph entitled "Additional Information Not Covered Above".

5. Special Use Restrictions:

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

- Pets: Reasonable domestic pets are allowed; no poultry, pigs, goats, hunting/attack dogs or more than 2 dogs
- Number of Occupants: \_\_\_\_\_
- Other: An owner must engage in agricultural activity. Prohibition of activities making unreasonable noises or otherwise disturbing other occupants.
- 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>Unit A</u>	<u>1</u>	<u>3/3</u>	<u>1,171</u>	<u>517</u>	<u>_____</u>
<u>Unit B</u>	<u>1</u>	<u>3/2</u>	<u>1,524</u>	<u>0</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</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:

**See Exhibit A (Condominium Map). The approximate net floor areas of each unit as set forth above is measured from the interior surface of the unit perimeter walls and includes all of the walls and partitions within the perimeter walls.**

Permitted Alterations to Apartments:

**As allowed by the Kauai County zoning ordinances, the Declaration and the recorded covenants, conditions and restrictions upon each permanent improvement. An amendment to the Declaration of Condominium Property Regime and the Condominium Map (Exhibit A) by the Association of Unit Owners will be required in order to disclose actual improvements as a matter of public record.**

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has N/A elected to provide the information in a published announcement or advertisement.

7. Parking Stalls: **7 Total, all open**  
**Unit A has space for 4 vehicles**  
 Total Parking Stalls: **Unit B has space for 3 vehicles**

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)		<b>4,3</b>					<b>7</b>
Guest Unassigned							
Extra for Purchase							
Other: _____							
<b>Total Covered &amp; Open:</b>	<b>7</b>		<b>0</b>		<b>0</b>		<b>7</b>

Each apartment will have the exclusive use of at least 3 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 B 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):

Developer makes no representations or warranties as to the expected useful lives of those components and installations. Developer, based upon report of architectural inspection, states that those elements are in normal, satisfactory, and workable condition.

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>          </u>	<u>    X*    </u>	<u>          </u>
Lot	<u>    X    </u>	<u>          </u>	<u>          </u>

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

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

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

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

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

described in Exhibit     C    

as follows:

\* See Planning Department, County of Kauai, letter dated October 23, 2001, Exhibit K attached hereto.

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   C  

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   D  

as follows:

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

Exhibit   E   describes the encumbrances against the title contained in the title report dated September 10, 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.

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>
---------------------	---

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:

The rebuild of the Unit A structure after Hurricane Iniki was completed in June of 1992.

The rebuild of the Unit B structure after Hurricane Iniki was completed in June of 1992.

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

C. **Utility Charges for Apartments:**

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

None  Electricity ( \_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)  
 Gas ( \_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)  
 Water  Sewer  Television Cable  
 Other .....

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit G contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated October 6, 2001  
Exhibit H 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 buyers 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: Waiver and Indemnity Agreement; Declarations of Grants of Easements AU-3 and AU-7; Farm Dwelling Application

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. 4763 filed with the Real Estate Commission on October 31, 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**

1. The Developer has not selected a real estate broker for the sale of units in the Project. In the event the Developer chooses to use a real estate broker for the sale of an apartment, then prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser, together with a copy of this Final Public Report.
2. The recorded chain of title to the underlying real property of this Project was broken for periods of time between its original creation as a Land Commission Award and 1915, as described in the Certificate of Title - Regular System- Broken Title No. 49357, attached hereto as "Exhibit I" and incorporated herein. The present Owners/Developers are aware of no claims to ownership of the property having been made by any other person or entity since the present Owners/Developers have owned the property. However, the title gaps disclosed in Exhibit I would have to be resolved before insurable, marketable title could be delivered to a purchaser of a Unit. The Developers do not intend to take the action(s) necessary to clear the title, which could markedly and negatively affect the market values that the Units might otherwise have.
3. The Project is in a flood and tsunami zone, being subject to possible inundation from such events, which could cause possible damage to, or destruction of, improvements on the property. Accordingly, any new buildings or improvements to existing buildings will be subject to special building requirements. The purchaser is urged to contact the County of Kauai Engineering Department for specifics. The Developer notes the understanding that the property has been inundated twice by tsunami since 1940. The Developer is not aware of any inundation of a structure on the property by normal flooding.
4. There are no outstanding notices of uncured violations of building code or other municipal regulations. However, since the existing structures were constructed, the County of Kauai adopted its Comprehensive Zoning Ordinance ("CZO"), under which the parcel qualifies for only one dwelling, and the parcel was rendered non-conforming. The property can be rendered conforming by establishing one of the dwellings as an Additional Dwelling Unit ("ADU") pursuant to County ordinance. This will require, among other things, either the extension of a 4 inch water line with a hydrant to within 250 feet of the property or installing a sprinkler system in the ADU. The purchaser is urged to contact appropriate County agencies for specifics of the requirements. Article 23 of Chapter 8 of the CZO limits structural alteration, enlargement and reconstruction of non-conforming structures.
5. Residential Dwellings within State Land Use Agricultural District: Purchasers should be aware that the State Land Use Commission issued a Declaratory Ruling in December, 1994, regarding the construction of residential dwellings on properties located within the State Land Use Agricultural District. In response to said ruling, the Kauai County Planning Department is requiring applicants for building permits on such lands to acknowledge receipt of a "Farm Dwelling Notice". This Farm Dwelling Notice reads as follows:

*FARM DWELLING NOTICE*

*To: Applicants for Building Permits on Land in State Land Use Agricultural District.*

*This is to inform you that Chapter 205, Hawaii Revised Statutes, does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".*

*Farm Dwelling is defined in Chapter 205-4.5(a)(4) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State or where agricultural activity provides income to the family occupying the dwelling."*

*Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine of not more than \$5,000.00. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000.00 for any additional violation.*

*I acknowledge that I have read the above  
and have been given a copy*

\_\_\_\_\_  
*Signature of Applicant*

\_\_\_\_\_  
*Signature of Witness*

- 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.

Kenneth B. Holden, Trustee; and Stuart K. Hanchett, Trustee  
 \_\_\_\_\_  
 Printed Name of Developer

By: Stuart K. Hanchett \_\_\_\_\_  
 Duly Authorized Signatory\* Date

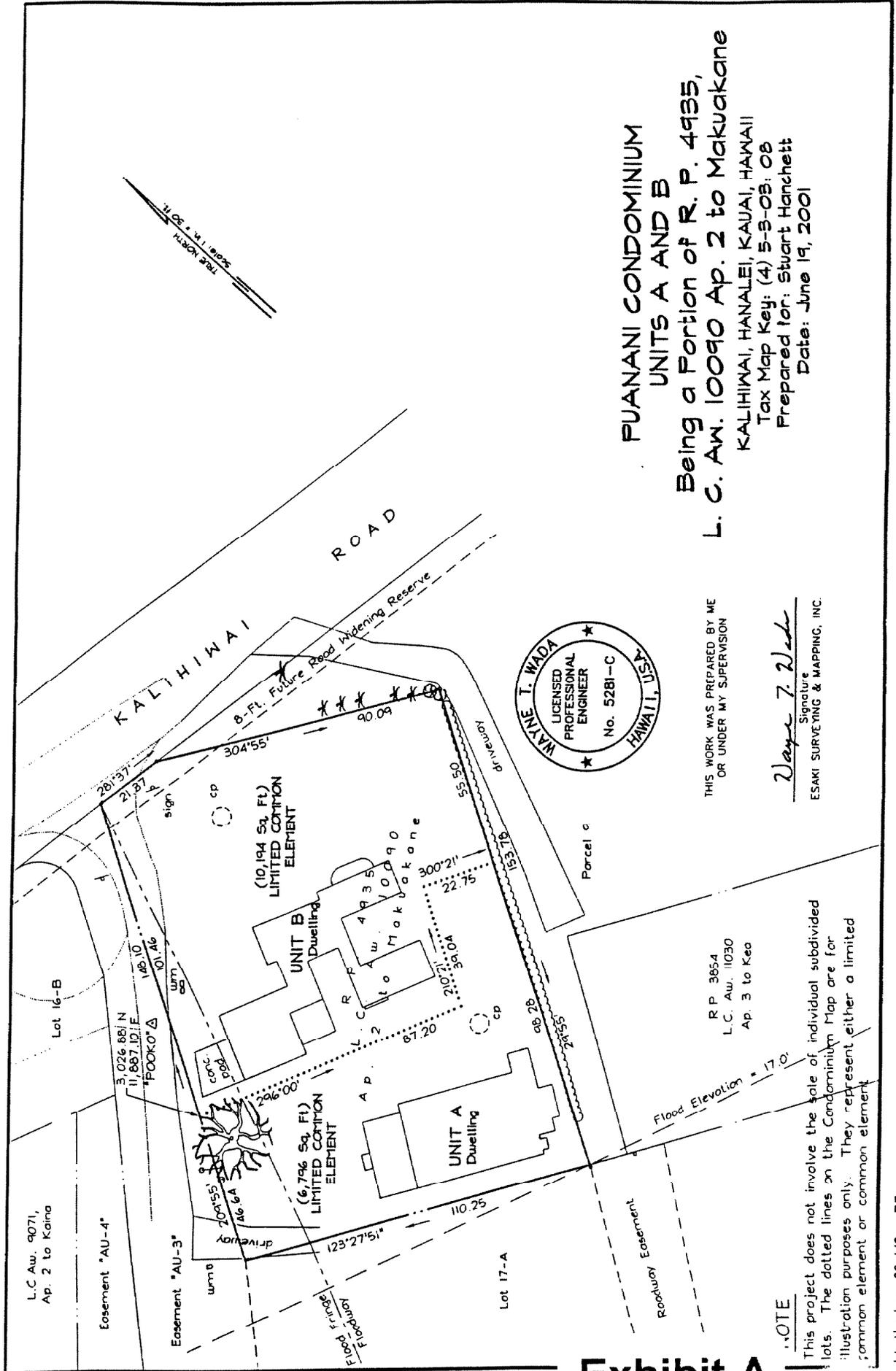
Kenneth B. Holden  
 Kenneth B. Holden, Trustee; and Stuart K. Hanchett, Trustee  
 10-6-01 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai \_\_\_\_\_

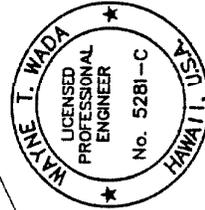
Planning Department, County of Kauai \_\_\_\_\_

*\*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.*



**FUANANI CONDOMINIUM**  
**UNITS A AND B**  
 Being a Portion of R. P. 4935,  
**L. C. Aw. 10090 Ap. 2 to Makuakane**  
 KALIHUAI, HANAIEI, KAUAI, HAWAII  
 Tax Map Key: (4) 5-3-03; 08  
 Prepared for: **Stuart Hanchett**  
 Date: **June 19, 2001**

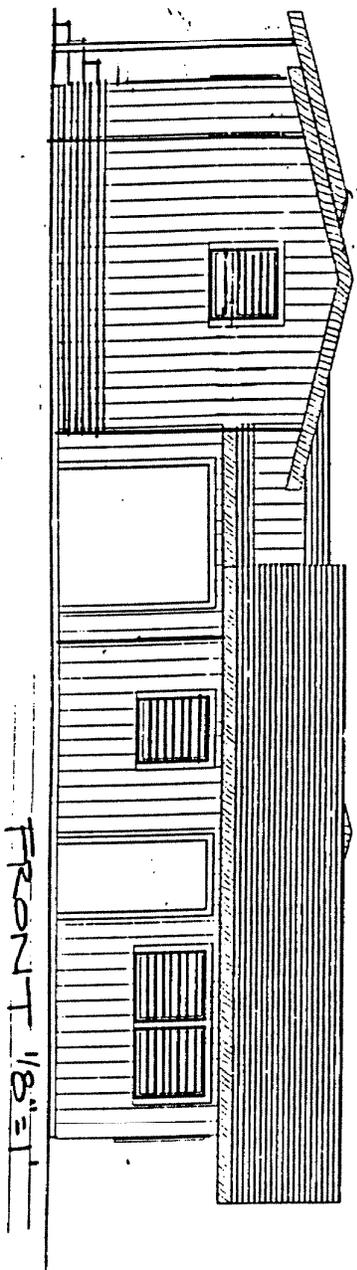
THIS WORK WAS PREPARED BY ME  
OR UNDER MY SUPERVISION



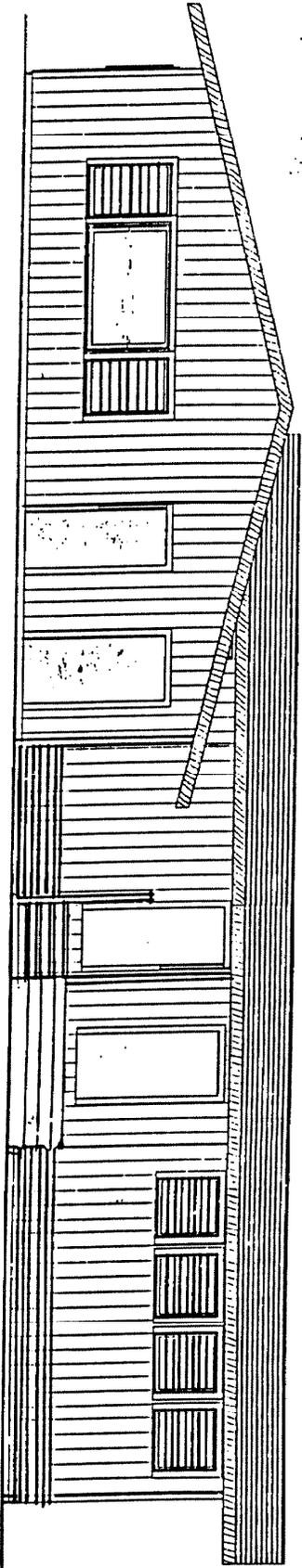
*Wayne T. Wada*  
 Signature  
 ESAKI SURVEYING & MAPPING, INC.

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

# Exhibit A

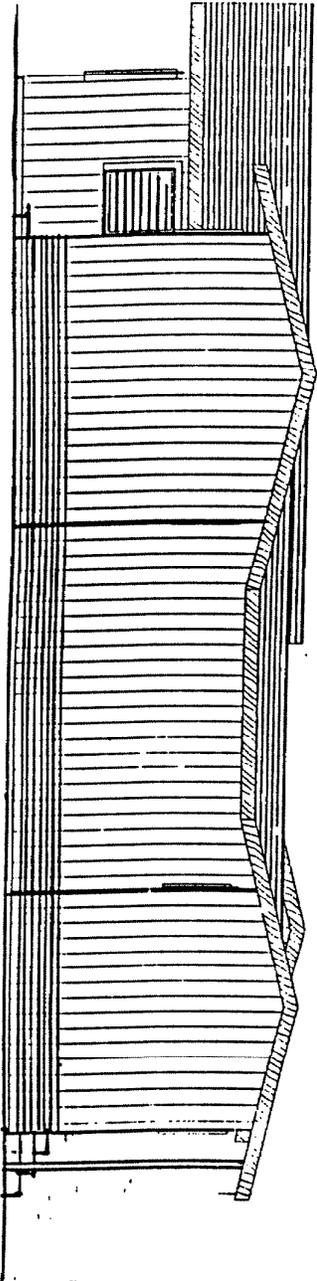


FRONT 1/8"=1'



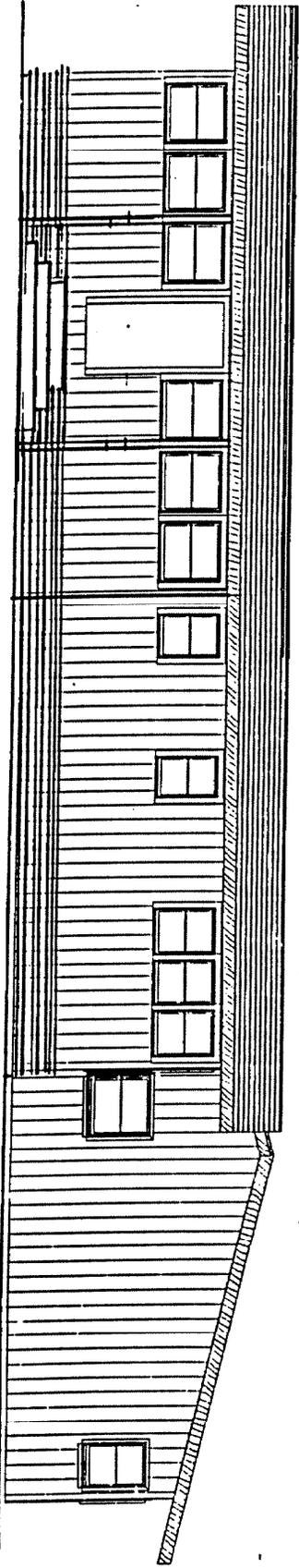
RIGHT 1/8"=1'-0"

HOLDEN  
SHEET 2 of 2

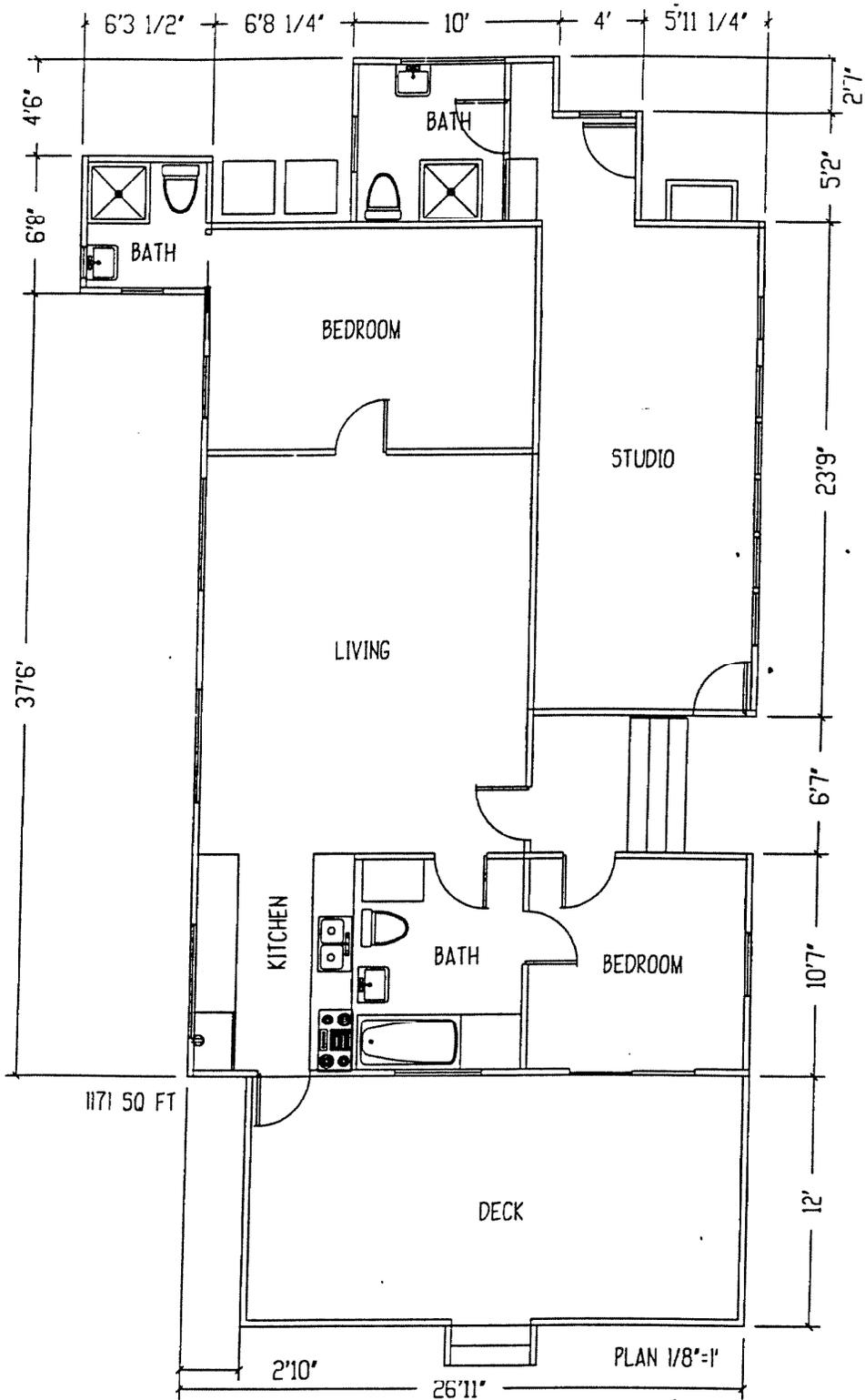


REAR 1/8" = 1'

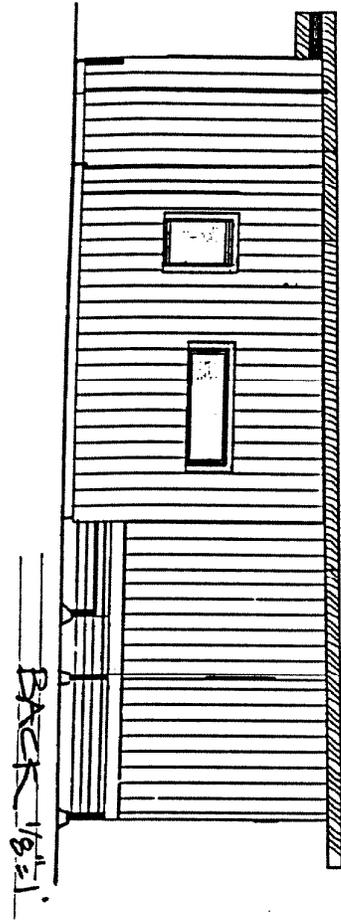
HOLDEN  
SHEET 3 OF 3



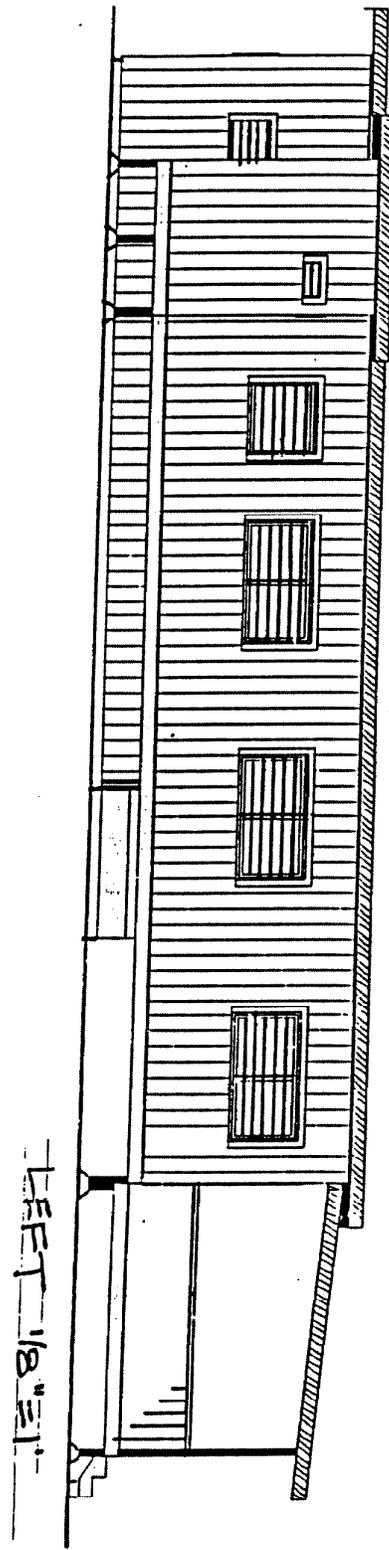
LEFT 1/8" = 1'



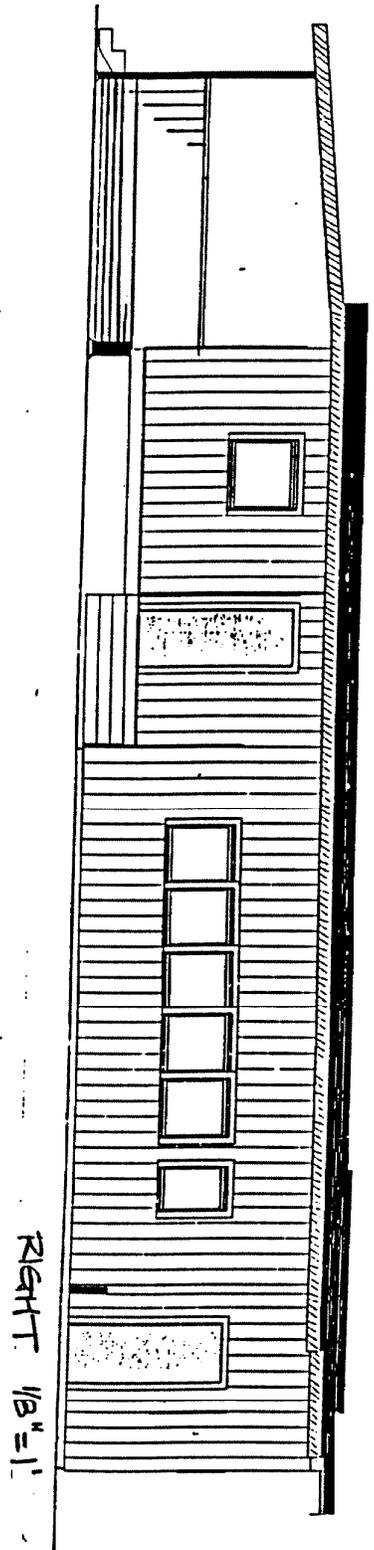
HANCHETT  
 SHEET 1 of 2



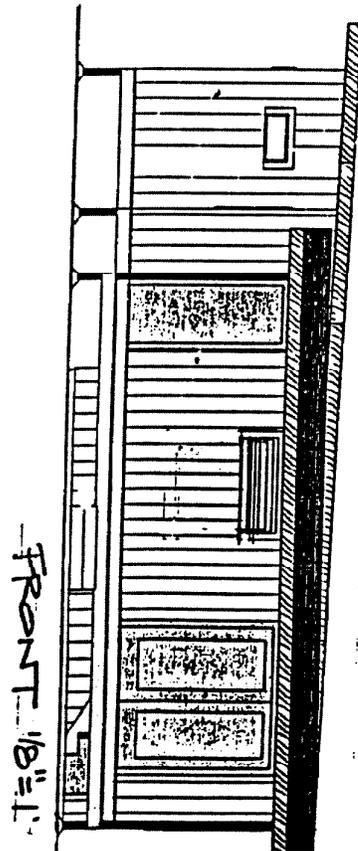
BACK 1/8"=1'



LEFT 1/8"=1'



RIGHT 1/8"=1'



FRONT 1/8"=1'

HANCHETT  
SHEET 2 of 2

## **EXHIBIT B**

### **DESCRIPTION OF BUILDINGS**

Unit A apartment is an existing single story wood structure with metal roof, with two bedrooms plus studio and three bathrooms, and consisting of approximately 1,171 square feet of enclosed living space and 517 square feet of wooden decks, and having uncovered parking space for four vehicles, all located on this unit's 6,796 square foot limited common element.

Unit B apartment is an existing single story wood structure with metal roof, with two bedrooms plus studio and two bathrooms, and consisting of approximately 1,524 square feet of enclosed living space, and having uncovered space for the parking of three vehicles, all located on this unit's 10,194 square foot limited common element.

## EXHIBIT C

### COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

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

### LIMITED COMMON ELEMENTS OF THE PROJECT

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

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

Apartment No.	Area of Limited Common Element*
A	6,796 square feet
B	10,194 square feet

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

\* Land areas referenced herein are not legally subdivided lots.

## EXHIBIT D

### SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Apt. No.	Area of Ltd. Common Area (sq. ft.)	No. of Bdrm/Bath	Approx. Net Living Area (sq. ft.)	Approx. Total Enclosed Area (sq. ft.)	Percentage of Common Interest
1	A	6,796	3/2	1,688	1,171	50%
1	B	10,194	2/2	1,524	1,524	50%

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

## EXHIBIT E

### ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Roadway shown on tax map.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archeological study would disclose.
5. A possible easement over the roadway that exists over a portion of the property in favor of EAGLE COUNTY DEVELOPMENT CORPORATION as set forth in DEED dated January 25, 1972, recorded in Liber 8079 at Page 256. Owners/Developers dispute the validity of this purported easement. That DEED does not reflect how the easement was purportedly created, nor was the property that is now owned by the Developers then owned by the Grantor of EAGLE COUNTY DEVELOPMENT CORPORATION. That conveyance was of very extensive land holdings, only some of which are in the vicinity of subject roadway. However, some of the lands that were conveyed to EAGLE COUNTY DEVELOPMENT CORPORATION and that are in the vicinity of the roadway have since been subdivided and conveyed to numerous individual grantees who have continuously accessed their properties over the portion of the roadway that has existed over the northwesterly portion of Unit B as shown on the Condominium Map. That portion of the roadway as shown on the Condominium Map is located generally as is also shown in the 1972 DEED. The Developers have no present plans to attempt to pursue legal or negotiated extinguishment of the purported easement.
6. Lack of insurable title to the portion of Land Patent Number 8173, Land Commission Award Number 8559-B, Apana 39 to William C. Lunalilo designated in Exhibit "I" to this Final Public Report.
7. Lack of insurability of title to Royal Patent Number 4935, Land Commission Award Number 10090 as discussed in Exhibit "I" to this Final Public Report.
8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "PUANANI" CONDOMINIUM PROJECT, dated August 2, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-141828.
9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF PUANANI CONDOMINIUM, dated August 2, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-141829.
10. Condominium Map No. 3333, on file in the Bureau of Conveyances of the State of Hawaii.

***End of Exhibit E***

EXHIBIT     F    

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
A	\$30	\$360
B	\$30	\$360
		\$720

**RE: INSURANCE:**

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

**RE: REPLACEMENT RESERVE STUDY:**

**DEVELOPER DISCLOSES THAT NO RESERVE STUDY WAS DONE IN ACCORDANCE WITH CHAPTER 514A-83.6, HRS, AND REPLACEMENT RESERVE RULES, SUBCHAPTER 6, TITLE 16, CHAPTER 106 HAWAII ADMINISTRATIVE RULES, AS AMENDED.**

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

**Estimate of Maintenance Fee Disbursements:**

Monthly Fee x 12 months = Yearly Total

Utilities and Services

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

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance \$60 \$720

Reserves(\*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL \$720

I, \_\_\_\_\_, as agent for/and/or employed by \_\_\_\_\_, the  
condominium managing agent/developer for the Puanani Condominium  
condominium project, hereby certify that the above estimates of initial maintenance fee assessments and  
maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

10-6-01  
Signature Date

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

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

## EXHIBIT G

### SUMMARY OF SALES CONTRACT

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

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

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

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

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

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

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

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

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

(d) After issuance of the Final Public Report, and unless such right has previously been waived by Buyer, Buyer may cancel the contract at any time prior to either the conveyance of the apartment to him or midnight of the 30th day following the date of delivery of the final public report to him, in which event he shall be entitled to a prompt and full refund of all

moneys paid, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250. After Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Buyer shall have the right to rescind the Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of Buyer's apartment or appurtenant limited common elements or those amenities of the Project available for the Buyer's use, subject to waiver by the Buyer pursuant to the terms set forth in the Contract and Hawaii Revised Statutes Section 514A-63. In such later event, Buyer shall be entitled to a prompt and full refund of any moneys paid.

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

(f) The payment of commissions, if any.

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

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

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

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

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

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

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

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

***End of Exhibit G***

## EXHIBIT H

### SUMMARY OF ESCROW AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

*End of Exhibit H*

**CONTINUATION OF CERTIFICATE OF TITLE  
(REGULAR SYSTEM)**

Issued for the sole protection of  
TITLEHOLDER HEREIN

(Certificate Holder)  
Maximum liability limited to  
\$1,000.00

Ticor Title Insurance Company (the "Company") hereby certifies that we have carefully examined the indices described in Schedule A, from and including April 18, 2001 at 8:00 a.m. (the date of the attached Certificate of Title), as to the title of KENNETH B. HOLDEN, Trustee of THE KENNETH B. HOLDEN LIVING TRUST dated April 11, 2000, CAROLYN K. REMWDIOS, TIARE H. ONO, STUART K. HANCHETT, SUZANNE H. SWARTMAN, Trustees under unrecorded Hanchett Family Revocable Trust agreement dated May 16, 1997 with powers to sell, mortgage, lease, etc. as Tenants in common.

And find no other or further liens, encumbrances or conveyances of record affecting the title to the premises described in said Certificate of Title, or continuations thereto, save and except the following:

1. Any and all Real Property Taxes that may be due and owing.

Certified to September 10, 2001 at 8:00 a.m.

Inquiries concerning this  
Certificate of Title should  
be directed to  
ABEL LEW.  
Email alew@tghawaii.com  
Fax (808) 533-5854  
Telephone (808) 533-5860.  
Refer to Order No. 200049038.

Title Guaranty of Hawaii,  
Incorporated, as Agent for  
Ticor Title Insurance Company

By



Authorized Signatory

**CERTIFICATE OF TITLE**

(Regular System)

(BROKEN TITLE)

Issued for the sole protection of  
TITLEHOLDER HEREIN

(Certificate Holder)

Maximum liability limited to

\$1,000.00

-----  
Ticor Title Insurance Company (the "Company") hereby certifies that a careful examination has been made of those indices in the State of Hawaii at (a) the Office of the Clerks of the Supreme Court and of the Circuit Court of the Judicial Circuit within which the land is located, (b) the Office of the Clerk of the District Court of the United States for the District of Hawaii, (c) the Office of the Registrar of Conveyances, and (d) the Office of the Tax Assessor and Director of Finance of the County within which the land is located, as of April 18, 2001 at 8:00 a.m., as to the title of

KENNETH B. HOLDEN,  
Trustee of THE KENNETH B. HOLDEN LIVING TRUST  
dated April 11, 2000  
CAROLYN K. REMEDIOS,  
TIARE H. ONO,  
STUART K. HANCHETT,  
SUZANNE H. SWARTMAN,  
Trustees under unrecorded Hanchett Family  
Revocable Trust Agreement dated May 16, 1997  
with powers to sell, mortgage, lease, etc.  
as Tenants in Common

and is subject to those matters set forth in Schedule B.

This Certificate of Title is issued subject to the Conditions and Stipulations set forth in Schedule D.

Inquiries concerning this  
Certificate of Title should  
be directed to  
ABEL LEW.  
Email alew@tghawaii.com

Title Guaranty of Hawaii,  
Incorporated, as Agent for  
Ticor Title Insurance Company

SCHEDULE A CONTINUED

Fax (808) 533-5854  
Telephone (808) 533-5860.  
Refer to Order No. 200049038.

By   
Authorized Signatory

**SCHEDULE B**

CT No. 49357

Defects, liens, encumbrances and other matters affecting the title, as disclosed by an examination of the indices referred to in Schedule A hereof.

1. Any and all Real Property Taxes that may be due and owing.

Tax Key: (4) 5-3-003-008      Area Assessed: 0.380 acre

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

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Roadway shown on tax map.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

-Note:- A current survey, with metes and bounds description, should be made of said premises.

5. An Easement over the existing Roadway within Royal Patent Number 4935, Land Commission Award Number 10090, Apana 2, within Exclusion 39, in favor of EAGLE COUNTY DEVELOPMENT CORPORATION, as set forth in DEED dated January 25, 1972, recorded in Liber 8079 at Page 256.

SCHEDULE B CONTINUED

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

INSTRUMENT : WAIVER AND INDEMNITY AGREEMENT

DATED : August 9, 1974

RECORDED : Liber 10084 Page 42

PARTIES : JULIA K. HOLDEN, PUANANI H. HANCHETT, "Owners", and COUNTY OF KAUAI, "County"

RE : the waiver and release of the County from all claims and causes of action which may accrue by reason of any flooding of surface waters, etc.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in THE KENNETH B. HOLDEN LIVING TRUST dated April 11, 2000.

-Note:- The conveyance instrument referred to in Schedule C herein does not set forth the powers of the Trustee(s). That there be no question concerning this authority, it will be necessary that the above trust instrument or a short form thereof be placed of record in the Bureau of Conveyances of the State of Hawaii, or an executed copy of same be provided to Title Guaranty of Hawaii, Incorporated.

8. No title insurance with respect to the excluded parcels described in Schedule C under Item II can be provided.
9. All rights, claims and/or interests of others which exist or might arise by virtue of those matters set forth in the following memorandum, to-wit:

SCHEDULE B CONTINUED

-AS TO ROYAL PATENT NUMBER 4935,  
LAND COMMISSION AWARD NUMBER 10090:-

Land Commission Award Number 10090 was issued to MAKUAKANE on July 17, 1851 (the land under search comprises all of Apana 2 of the aforementioned award and contains an area of 0.380 of an acre, more or less). Subsequently, Royal Patent Number 4935 was issued on October 14, 1861.

No conveyances appear of record by MAKUAKANE, nor is there a probate proceeding of the estate or judicial determination of the heirs.

There appears of record a Deed by NAHAU KAONO (w) dated March 30, 1909, recorded in Liber 328 at Page 233 in which said Grantor recites that MAKUAKANE (k), the Awardee of Land Commission Award No. 10090, died and was survived by his wife, UPAI, the grandmother of grantor's deceased husband, KAONO KUPIHEA (k).

There also appears of record an Affidavit by affiant, ANTONE GOMES, dated May 10, 1916, recorded in Liber 456 at Page 187, in which said Affiant recites that his grandfather was KUPIHEA and KUPIHEA's first son was KAONO, also known as JOSEPH KAONO. That said JOSEPH KAONO and his wife, NAHAU KAONO, had three children: the said ANTONE GOMES, KAUIUWI (w) and JOSEPH KEAWE KAONO. That his sister, KAUIUWI, died leaving as her only heirs, her son, DAVID K. KAMAI, and her husband, K. KAMAI and that his brother, JOSEPH KEAWE KAONO, died and was survived by his wife, MAHINA KU, and one child, JOSEPH KEAWE, JR.

No conveyances appear of record by KUPIHEA (k), nor is there a probate proceeding of his estate or judicial determination of his heirs.

-AS TO THE INTEREST OF KAONO (K), ALSO KNOWN AS  
KAONO KUPIHEA, ALSO KNOWN AS JOSEPH KAONO:-

By Lease dated January 11, 1886, recorded in Liber 97 at Page 352, KAONO (k) leased Royal Patent No. 4934, Land Commission Award No. 9221 to KUPIHEA (k), the father of KAONO (k) and Royal Patent No. 4935, Land Commission Award No. 10090 to MAKUAKANE (k), the grandfather of KAONO (k), to LONOHINA (Pake), for a term of 10 years, commencing from January 1, 1886.

SCHEDULE B CONTINUED

No further conveyances appear of record by KAONO (k), also known as KAONO KUPIHEA, also known as JOSEPH KAONO, nor is there a probate proceeding of his estate or judicial determination of his heirs.

By Deed dated March 30, 1909, recorded in Liber 328 at Page 233, NAHAU KAONO (w), the widow of KAONO KUPIHEA (k), conveyed to DAVID K. KAMAI, her grandchild, Apanas 1 and 2 of Royal Patent No. 4935, Land Commission Award No. 10090.

From the date of the foregoing deed title to this interest descends straight and unbroken to the present titleholder.

-AS TO THE INTEREST OF KAUIUWI (W),  
ALSO KNOWN AS KAUIUWI KAMAI (W):-

No conveyances appear of record by KAUIUWI (w), also known as KAUIUWI KAMAI (w), nor is there a probate proceeding of her estate or judicial determination of her heirs.

By Deed dated April 22, 1915, recorded in Liber 410 at Page 493, DAVID K. KAMAI and his wife, Josephine K. Kamai, conveyed to GOO KIM FOOK Trustee and LUNG WAH CHEE Apanas 1 and 2 of Royal Patent No. 4935, Land Commission Award No. 10090. This instrument is silent as to the manner by which the Grantor acquired this interest.

From the date of the foregoing deed title to this interest descends straight and unbroken to the present titleholder.

-AS TO THE INTEREST OF ANTONE GOMES:-

By Deed dated December 29, 1914, recorded in liber 428 at Page 37, ANTONE GOMES, also known as FINEIKAI, (the purported son of JOSEPH KAONO) and his wife, Rose Gomes, etal conveyed to DAVID K. KAMAI all of their right, title and interest in and to Apanas 1 and 2 of Royal Patent No. 4935, Land Commission Award No. 10090. This instrument is silent as to the manner by which the Grantor acquired this interest.

From the date of the foregoing deed title to this interest descends straight and unbroken to the present titleholder.

-AS TO THE INTEREST OF JOSEPH KEAWE KAONO  
ALSO KNOWN AS JOSEPH KEAWE:-

SCHEDULE B CONTINUED

There appears of record a Mortgage dated February 1, 1894, recorded in Liber 147 at Page 2, in which JOSEPH KEAWE and his wife, ISABELLA MAHINAKU, and NAHAU (w), the widow of J. KAONO, mortgaged Apanas 1 and 2 of Royal Patent No. 4935, Land Commission Award No. 10090 and cites: "Joseph Keawe having inherited them from his father J. Kaono and the said Nahau having dower right therein as relict of J. Kaono during her natural life". No release appears of record of the foregoing mortgage.

No further conveyances appear of record by JOSEPH KEAWE, also known as JOSEPH KEAWE KAONO, nor is there a probate proceeding of his estate or judicial determination of his heirs.

There appears of record a Mortgage dated February 1, 1894, recorded in Liber 256 at Page 174, in which MAHINAKU KEAWE KAONO, the widow of J. KEAWE KAONO, mortgaged lands not under search to RICHARD LUDLOFF and cites: "Which said lands upon the death of my said husband, became vested in Joe, our only child, and the only issue of my said husband, and upon the death of my said child, the said lands became vested in me as his only heir at law."

There also appears of record an Affidavit by affiant, JOHN P. MENDIOLA, dated May 4, 1915, recorded in Liber 426 at Page 230, in which the Affiant recited the following:

"...that he was formally married to Mahinaku Keawe, now deceased, who was formally Mahinaku Kaono, the wife of J. Keawe Kaono, and the named person who was mentioned in that certain mortgage given by Mahinaku Keawe Kaono to Richard Ludloff, dated September 2, 1903, and recorded in Liber 256, pages 174-176; that he knows Joseph Kaono, the son of Mahinaku Keawe Kaono and J. Keawe Kaono, who is now of the age of about 22 years; that said Joseph Kaono is the only surviving son of said Mahinaku Keawe Kaono and J. Keawe Kaono, who had another son who died at the age of 6 years...". That the recital in said mortgage stating that she is the only heir at law of her son, Joe, deceased, the only son and issue of her husband, J. Keawe Kaono "is in error and that the Joe therein referred to is the Joe Kaono hereinabove referred to".

SCHEDULE B CONTINUED

No conveyances appear of record by JOSEPH KAONO, possible also known as JOSEPH KEAWE, JR., nor is there a probate proceeding of his estate or judicial determination of his heirs.

The records at the Bureau of Health Statistics reveal the marriage of BELLA MAHINAKU (w), age 23 years, to JOHN P. MENDIOLA, age 24 years, on September 12, 1903 in Honolulu.

No conveyances appear of record by MAHINAKU KEAWE KAONO, also known as ISABELLA MAHINAKU, also known as BELLA MAHINAKU, also known as MAHINAKU MENDIOLA, nor is there a probate proceeding of her estate or judicial determination of her heirs.

There appears of record a Deed dated March 21, 1914, recorded in Liber 410 at Page 39, in which GEORGE KEAWE LIILII conveyed to JOHN AIU all of his right, title and interest in the estate of BELLA MAHINAKU in and to lands not under search and cites that the Grantor is "The own child of Bella Mahinaku (w) my own mother, deceased, intestate".

By Deed dated December 29, 1914, recorded in Liber 428 at Page 37, GEORGE KEAWE etal conveyed to DAVID K. KAMAI all of his right, title and interest in and to Apanas 1 and 2 of Royal Patent No. 4935, Land Commission Award No. 10090. This instrument is silent as to the manner by which the said Grantor acquired this interest.

From the date of the foregoing deed title to this interest descends straight and unbroken to the present titleholder.

-Note:- A title insurance policy or policies will be issued after the aforementioned memorandum has been properly resolved.

END OF SCHEDULE B

**SCHEDULE C**

CT No. 49357

Description of premises:

**-ITEM I:-**

All of that certain parcel of land (being all of the land(s) described in and covered by Royal Patent Number 4935, Land Commission Award Number 10090, Apana 2 to Makuakane and portion of Land Patent Number 8173, Land Commission Award Number 8559-B, Apana 39 to William C. Lunaliilo) situate, lying and being at Kalihiwai, District of Hanalei, Island and County of Kauai, State of Hawaii, bearing Tax Key designation (4) 5-3-003-008, and containing an area of 0.380 of an acre, more or less.

Together with a perpetual, non-exclusive access and utility easement over and across Easement "AU-7", as granted by DECLARATION OF GRANT AND RESERVATION OF EASEMENT AU-7, dated April 1, 1999, recorded as Document No. 99-113690, and more particularly described therein; and subject to the terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained therein; and

Together with a perpetual, non-exclusive access and utility easement over and across Easement "AU-3", as granted by DECLARATION OF GRANT AND RESERVATION OF EASEMENT AU-3, dated April 1, 1999, recorded as Document No. 99-113691, and more particularly described therein; and subject to the terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained therein.

**-ITEM II:-**

Excluded from ITEM I the following:

Land Patent Number 8173, Land Commission Award Number 8559-B, Apana 39 to William C. Lunaliilo, hatched as shown on map herein attached as Exhibit A.

SCHEDULE C CONTINUED

Said above described parcel of land having been acquired as follows:

1. By KENNETH B. HOLDEN, Trustee of THE KENNETH B. HOLDEN LIVING TRUST dated April 11, 2000, by GRANT DEED dated April 11, 2000, recorded as Document No. 2000-064825; and
2. By CAROLYN K. REMEDIOS, TIARE H. ONO, STUART K. HANCHETT and SUZANNE H. SWARTMAN, Trustees under unrecorded Hanchett Family Revocable Trust Agreement dated May 16, 1997, with powers to sell, mortgage, lease, etc., by WARRANTY DEED TO TRUSTEES of JAMES DANIEL REMEDIOS, JR. and CAROLYN K. REMEDIOS, husband and wife, RAYMOND ONO and TIARE HANCHETT ONO, husband and wife, STUART KEAHIAHI HANCHETT and SUZANNE HAY HANCHETT, husband and wife, and WILLIAM ABBOTT SWARTMAN and SUZANNE HANCHETT SWARTMAN, husband and wife, dated October 2, 1997, recorded as Document No. 97-138386.

END OF SCHEDULE C

**CONDITIONS AND STIPULATIONS**

1. This Certificate (which term shall include any Continuation under this number) is a certification of the record title only, as ascertained by an examination limited to the indices described in Schedule A. No liability is assumed for (a) matters which may affect the title but were not disclosed in said indices at the date hereof; or (b) matters created, suffered, assumed, or agreed to by Certificate Holder; or (c) matters not shown herein but actually known to Certificate Holder at the time of acquisition of an estate or interest in the land. The Company makes no certification or representation as to the legal effect, validity or priority of matters shown or referred to herein or in any Continuation hereof.
2. If the Company's certification hereunder is incorrect, the liability of the Company for resulting loss, including any attorney's fees and legal cost shall not exceed the lesser of: (a) the actual loss incurred by Certificate Holder; or (b) the maximum liability amount shown on Schedule A. All payments made under this Certificate shall reduce the liability of the Company by the amount of such payments. Upon payment of any loss hereunder, the Company shall be subrogated to all rights Certificate Holder may have against any person or property as a result of such loss.
3. In case Certificate Holder shall in any manner obtain knowledge of any asserted defect in the title or of any lien or encumbrance or other matter affecting the title, attaching or created prior to the date hereof and not shown herein, Certificate Holder shall promptly notify the Company in writing. Such written notice shall include a statement of any actual or potential loss claimed by Certificate Holder. After receipt of notice of claim, the Company shall be allowed a reasonable time in which to investigate the claim. At its sole option, the Company may litigate the validity of the claim, negotiate a settlement or pay to Certificate Holder the amount the Company is obligated to pay under this Certificate. Any liability of the Company under this Certificate shall be reduced to the extent that a failure to promptly provide the required notice impairs the ability of the Company to defend against or otherwise dispose of any claim adverse to Certificate Holder. Liability hereunder constitutes indemnity only and nothing herein shall obligate the Company to assume the defense of Certificate Holder with respect to any claim asserted against the land or the Certificate Holder.
4. Coverage hereunder is conditioned upon full payment of the Company's charges for this Certificate.
5. This Certificate is the entire contract between Certificate Holder and the Company and any claim by Certificate Holder against the Company, arising out of the status of the title certified herein, shall be enforceable only in accordance with the provisions of this Certificate.
6. Notice required to be given the Company shall include the number of this Certificate and shall be addressed to Ticor Title Insurance Company, P.O. Box 92792, Los Angeles, CA 90009, with copy to Title Guaranty of Hawaii, Inc., P.O. Box 3084, Honolulu, HI 96802.

DATE PRINTED: 9/10/2001

STATEMENT OF ASSESSED VALUES AND REAL PROPERTY TAXES DUE

NAME OF OWNER: HOLDEN, KENNETH B/JULIA TRUST  
LEASED TO :

TAX MAP KEY

DIVISION ZONE SECTION PLAT PARCEL HPR NO.  
(4) 5 3 003 008 0000

CLASS: 5 AREA ASSESSED: .380 AC

ASSESSED VALUES FOR CURRENT YEAR TAXES: 2000

This certifies that the records of this division show the assessed values and taxes on the property designated by Tax Key shown above are as follows:

BUILDING	\$	95,700
EXEMPTION	\$	0
NET VALUE	\$	95,700
LAND	\$	186,200
EXEMPTION	\$	0
NET VALUE	\$	186,200
TOTAL NET VALUE	\$	281,900

CURRENT YEAR TAXES:	AMOUNT DUE	CREDIT
1ST INSTALLMENT (DUE 8-20-2000)	\$ 990.71	\$ 990.71
2ND INSTALLMENT (DUE 2-20-2001)	\$ 990.71	\$ 990.71
TOTAL TAXES:	\$ 1,981.42	

PRIOR YEAR TAXES: NONE

1ST INSTALLMENT (DUE 8-20-1999)	\$ 994.27	\$ 994.27
2ND INSTALLMENT (DUE 2-20-2000)	\$ 994.27	\$ 994.27
TOTAL TAXES:	\$ 1,988.54	

H  
8559-B

7

VALLEY ROAD

ROAD

OLD

KUHIO

STREAM

PLAT

HIWAI

Fred K. Antone &  
wf. Naninohaa D. - 7/8

Simeon  
Dias & wf.  
Lily M. - 1/2, 2289 Ac.  
etal. (0.188 Ac)

0.176 Ac.  
Juan Y. (0.206 Ac.) L. C. Aw. 8127:2  
Mahor & wf. L. C. Aw. 9071:2  
Sandra J. - 1/2  
21 (5418 Ac) 7 2286 Ac. 6

George  
N. Akana,  
Ralph E.  
Akana,  
Eugenie  
F. Akana  
- 4/5  
0.50 Ac.  
0.25 Ac.)  
L. C. Aw. 10958:2  
C. Aw. 547:2  
5  
28 (0.162 Ac.)

Edward L. Fountain  
& wf. Joyce - 1/2  
0.176 Ac.

William  
Akana  
& wf.  
Frances  
C. - 7/8  
0.202 Ac.  
19

Puanani H.  
Hanchett - 2/5  
Julia K. Holden - 3/5  
0.38 Ac.  
C. Aw. 10090:2  
8

Yoshiako Hiramoto &  
wf. Doris T. - 1/2  
0.233 Ac.  
9

Rikio  
Nishioka  
& wf.  
Mae M.  
- 1/2  
0.31 Ac.  
L. C. Aw. 9260:3  
10

Margaret L.  
Samios, etal.  
0.46 Ac.  
L. C. Aw. 11030:2  
11

EXHIBIT A



## DISCLOSURE ABSTRACT STATEMENT (§ 514A-61)

FOR

### THE PUANANI CONDOMINIUM PROJECT

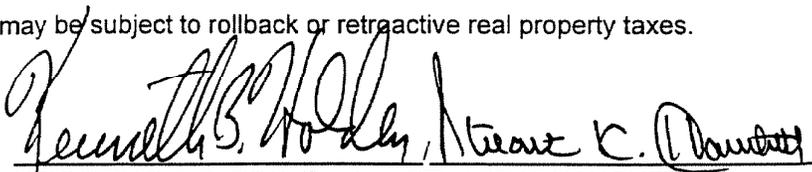
Pursuant to Hawaii Revised Statutes, Section 514A-61, the Developer of THE PUANANI CONDOMINIUM PROJECT, located at 3168-A and 3168-B, Kalihiwai Valley Road, Kalihiwai, Kauai, Hawaii, makes the following disclosures:

1. The Developer of the project is KENNETH B. HOLDEN, Trustee of the Kenneth B. Holden Living Trust dated April 11, 2000 and STUART K. HANCHETT, Trustee of the Hanchett Family Trust dated May 16, 1997, who resides at 6130 Kolopua Street, Kapaa, Kauai, Hawaii 96746, telephone number 1 (808) 822-9191.
2. See Exhibit "F" to the Final Public Report for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles, but were made without a Reserve Study as defined in Section 514A-83.6 of Hawaii Revised Statutes.
3. No warranties are made regarding any individual apartments or common elements. Nor are warranties of any kind made with regard to the pre-existing structures on the project property.
4. The two existing agricultural units are being converted to condominium form. Residential use shall continue to be permitted, but hotel use shall not. No additional units are being created.
5. There will be no commercial use except those activities permitted by the Kauai County Comprehensive Zoning Ordinance.
6. Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed for the above-referenced project. There are two units, each of which sustains a residential structure and each of which will burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 50% for each unit.
7. The Developer states that, to the best of their knowledge and based upon a report prepared by an independent Hawaii registered architect, the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium units is normal, satisfactory and workable. However, no statement or representation is made by the declarants as to any expected useful life of any of such components or installations.
8. There are no outstanding notices of uncured violations of building code or other municipal regulations. Since the existing structures were constructed, the County of Kauai adopted its Comprehensive Zoning Ordinance ("CZO"), under which the parcel qualifies for only one dwelling, and the parcel was rendered non-conforming. The property can be rendered conforming by establishing one of the dwellings as an Additional Dwelling Unit ("ADU") pursuant to County ordinance. This will require, among other things, either the extension of a 4 inch water line with a hydrant to within 250 feet of the property or installing a sprinkler system in the ADU. The purchaser is urged to contact appropriate County agencies for specifics of the requirements. Article 23 of Chapter 8 of the CZO limits structural alteration, enlargement and reconstruction of non-conforming structures.
9. The Project is in a flood and tsunami zone, being subject to possible inundation from such events, which could cause possible damage to, or destruction of, improvements on the property. Accordingly,

any new buildings or improvements to existing buildings will be subject to special building requirements. The purchaser is urged to contact the County of Kauai Engineering Department for specifics.

10. The Project real property may be subject to rollback or retroactive real property taxes.

Dated: 3-3, 2002

  
KENNETH B. HOLDEN, Trustee, STUART K. HANCHETT, Trustee,  
"Developer"

RECEIPT

The undersigned has received a copy of the foregoing Disclosure Abstract Statement with Exhibit F this 10 day of APRIL, 2002.

Purchaser(s)

\_\_\_\_\_

MARYANNE W. KUSAKA  
MAYOR



PLANNING DEPARTMENT

DEE M. CROWELL  
PLANNING DIRECTOR  
SHEILAH N. MIYAKE  
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 241-6677  
FAX (808) 241-6699

DATE: October 23, 2001

COPY

To: Senior Condominium Specialist  
Real Estate Commission  
P&VLD/DCCA  
250 South King Street, Suite 702  
Honolulu, Hawaii 96813

From: Dee M. Crowell, Planning Director

Subject: Certification of Inspection of Existing Buildings

PROJECT NAME: PUANANI CONDOMINIUM PROJECT  
TAX MAP KEY: (4) 5-3-03:08

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

- a. The developer has contracted architect Stefan P. Schweitzer to certify that the existing buildings on the proposed project referred to as Puanani Condominium Unit A and Unit B are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the department.
- b. There were no variances approved for the subject property.
- c. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes.
- d. There are no notices of violation of County Building or zoning codes outstanding according to our records.

Senior Condominium Specialist

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- e. The two existing dwellings on this particular parcel are non-conforming structures. Both dwellings were built before the comprehensive Zoning Ordinance (CZO) was established. The Parcel qualifies for only one (1) dwelling allowed by the CZO in the agriculture district. The dwellings can meet the present ordinances by establishing one of the dwellings as an Additional Dwelling Unit.
  
- f. **WAIVER**  
The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulations of condominiums under Subsection 515A-40, (b), (1), Hawaii Revised Statutes.

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

cc: Peter C. Miller