

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: VICTOR K. PUNUA, SR., Trustee of the Victor K. Punua, Sr. RLT 6/4/91
Developer MARY ANN K. PUNUA, Trustee of the Mary Ann K. Punua, RLT 6/4/91
Address P. O. Box 1488, Lihue, Kauai, Hawaii 96766

Project Name (*): 5304 HALEILIO ROAD
Address: 5304 Haleilio Road, Kapaa, Kauai, Hawaii 96746

Registration No. 4801 (Conversion) Effective date: February 6, 2002
Expiration date: March 6, 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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.
[] 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-30 286/986/189/1190/892/0197/1098/0800

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

as Exhibit B

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: VICTOR K. PUNUA, SR., Trustee of the Victor K. Punua, Sr., RLT 6/4/91 Phone: (808) 2458508 MARY ANN K. PUNUA, Trustee of the Mary Ann K. Punua, RLT 6/9/91 (Business)

P. O. Box 1488, Lihue, Kauai, Hawaii 96766

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, See Page 20 Name Phone: (Business) Business Address

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

General Contractor*: N/A Name Phone: (Business) Business Address

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

Attorney for Developer: Hiroshi Sakai Name Phone: (808) 7348619 (Business) 3773 Diamond Head Circle Business Address Honolulu, Hawaii 96815

* 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. 2001-187991
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. 3374
 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. 2001-187992
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>Majority vote of Board</u>

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

2. Developer:

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

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

Developer has reserved the right under Paragraph 15.0 of the Declaration to alter the units in the Project which it owns without the approval of the Association or the other apartment owner and to amend the Condominium Map to note changes resulting from the exercise of the Developer's reserved rights under Paragraph 15.0. Developer has also reserved the right under Paragraph 16.0 to record any "as built" statement as required by law.

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 5304 Haleililo Road Tax Map Key (TMK): (4) 4-1-12: 16 and 29
Kapaa, Kauai, Hawaii 96746

Address TMK is expected to change because _____

Land Area: 42,632 square feet acre(s) Zoning: R-6

5. Special Use Restrictions:

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

[] Pets: _____

[] Number of Occupants: _____

[X] Other: See section 8 of Declaration and Exhibit F

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: Apt E only 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) (Identify)</u>
<u>A</u>	<u>1</u>	<u>3BR/1½BA</u>	<u>928</u>	<u>160/180 Porch/walls/laundry/carport</u>
<u>B</u>	<u>1</u>	<u>3BR/1BA</u>	<u>720</u>	<u>116/240 Storage/laundry/porch**</u>
<u>C</u>	<u>1</u>	<u>3BR/1BA</u>	<u>720</u>	<u>116/240 Storage/laundry/porch**</u>
<u>D</u>	<u>1</u>	<u>3BR/1BA</u>	<u>720</u>	<u>116/240 Storage/laundry/porch**</u>
<u>E</u>	<u>1</u>	<u>2BR/3BA</u>	<u>1,441</u>	<u>274 Storage/stair/walls</u>
Note: Add to**stairs/walls/carport				<u>448 Patio/deck/lanai</u>
Total Number of Apartments: <u>5</u>				<u>440 Garage</u>
				<u>240 Storage/carport</u>

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

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

Boundaries of Each Apartment:

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

Permitted Alterations to Apartments:

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

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement. NO sales contemplated by owner at this time.

7. Parking Stalls:

Total Parking Stalls:	10			
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered</u>	<u>Covered</u>	<u>Covered</u>	<u>TOTAL</u>
	<u>Open</u>	<u>Open</u>	<u>Open</u>	
Assigned (for each unit)	6 4	-----	-----	10
Guest	-----	-----	-----	-----
Unassigned	-----	-----	-----	-----
Extra for Purchase	-----	-----	-----	-----
Other: _____	-----	-----	-----	-----
Total Covered & Open:	10	0	0	10

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

Commercial parking garage permitted in condominium project.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: _____

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

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

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

The expected useful life of Apartments A, B, C and D is 10 years.
The expected useful life of Apartment E is 30 years.

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

D. Common Elements, Limited Common Elements, Common Interest:

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

described in Exhibit A .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

Apartment A - 8,758 square feet.
Apartment B - 5,624 square feet.
Apartment C - 5,685 square feet.
Apartment D - 5,856 square feet.
Apartment E - 12,388 square feet.

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

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

described in Exhibit _____.

as follows:

Apartment A - 18% appurtenant common interest.
Apartment B - 18% appurtenant common interest.
Apartment C - 18% appurtenant common interest.
Apartment D - 18% appurtenant common interest.
Apartment E - 28% appurtenant common interest.

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

Exhibit B describes the encumbrances against the title contained in the title report dated 12/4/01 and issued by Security Title Corporation.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage dated 7/8/94 in favor of Kauai Community Federal Credit Union, in the amount of \$50,000, recorded as Document No. 94-130264.	Buyer's interest may be terminated in which case Buyer's deposit shall be refunded, less cancellation fees.
Above mortgage excludes leasehold mortgage dated 2/25/93 in favor of Central Pacific Bank, as Document No. 93-052739 made by Wallis J. K. Punua of a portion of Lot 235.	The Developer is conveying Apartment E in fee simple (includes the leasehold interest) to Wallis J. K. Punua and upon such conveyance, the cancellation of the leasehold will be effective and the mortgage of Central Pacific Bank will be amended substituting Apartment E in its place.

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:**

Apartment A was completed in 1957.
Apartments B, C and D (dwellings - Part 1) were completed in 1978.
Apartments B, C and D (carport/storage - Parts 3, 2 and 2 respectively)
were completed in 1982.
Apartment E was completed in 1988.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

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

C. **Utility Charges for Apartments:**

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

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

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

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated September 7, 2001
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
- Other Building and House Rules (Exhibit F)

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

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

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

This Public Report is a part of Registration No. 4801 filed with the Real Estate Commission on January 17, 2002.

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

YELLOW paper stock

WHITE paper stock

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C. Additional Information Not Covered Above

The Developer has committed the entire parcel 235, area 42,632 square feet, to the condominium property regime. The lease of a portion of parcel 235, area 6,842 square feet [Tax Map Key (4) 4-1-012-029] is being extinguished by the establishment of the condominium property regime in which the lessee, Wallis J. K. Punua, husband of Shana Punua and his mortgagee Central Pacific Bank has joined. After the effective date of this registration has been issued by the Real Estate Commission the Developer is conveying Apartment E of the 5304 Haleililo Road condominium to Wallis J. K. Punua and the lender will have its security transferred to Apartment E of the project. The lease to Wallis J. K. Punua will be mutually cancelled.

As to the remainder of the apartments in the project, the Developer has no present plans to sell and is working out a plan for the division of the apartments among family members who are presently residing in the apartments in the Project.

Lead Warning Statement

Pursuant to federal law , 4 U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

DISCLOSURE REGARDING SELECTION OF REAL ESTATE BROKER.

The Developer does not presently intend to use a Real Estate Broker for the sale of apartments in the project at this time.

In the event the Developer chooses to use a real estate broker for the sale of a condominium apartment, 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 the Developer as "Owner" as defined under Section 467-2(1), Hawaii Revised Statutes; and (2) provide a copy of the Disclosure Abstract to the purchaser together with a copy of this Public Report.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 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.

VICTOR K. PUNUA, SR.

Printed Name of Developer

By: 
Duly Authorized Signatory*

SEP 07 2001

Date

VICTOR K. PUNUA, SR., Trustee of the Victor K. Punua, Sr.
Revocable Living Trust dated June 4, 1991

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

EXHIBIT A

Common Elements

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

- a. The land in fee simple.
- b. The common element roadway providing access to all of the apartments in the project.
- c. The central and appurtenant installations for services such as power, light, gas, telephone, sewer and like utilities and appurtenant utility easements which serve the apartments in the project.
- d. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

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

1. Real property taxes - Information pending. To have a confirmation with respect to taxes contact the Director of Finance, County of Kauai. Tax Key (4) 4-1-012-16, 35,790 square feet) and 29 (TMK 4-1-012-29), 6,842 square feet), total area to be assessed: 42,632 sq. ft.

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

3. Reservations, conditions and covenants as contained in Land Patent Grant No. S-14,451, to wit:

a. Reservation in favor of the State of Hawaii contained in Land Patent Grant No. S-14,451 in perpetuity, all mineral and surface and ground waters appurtenant to the land described, together with the right to enter, sever and remove minerals or to develop, capture, divert or impound water; provided, that the State shall pay just compensation to the surface owner for improvements taken as a condition precedent to the exercise of such reserved rights.

b. There will be a twenty (20) feet setback line from the Government Roads.

c. The Patentees covenant, for themselves, their assigns and the heirs and assigns of the survivor of them, that the use and enjoyment of the land herein granted shall not be in support of any policy which discriminates against anyone based upon race, creed, color or national origin.

4. A right of way (6.00 feet wide) for an easement in favor of the State of Hawaii for the County pipeline that cross the land herein described, as set forth in Land Patent Grant No. S-14,451.

5. Grant in favor of Citizens Utilities Company, a Delaware corporation and GTE Hawaiian Telephone Company, Incorporated, dated June 14, 1988, recorded in Book 22353, Page 4 for an easement for utility purposes over, under, across and through the land herein described.

6. Easement "1" for access and utility purposes as shown on Tax Map, containing an area of 4,313 square feet.

7. Mortgage dated April 13, 2001 in favor of Kauai

Community Federal Credit Union recorded on April 18, 2001 as Document No. 2001-055346 made by Victor K. Punua, Sr, Trustee of the Victor K. Punua, Sr. Revocable Living Trust dated June 4, 1991, a short form of which was recorded in the Bureau of Conveyances as Document No. 91-084903 and Mary Ann K. Punua, Trustee of the Mary K. Punua Revocable Living Trust dated June 4, 1991, a short form of which was recorded in the Bureau of Conveyances as Document No. 91-084904, as Mortgagor, in the amount of \$75,000.00. (affects that portion of the land herein described designated by Tax Map Key (4) 4-1-012-016)

8. The terms and provisions of that certain lease dated March 24, 1989, recorded in Book 23206, page 281 for a term of 15 years commencing April 1, 1989, the Lessor being Victor K. Punua, Sr. and Mary Ann K. Punua, husband and wife as Lessor and the Lessee being Wallis J. K. Punua, husband of Shana Punua. (affects that portion of the land herein described, designated by Tax Map Key (4) 4-1-012-029)

The foregoing lease was amended by the following:

(a) Amendment of Lease dated September 28, 1990, recorded as Document No. 90-169745, extends the term of the lease to 22 years commencing April 1, 1989.

(b) Second Amendment to Lease dated September 23, 1992 recorded as Document No. 93-052738, extends the term of the lease to 39 years commencing April 1, 1989.

The foregoing lease, as amended, is subject to the following:

(a) Terms and condition of that certain NOTICE OF DEDICATION TO PERMANENT HOME USE effective July 1, 1992, recorded as Document No. 92-054448 for a term of 10 years, dedicated to permanent home use.

b. Mortgage dated February 25, 1993 in favor of Central Pacific Bank, a Hawaii corporation, recorded on April 2, 1993 as Document No. 93-052739 made by Wallis J. K. Punua, husband of Shana Punua, as Mortgagor in the amount of \$149,250.00 and advances and amounts secured thereby.

Lessor's Consent to Mortgage and Estoppel Certificate recorded as Document No. 93-0531741.

9. The terms and provisions of that certain Victor K. Punua Revocable Living Trust dated June 4, 1991 to which reference is hereby made.

10. The terms and provisions of that certain Mary Ann K. Punua Revocable Living Trust dated June 4, 1991 to which

reference is hereby made.

11. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the Declaration of Condominium Property Regime for "5304 Haleililo Road" Condominium project dated September 7, 2001, recorded as Document No. 2001-187991 and noted therein Condominium Map No. 3374 to which reference is hereby made and any amendments thereto. Consent and Joinder by Mortgage dated October 25, 2001, recorded as Document No. 2001-187993.

12. The terms and provisions including the failure to comply with any covenants, conditions and reservations, contained in the By Laws of the Association of Apartment Owners for "5304 Haleililo Road" Condominium Project dated September 7, 2001, recorded as Document No. 2001-187992 to which reference is hereby made.

13. Any and all easements encumbering the apartments, and/or the common interests appurtenant thereto, as created by or mentioned in said Declaration, and/or as shown on said Condominium Map No. 3374.

EXHIBIT "C"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) A buyer must obtain his own financing. An application for a mortgage loan must be filed within 10 days after notification by Seller and if approval is not obtained within 30 days after submission of the application then Seller has the option to terminate the contract. Buyer acknowledges that this Sales Contract is contingent on any financing after the issuance of the final public report.

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

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

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

(e) That the buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

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

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

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

EXHIBIT "D"

Summary of Escrow Agreement

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT "E"

5304 HALEILIO ROAD
REGISTRATION NO. 4801
DISCLOSURE STATEMENT AS OF SEPTEMBER 7, 2001

1. Name of Project: 5304 HALEILIO ROAD
2. Address: 5304 Haleilio Road, Kapaa, Kauai, Hawaii 96746
3. Name of Developer and Address:

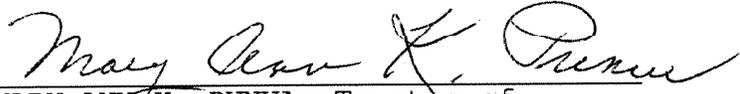
VICTOR K. PUNUA, SR., Trustee of the Victor K. Punua, Sr.
Revocable Living Trust dated June 4, 1991
MARY ANN K. PUNUA, Trustee of the Mary Ann K. Punua
Revocable living Trust dated June 4, 1991

P. O. Box 1488, Lihue, Kauai, Hawaii 96766
4. Telephone for Developer: (808) 2458508
5. Project Manager or Agent: Self managed by Association of
Apartment Owners.
6. Address: 5304 Haleilio Road, Kapaa, Kauai, Hawaii 96746
7. Maintenance Fees: There are no maintenance fees since the
project is developed with all five existing dwellings and
the common element road, utility and water lines are
presently in existence. Each apartment owner to take out
his or her own insurance for their respective apartment and
their appurtenant limited common element and shall add the
name of the Association as an additional assured.
8. Commencement of Maintenance Fees: At such time that the
first sale of an apartment is made. If not, the Declarant
will continue to maintain the premises at his own cost and
expense.
9. Warranties: The Project is a fee simple condominium project
and there are no warranties.
10. Project: The Project consists of five (5) condominium
apartments. Apartments A through E are free standing
detached dwellings. The uses will be residential and other
uses that are permitted by the County of Kauai ordinances.

Dated: Lihue, Kauai, Hawaii this _____ day of
SEP 07 2001, 2001.



VICTOR K. PUNUA, Sr., Trustee of
the Victor K. Punua, Sr. Revocable
Living Trust dated 6/4/91



MARY ANN K. PUNUA, Trustee of
the Mary Ann K. Punua Revocable Living
Trust dated 6/4/91

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EXHIBIT F

BUILDING AND HOUSE RULES
5304 HALEILIO ROAD

The purpose of these Building and House Rules ("Rules") is to protect all owners and occupants from annoyance and nuisance caused by improper conduct and improper use of the 5304 HALEILIO ROAD Condominium Project, hereinafter referred to as "Project", and to provide for the maximum enjoyment of the premises. All owners and occupants, their agents, employees and invitees shall be bound by these Rules and standards of reasonable conduct whether covered by these Rules or not.

1. Definitions. As used herein:

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

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

2. Building Permit. Any owner desiring to make an addition to the existing buildings and/or construct any new building will have to comply with the building and zoning ordinances as the same may be changed from time to time. The requirements of the County of Kauai ordinances is required to be observed in the construction of a single family dwelling as well as the following:

a. No structure of a temporary character, trailer, quonset hut, tent, shack, and/or barn shall be used as a permanent residence.

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

3. Vehicles and Equipment. No vehicles, equipment, boats and/or trailers shall be kept, placed or maintained to interfere with the use of the common element roadway.

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

5. General Appearance.

a. Signs. Signs, signals and lettering may be inscribed or exposed on any part of a building or in the common elements of the project that meets the requirements of the ordinances of the County of Kauai and approved as to standards set by the Board of Directors of the Association from time to time.

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

c. Antenna. No new antenna or other device to receive or transmit any television, radio, C.B. or any electronic signal shall be erected, placed or maintained on any building or area that is visible from the other apartment without the prior written approval of the adjacent apartment owner(s).

6. Water and Utilities. The water, electricity and telephone lines will be drawn from the street to each Apartment at its own cost and expense.

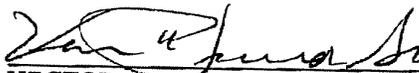
7. Setbacks. Any dwelling and/or structure placed in an Area by an owner will observe the perimeter boundaries of each Area.

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

9. Roadway. Each owner will be responsible to keep the roadway easement free and clear of any objects and vehicles at all times.

10. Cesspool and Septic Tanks. Each owner will be responsible for their own cesspool and septic tanks provided that where there is a sharing of sewer lines, cesspool and/or septic tanks then the owners affected shall cooperate with each other and be responsible for any costs and expenses in connection therewith.

Adopted at Lihue, Kauai, Hawaii, this _____
day of SEP 07 2001, 2001.



VICTOR K. PUNUA, Sr., Trustee of
the Victor K. Punua, Sr. Revocable
Living Trust dated 6/4/91



MARY ANN K. PUNUA, Trustee of
the Mary Ann K. Punua Revocable Living
Trust dated 6/4/91