

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Linda A. Sproat
Address P.O. Box 99, Kilauea, HI 96754

Project Name (*): AKANA 'OHANA O KALIHAIWAI
Address: 3144 KALIHAIWAI VALLEY ROAD, KALIHAIWAI, KAUAI, HI

Registration No. 4862 Effective date: October 1, 2002
Expiration date: November 1, 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. A Final Public Report will be issued by the developer when complete information is filed.

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.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

[x] No prior reports have been issued by the developer.

[] Changes made are as follows:

SPECIAL ATTENTION

SUBJECT TO ALL EXISTING LAWS AND GOVERNMENTAL APPROVALS, INCLUDING BUT NOT LIMITED TO THE TERMS AND CONDITIONS OF FINAL SUBDIVISION APPROVAL IMPOSED BY THE PLANNING COMMISSION OF THE COUNTY OF KAUAI IN SUBDIVISION NO. S-96-50, THE DECLARATION AND THE OTHER PROJECT DOCUMENTS, OWNERS MAY CONSTRUCT ADDITIONAL STRUCTURES AND/OR IMPROVEMENTS WITHIN AN APARTMENT'S LIMITED COMMON ELEMENT LAND AREA OR ALTER EXISTING STRUCTURES AND/OR IMPROVEMENTS WITHIN THE LIMITED COMMON ELEMENT LAND AREA; PROVIDED, HOWEVER, THAT PURSUANT TO PARAGRAPH 14.0, ONLY APARTMENTS 2 AND 3 ARE PRESENTLY ENTITLED TO CONSTRUCT FARM DWELLINGS. THE PURCHASER SHOULD BE AWARE THAT PURSUANT TO THE FINAL SUBDIVISION APPROVAL IN SUBDIVISION NO. S-96-50, DWELLINGS ARE RESTRICTED TO A SINGLE-FAMILY DWELLING LOCATED ON AND USED IN CONNECTION WITH A FARM WHERE AGRICULTURAL ACTIVITY PROVIDES INCOME TO THE FAMILY OCCUPYING THE DWELLING. EXECUTION OF A FARM DWELLING AGREEMENT IN THE FORM ATTACHED HERETO AS EXHIBIT "G" MAY BE REQUIRED BY THE COUNTY OF KAUAI PLANNING DEPARTMENT. THE RIGHT, IF ANY EXISTS, TO CONSTRUCT AN "ADDITIONAL DWELLING UNIT" OR "GUEST HOUSE", AS THOSE TERMS ARE DEFINED IN THE COMPREHENSIVE ZONING ORDINANCE OF THE KAUAI COUNTY CODE, IS ASSIGNED TO APARTMENT 7. FURTHER, PURSUANT TO PARAGRAPHS 23.0 AND 24.0, DEVELOPER HAS RESERVED THE RIGHT TO ANNEX ADDITIONAL LAND TO THE PROJECT THROUGH A CONSOLIDATION AND RE-SUBDIVISION PROCESS. IF SUCCESSFUL, THERE MAY BE ADDITIONAL RIGHTS TO CONSTRUCT A FARM DWELLING AND/OR A GUEST HOUSE, WHICH RIGHTS THE DECLARATION HAS ASSIGNED TO APARTMENTS 4 AND 5. EACH OWNER IS SOLELY RESPONSIBLE FOR OBTAINING ALL REQUIRED GOVERNMENTAL APPROVALS AND PERMITS PRIOR TO SUCH ALTERATION OR CONSTRUCTION. SEE SECTION 22.0 OF THE DECLARATION.

PURCHASERS ARE ADVISED THAT OWNERS WHO DEVELOP THEIR APARTMENTS OR PROPERTIES LATER THAN OTHERS IN THE PROJECT MAY FIND THAT LAND USE AND ZONING CHANGES OR INSUFFICIENT UTILITY CAPACITIES MAY THWART OR OTHERWISE AFFECT THEIR EXPECTATIONS. OWNERS SHALL ASSUME THE RISK OF CHANGES IN THE REQUIREMENTS FOR THE ISSUANCE OF THE GOVERNMENTAL APPROVALS TO CONSTRUCT DWELLINGS AND/OR IMPROVEMENTS IN ADDITION TO WHAT ALREADY EXISTS IN THE APARTMENT. PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT WITH THE APPROPRIATE KAUAI COUNTY AGENCY WITH JURISDICTION OF THE FOREGOING AND OTHER MATTERS OF CONCERN PRIOR TO PURCHASE OF AN APARTMENT AND, BEFORE CONSTRUCTION.

THE PURCHASER SHOULD BE AWARE THAT PURSUANT TO THE FINAL SUBDIVISION APPROVAL IN SUBDIVISION NO. S-96-50, THE USES ON THE PROPERTY ARE LIMITED TO THOSE LISTED AS PERMISSIBLE USES WITHIN THE "A" AGRICULTURAL DISTRICT IN THE STATE LAND USE COMMISSION RULES AND REGULATIONS. EXCEPT AS SO LIMITED AND

LIMITED SPECIFICALLY BY THE PROJECT DOCUMENTS, ALL USES PERMITTED BY APPLICABLE STATE AND COUNTY LAWS, INCLUDING BUT NOT LIMITED TO, CHAPTER 205 OF THE HAWAII REVISED STATUTES AND ARTICLE 7 OF THE COMPREHENSIVE ZONING ORDINANCE OF THE KAUAI COUNTY CODE, ARE PERMITTED. HOWEVER, PURCHASER IS STRONGLY ADVISED TO INVESTIGATE THE PERMITTED USES AND RESTRICTIONS AND REQUIREMENTS APPLICABLE TO THE PROJECT AND THE APARTMENT, INCLUDING BUT NOT LIMITED TO THOSE IMPOSED BY THE COUNTY OF KAUAI PLANNING COMMISSION IN SUBDIVISION S-96-50, TO ASCERTAIN WHETHER THE PURCHASER WILL BE ABLE TO LEGALLY USE THE APARTMENT IN THE MANNER PURCHASER INTENDS AND FOR THE PURPOSE THE APARTMENT IS BEING PURCHASED.

AS DESCRIBED IN PARAGRAPH 22.0 OF THE DECLARATION, A PURCHASER IS ADVISED THAT THE PROJECT IS LOCATED IN AREAS DESIGNATED FLOODWAY AND FLOOD FRINGE BY THE COUNTY OF KAUAI. A PURCHASER IS STRONGLY ADVISED AND SOLELY RESPONSIBLE TO CONSULT WITH THE APPROPRIATE COUNTY OF KAUAI DEPARTMENTS/AGENCIES TO ASCERTAIN ALL RESTRICTIONS AND REQUIREMENTS FOR THE CONSTRUCTION OF IMPROVEMENTS WITHIN THESE AREAS PRIOR TO PURCHASE OF AN APARTMENT.

THERE IS NO ASSURANCE THAT A PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL APARTMENT TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCY TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING OR ANY OTHER TYPE OF STRUCTURE OR IMPROVEMENT ON THE PROPERTY PRIOR TO PURCHASE OF AN APARTMENT.

IN THE EVENT AN APARTMENT OWNER DESIRES TO SELL OR LEASE AN APARTMENT, DEVELOPER HAS RESERVED THE RIGHT TO REPURCHASE THE APARTMENT UNDER CERTAIN TERMS AND CONDITIONS MORE SPECIFICALLY SET FORTH IN PARAGRAPH 27.0 OF THE DECLARATION. IN SUM, THE SALES PRICE WILL BE LIMITED TO THE ORIGINAL PURCHASE PRICE PLUS EITHER 1) THE AGREED VALUE OF IMPROVEMENTS OR 2) ONE AND ONE-HALF PERCENT (1½%), WHICHEVER IS LOWER. IF THE DEVELOPER DOES NOT REPURCHASE THE APARTMENT, ADJACENT OWNERS MAY HAVE THE RIGHT TO PURCHASE THE APARTMENT UNDER THE SAME TERMS AND CONDITIONS. IF ADJACENT OWNERS DO NOT PURCHASE THE APARTMENT, THE APARTMENT OWNER MAY SELL TO ANY THIRD PARTY, PROVIDED THAT ANY TAXABLE GAIN ON SUCH SALE SHALL BE LIMITED TO FIVE PERCENT (5%) FOR EACH YEAR THE APARTMENT WAS OWNED BY THE SELLING APARTMENT OWNER. PURCHASER IS STRONGLY ADVISED TO REVIEW THIS PROVISION OF THE DECLARATION CAREFULLY WITH RESPECT TO THESE RIGHTS.

1. This Public Report does not constitute an approval of the project nor that all County Codes, Ordinances and subdivision requirements have been complied with. Subsequent development and use shall comply with all applicable County Codes and Ordinances.
2. This project does not involve the sale of individual subdivided lots. The land area beneath and appurtenant to each apartment is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map are for illustration purposes only and should not be construed to be the property lines of legally subdivided lots.
3. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emerging traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.
4. Purchaser should investigate the availability of water for future development and use prior to purchase of an apartment.

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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: Linda A. Sproat Phone: (808)828-1746
Name* (Business)
P. O. Box 99
Business Address
Kilauea, HI 96754

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 yet (see p. 20A) Phone: _____
Name (Business)

Business Address

Escrow: Title Guaranty Escrow Services, Inc Phone: (808) 533-6261
Name (Business)
235 Queen St.
Business Address
Honolulu, HI 96813

General Contractor*: Brent G. W. Lum dba Brent Lum Phone: (808)828-1816
Name Construction (Business)
P. O. Box 553
Business Address
Kilauea, HI 96754

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

Attorney for Developer: Curtis H. Shiramizu Phone: (808)651-9358
Name (Business)
449 Molo Street
Business Address
Kapaa, HI 96746-9482

* 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. 2001-187243
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]: First Amendment to Akana 'Ohana O Kalihiwai Condominium Declaration of Condominium Property Regime, 3/21/02, Doc. No. 2002-067802; Second Amendment to Akana 'Ohana O Kalihiwai Condominium Declaration of Condominium Property*

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. 3373
 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. 2001-187244
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]:

*Regime, 8/20/02, Doc. No. 2002-145267

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%*	_____ 75% _____
Bylaws	65%	_____ 65% _____
House Rules	—	_____ <u>Board Majority</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:

See attached page 7a.

1. Upon alteration of any apartments in the Project owned by the Developer, the Developer shall amend the Declaration and Condominium Map in accordance therewith. Declaration, Sections 14.0 and 22.0.
2. Anytime prior to the first conveyance to a party other than Developer, and to file the "as-built" verified statement required by §514A-12, Hawaii Revised Statutes, the Developer can amend the Declaration, Bylaws and/or Condominium Map. Declaration, Section 20.0.
3. Upon the grant, cancellation and/or realignment of easements by the Developer, the Developer can amend the Declaration in accordance therewith. Declaration, Section 21.0.
4. Upon consolidation and re-subdivision of the land underlying the Project and additional land, and annexation of additional land and/or apartments to the Project by the Developer, the Developer shall amend the Declaration and Condominium Map in accordance therewith. Declaration, Sections 23.0 and 24.0.
5. Upon modification of the Project to comply with law, the Developer shall amend the Declaration, Bylaws, Condominium Map and Building/House Rules in accordance therewith. Declaration, Section 25.0.

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: 3144 Kalihiwai Valley Rd. Tax Map Key (TMK): (4) 5-3-03:57
Kalihiwai, Kauai, HI

Address TMK is expected to change because _____

Land Area: 5.000 square feet acre(s) Zoning: Agriculture

Fee Owner: Linda A. Sproat
 Name
P.O. Box 99
 Address
Kilauea, HI 96754

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: 9 Floors Per Building: 1
 Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood
 Other Iron posts and shade cloth

4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>1</u>	<input checked="" 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>6</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

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: No timesharing, transient vacation rental or hotel use

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Units 1-4, 6&7	<u>6</u>	<u>none</u>	<u>none</u>	<u>20</u>	<u>storage</u>
Unit 5	<u>1</u>	<u>none</u>	<u>none</u>	<u>2,433</u>	<u>storage,</u>
5A	_____	_____	_____	_____	<u>office, &</u>
5B	_____	_____	_____	_____	<u>processing</u>
5C	_____	_____	_____	_____	<u>plant</u>

Total Number of Apartments: 7

* 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:

Each apartment shall include all buildings (exterior and interior) comprising the apartment, including but not limited to, exterior finished surfaces of its perimeter walls, roof, foundations, floor, doors and structural walls. The respective apartment shall not be deemed to include any pipes, shafts, ducts, pumps, wires, conduits, other utility or service lines which are located in the common elements or utilized for or serve more than one apartment, all of which shall be common elements as hereinafter provided.

Permitted Alterations to Apartments:

Apartments may be altered in accordance with the Declaration, the Building Code, Zoning and Subdivision Ordinances, and Building and House Rules, if any.

Apartments Designated for Owner-Occupants Only: N/A

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.

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>	_____	_____
Structures	<u> X </u>	_____	_____
Lot	<u> X </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 A*.

as follows:

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

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 B.

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 C describes the encumbrances against the title contained in the title report dated 4/10/02 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Lender has priority over Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before an apartment sale is closed. Should the lender terminate the Buyer's sales contract, Buyer shall be entitled to a refund of all deposits, less escrow cancellation fee.

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 5 was completed as follows:

Building A - 1970
Building B - 1970
Building C - 1968

Apartments 1,2,3,4,6 & 7, shade houses, were completed in 2002.

H. **Project Phases:**

The developer [] has [] 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):

Pursuant to Paragraph 14.0 of the Declaration of Condominium Property Regime, the Developer has reserved the right to create one or more additional apartments from existing apartments it owns, as long as, among other things, the total common interest appurtenant to the new apartments is equal to the common interest appurtenant to the original apartment as set forth in Exhibit "B" to the Declaration.

A similar right is also reserved for the owner (other than the Developer) of an apartment, subject to compliance with Paragraph 14.0 of the Declaration and all Federal, State and County laws.

ALTHOUGH THE DECLARATION PROVIDES FOR THE MECHANISM TO DO THIS, THERE IS NO GUARANTY OR ASSURANCE THAT IT CAN BE DONE. THE PURCHASER ASSUMES THE FULL RISK IF, FOR ANY REASON, LEGAL OR OTHERWISE, ADDITIONAL APARTMENTS CANNOT BE SO CREATED. PURCHASER IS STRONGLY ADVISED TO CONSULT WITH ALL THE APPROPRIATE FEDERAL, STATE AND COUNTY GOVERNMENTAL AGENCIES WITH JURISDICTION OF THE FOREGOING AND OTHER MATTERS OF CONCERN PRIOR TO PURCHASE OF AN APARTMENT, AND BEFORE CONSTRUCTION.

PURCHASER IS ALSO ADVISED TO CAREFULLY REVIEW PARAGRAPH 14.0 OF THE DECLARATION IN ITS ENTIRETY AND PARAGRAPH C ON PAGE 20 OF THIS FINAL PUBLIC REPORT FOR ADDITIONAL INFORMATION.

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 D 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 E contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated March 21, 2002
Exhibit F contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

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

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. 4862 filed with the Real Estate Commission on May 24, 2002.

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

Pursuant to Paragraph 21.0 of the Declaration, up until December 31, 2011, Developer has reserved certain rights to grant and realign easements and rights of way over the common elements of the Project to facilitate the optimum use of the property.

Disclosure re: Selection of Real Estate Broker

This public report shall not bind a purchaser to the sale of any apartment until (1) the Developer first submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report.

If the Developer(s), as the owners, choose to represent themselves in the sale of an apartment, said abstract need not be given to the purchaser, as all necessary disclosures are covered in this report.

Hazardous Materials

The developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

Lead Warning Statement

Pursuant to federal law, 42, 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."

- 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.

LINDA A. SPROAT

 Printed Name of Developer

By: Linda A. Sproat 9/20/02
 Duly Authorized Signatory Date

 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 and Limited Common Elements

The common elements of the Project consist of the following:

- a. The land of the Project in fee simple.
- b. The central and appurtenant facilities for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities when and only when those items are on shared installations.
- c. The common driveway to Kalihiwai Road as shown on the Condominium Map, consisting of approximately .226 acre, and more particularly described in the Declaration.
- d. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project, or normally in common use.

The land area surrounding and under each apartment is a limited common element of each respective apartment and is for the exclusive use of said apartment, for the support of the building(s) and other improvements comprising said apartment and for driveway, parking and yard purposes. The limited common element area (in acres) appurtenant to each apartment, as shown on the Condominium Map, is set forth as follows:

Apartment 1	-	0.327
2	-	0.440
3	-	0.443
4	-	0.476
5	-	1.961
6	-	0.547
7	-	0.557

EXHIBIT "B"

PERCENTAGE COMMON INTEREST

<u>Apartment</u>	<u>Percentage Common Interest</u>
1	9
2	10
3	10
4	10
5	40
6	11
7	<u>10</u>
Total	100%

EXHIBIT "C"

1. Real Property Taxes - Information pending.

Tax Key: (4) 5-3-003-057 C.P.R. No. Apt. No. MASTER

Land Classification: AGRICULTURAL

Street Address: 3042 KALIHIWAI VALLEY ROAD, KILAUEA, HAWAII
96754

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

3. Reservation of water rights for Kuleana as set forth in Land Commission Award 11215, Apana 3, and in Land Commission Award 8559-B, Apana 39.

4. GRANT

TO : CITIZENS UTILITIES COMPANY, a Delaware corporation
and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED

DATED : July 3, 1985

RECORDED : Liber 18833 Page 125

GRANTING : a perpetual right and easement for utility
purposes

5. RIGHT-OF-ENTRY

TO : CITIZENS UTILITIES COMPANY, a Delaware corporation
duly authorized to do business in the State of
Hawaii

DATED : September 21, 1987

RECORDED : Liber 21245 Page 587

GRANTING : an easement for utility purposes

CONTINUED

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

INSTRUMENT : DECLARATION

DATED : October 31, 1988
RECORDED : Liber 22626 Page 434

The foregoing includes, but is not limited to, matters relating to the following:

- (A) Subdivision of Lot 17 shall be subject to an easement in favor of the owners, assigns and transferees of the Princeville Airport, located on Tax Map Key No. (4) 5-3-001-002, to generate noise from the operation of said airport to the same degree, extent, volume, intensity, and duration as exists as of the date of the execution of this Declaration.
- (B) Domestic water service for Subdivision Lot 17 will be available only through Princeville Utilities Company, Inc. and water service from the Department of Water, County of Kauai, shall not be available to these lots.
- (C) A portion of nonexclusive easement for the purpose of construction and maintenance of the County of Kauai's existing 2 inch waterline, located along Kalihiwai Valley Road, as set forth in instrument dated October 31, 1988, recorded in Liber 22626 at Page 434.
- (D) A portion of undefined easement for vehicular and pedestrian access and utility purposes, 50 feet wide, in favor of Kalihiwai Associates, as set forth in instrument dated October 31, 1988, recorded in Liber 22626 at Page 434.

7. Free flowage of the Kalihiwai River, as shown on Tax Map.

8. DESIGNATION OF EASEMENT "AU-3"

PURPOSE : vehicular and pedestrian access

CONTINUED

SHOWN : on Map prepared by Cesar C. Portugal, Registered Professional Land Surveyor, dated October 17, 1988, and being more particularly described as follows:

Being within Lot 17, Kalihiwai Bay Estates, a portion of Lot 1 of Postponement Area 2, being a portion of Land Patent 8173, Land Commission Award 8559-B, Apana 39 to William C. Lunalilo, being also the whole of Royal Patent 7806, Land Commission Award 10596 to Pepeiaonui, Royal Patent 5318, Land Commission Award 8127, Apana 1 to Keau, and Royal Patent 5272, Land Commission Award 10434, Apana 1 to Naehu, situated in Kalihiwai, Island and County of Kauai, State of Hawaii, and thus bounded and described:

Beginning at the northeast corner of this parcel of land and on the north corner of Royal Patent 4935, Land Commission Award 10090, Apana 2 to Makuakane, the coordinates of said point of beginning referred to Government Survey Triangulation Station "POOKU" being 3,114.81 feet north and 11,932.71 feet east, thence running by azimuths measured clockwise from true South:

1.	29°	55'	148.10	feet along R.P. 4935, L.C. Aw. 10090, Apana 2 to Makuakane;
2.	41°	49'	90.95	feet along the remainder of Lot 17, Kalihiwai Bay Estates;
3.	56°	00'	103.70	: feet along same;
4.	127°	52'	6.39	feet along Exclusion 37;
5.	56°	10'	14.45	feet along same;
6.	157°	52'	14.00	feet along R.P. 4318, L.C. Aw. 10958, Apana 2 to Wahahua;
7.	222°	23' 43"	50.34	feet along Lot 16, Kalihiwai Bay Estates;

CONTINUED

8.	229°	22'	30"	95.65	feet along the remainder of L.P. 8173, L.C. Aw. 8559-B, Apana 39 to William C. Lunalilo;
9.	221°	50'		187.70	feet along same;
10.	109°	51'		32.21	feet along same;
11.	208°	00'		3.63	feet along R.P. 5318, L.C. Aw. 8127, Apana 1 to Keau;
12.	281°	37'		40.49	feet along Old Kuhio Highway (Kalihiwai Road), to the point of beginning and containing an area of 9,729 square feet, more or less.

9. Roadway Easement "AU-3" in favor of Tax Map Key No. (4) 5-3-003-010, as set forth in instrument dated November 30, 1970, recorded in Liber 7293 at Page 225, and being more particularly described as follows:

All of that certain parcel of land (being portion of the land(s) described in and covered by Land Patent 8173, Land Commission Award 8559-B, Apana 39) situate, lying and being at Kalihiwai Hanalei, Island and County of Kauai, State of Hawaii, and thus bounded and described:

Beginning at a pipe at the northeast corner of this piece of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "POOKU" being 2,938.39 feet north and 11,815.81 feet east, and running by true azimuths measured clockwise from south:

1.	314°	58'		122.03	feet to a pipe;
2.	213°	29'	30"	88.15	feet to a pipe;
3.	302°	24'		24.00	feet;
4.	36°	04'		114.66	feet;
5.	139°	34'		145.57	feet;

CONTINUED

6. 221° 49' 10.02 feet to the point of beginning and containing an area of 4,248 square feet, more or less.
10. A portion of non-exclusive waterline Easement "W-2" in favor of Lots 15, 16, 17 and 20, as set forth in instrument dated October 31, 1988, recorded in Liber 22626 at Page 434.
11. Any claim or boundary dispute which may exist or arise by reason of the failure of the Declaration referred to in Schedule C to locate with certainty the boundaries of the 44' wide Irrigation and Waterline Easement "I-1" and the 44' wide undefined irrigation and waterline easement described in said instrument.
12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DEED

DATED : January 6, 1987

RECORDED : Liber 20260 Page 743

The foregoing includes, but is not limited to, matters relating to the following:

- (A) Excepting and reserving, a perpetual nonexclusive easement (50 feet wide) for roadway and utility purposes, in favor of Princeville Development Corporation, a Colorado corporation, as an appurtenance to Tax Map Key No. (4) 5-3-001-010, as set forth in Deed dated January 6, 1987, recorded in Liber 20260 at Page 743.
- (B) Easements for roadway and utility purposes appurtenant to Exclusions 33 to 37, inclusive, and Tax Map Key No. (4) 5-3-003-007 and (4) 5-3-003-021 (Exclusion 38), and (4) 5-3-003-019 (within Exclusion 39), as set forth in Deed dated January 6, 1987, recorded in Liber 20260 at Page 743.

CONTINUED

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

INSTRUMENT : QUITCLAIM AND WARRANTY DEED

DATED : June 23, 1999
RECORDED : Document No. 99-113689

14. GRANT

TO : Lot 15 (Tax Map Key No. (4) 5-3-003-055, CPR Nos. 1-6), Lot 16-A (Tax Map Key No. (4) 5-3-003-056, CPR Nos. 1-5), Lot 20 (Tax Map Key No. (4) 5-3-003-060), and the parcels identified by Tax Map Key Nos. (4) 5-3-003-004, 5, 6, 7, 8, 9, 10, 11, 21, 32, 36 and 64

DATED : April 1, 1999
RECORDED : Document No. 99-113690
GRANTING : a perpetual, non-exclusive easement over and across Easement "AU-7" for access and utility purposes, being more particularly described as follows:

All of that certain parcel of land (being portion of the land(s) described in and covered by Land Patent 8173, Land Commission Award 8559-B, Apana 39 to William C. Lunalilo) situate, lying and being at Kalihiwai, Hanalei, Island and County of Kauai, State of Hawaii, and thus bounded and described:

Beginning at the northeast corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "POOKU" being 3,108.84 feet north and 11,926.64 feet east, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|-------|---|
| 1. | 41° 50' | 40.75 | feet along the remainder of L.P. 8173, L.C. Aw. 8559-B, Apana 39 to William C. Lunalilo; |
| 2. | 209° 55' | 27.61 | feet along the remainder of L.P. 8173, L.C. Aw. 8559-B, Apana 39 to William C. Lunalilo (Lot 16-B); |

CONTINUED

Thence along the remainder of L.P. 8173, L.C. Aw. 8559-B,
Apana 39 to William C.
Lunalilo (Lot 16-B) on a curve
to the left with a radius of
13.00 feet, the direct azimuth
and distance being:

3. 184° 58' 50" 10.96 feet;
4. 289° 51' 13.24 feet along the remainder of
L.P. 8173, L.C. Aw. 8559-B,
Apana 39 to William C.
Lunalilo to the point of
beginning and containing an
area of 177 square feet, more
or less.

15. GRANT

TO : Parcels identified by Tax Map Key Nos. (4) 5-3-
003-006 and (4) 5-3-003-008

DATED : April 1, 1999
RECORDED : Document No. 99-113691
GRANTING : a perpetual, non-exclusive easement for access and
utility purposes within Easement "AU-3"

16. SETBACK (13 feet wide)

PURPOSE : road widening
ALONG : Kalihiwai Road
SHOWN : on Map prepared by Cesar C. Portugal, Registered
Professional Land Surveyor, dated October 17, 1988

17. Claims arising out of customary and traditional rights and
practices, including without limitation those exercised for
subsistence, cultural, religious, access or gathering purposes,
as provided for in the Hawaii Constitution or the Hawaii Revised
Statutes.

CONTINUED

18. MORTGAGE

LOAN/ACCOUNT NO. 21492

MORTGAGOR : LINDA A. SPROAT, wife of David K. Sproat

MORTGAGEE : ISLAND COMMUNITY LENDING CORPORATION, a Hawaii corporation

DATED : July 7, 1999

RECORDED : Document No. 99-114427

AMOUNT : \$176,000.00

ABOVE MORTGAGE ASSIGNED

TO : COUNTRYWIDE HOME LOANS, INC., a New York corporation

DATED : July 10, 1999

RECORDED : Document No. 99-114428

19. WAIVER AND RELEASE

DATED : September 12, 2000

RECORDED : Document No. 2000-132630

BY : LINDA A. SPROAT

WITH : Department of public works of the COUNTY OF KAUAI

RE : water service :

20. DESIGNATION OF EASEMENT "AU-7"

PURPOSE : access and utility

SHOWN : on Map prepared by Dennis M. Esaki, Licensed Professional Land Suveyor, dated ---

CONTINUED

21. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

LOAN/ACCOUNT NO. 3334450

MORTGAGOR : LINDA A. SPROAT, wife of David K. Sproat

MORTGAGEE : COUNTRYWIDE HOME LOANS, INC., a New York
corporation

DATED : November 7, 2000

RECORDED : Document No. 2000-166807

AMOUNT : \$75,000.00

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

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
"AKANA 'OHANA O KALIHIWAI CONDOMINIUM" CONDOMINIUM
PROJECT

DATED : November 15, 2001

RECORDED : Document No. 2001-187243

MAP : 3373 and any amendments thereto

-Note: Attention is invited to that certain QUITCLAIM AND
WARRANTY DEED dated June 23, 1999, recorded as
Document No. 99-113689 to note the Legal Lot of record
is now Lot 17-A. Title Guaranty of Hawaii,
Incorporated is unable to locate of record an
amendment to the above Declaration reflecting the
same.

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : November 15, 2001

RECORDED : Document No. 2001-187244

END OF EXHIBIT "C"

EXHIBIT "D"

AKANA `OHANA O KALIHIWAI

REGISTRATION NO. 4862

DISCLOSURE STATEMENT AS OF 9/20/02

1. Name of Project: AKANA `OHANA O KALIHIWAI CONDOMINIUM
2. Location: 3144 Kalihiwai Road, Kalihiwai, Kauai, Hawaii
3. Name of Developer: Linda A. Sproat
4. Address: P.O. Box 99, Kilauea, Kauai, Hawaii 96754
5. Telephone: (808) 828-1746
6. Project Manager or Agent: John F. Akana
7. Address: P.O. Box 187, Kilauea, Kauai, Hawaii 96754
8. Maintenance Fees: Due to the character of the project, where the only common element is an unpaved access road, which requires minimal, if any, maintenance, a substantial portion of the common elements constitute limited common elements appurtenant to a particular apartment and the requirement that each apartment owner maintain at the apartment owner's expense the limited common elements appurtenant to the apartment owner's apartment, it is anticipated that funds for the operation and maintenance of the common areas will be collected by special assessments rather than regular monthly assessments. Accordingly, no initial maintenance fees are anticipated.
9. Warranties: None
10. Condition of Project: Based on an Architect's Certification prepared by Avery Youn, the Project is in compliance with all ordinances, codes, rules or other regulations in force at the time of its construction and the Project, and its structures and uses, conform to present zoning requirements.

DATED: Lihue, Hawaii, September 20, 2002.

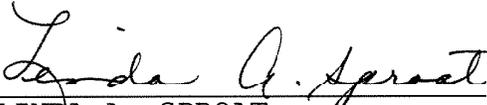

LINDA A. SPROAT

EXHIBIT "E"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a buyer 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 submitted within ten (10) days after notification by Seller and if final approval is not received within thirty (30) days after submission of the application, then the Seller may terminate the contract.
- (b) That the buyer's money will be held in escrow, under the terms of the Escrow Agreement.
- (c) That the interest on deposits shall belong to the seller.
- (d) That the apartment will be subject to various legal documents, including the Declaration, Bylaws, Final Public Report, 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 the buyer has received.
- (e) That the buyer must close the purchase on a date certain and pay closing costs, in addition to the purchase price.
- (f) If the buyer defaults, and the seller is not in default, seller may terminate the Sales Contract and retain the buyer's deposits as liquidated damages. Seller may in addition pursue any other remedy, and all costs by reason of such default shall be borne by the buyer.
- (g) If the buyer has made all payments required under the Sales Contract, the buyer shall be entitled to seek specific performance.

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

Exhibit "F"

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 third party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) No disbursements of funds held in escrow will be made unless the following has occurred:
 - 1. An effective date for a Final Public Report is issued and the purchaser shall have acknowledged or be deemed to have acknowledged receipt of same and Seller's attorney delivers a written opinion to Escrow that the Sales Contract has become effective;
 - 2. Seller delivers a written opinion to Escrow that the requirement of Sections 514A-62 or 63 of the Condominium Act have been met, and if this is a conversion project, that Section 521-38 of the Residential Landlord-Tenant Code has been complied with, as applicable;
 - 3. Escrow receives a written waiver of any option to cancel the Sales Contract; and
 - 4. Escrow receives a statement from Seller's architect that the project complies with the Federal Fair Housing Amendments Act of 1988, as applicable.
 - 5. Escrow shall have received owner-occupant affidavits affirmed by the owner-occupant(s), along with proof of the date of receipt of the final public report, as applicable.
- (d) A refund of purchaser's funds will be made upon request by purchaser under the following conditions:
 - 1. Escrow receives a written request from seller to return purchaser's funds held by Escrow; or
 - 2. Escrow receives written notification of seller's exercise of any option to rescind the Sales Contract; or
 - 3. The conditions providing for a refund under

Sections 514A-62 or 63 of the Condominium Property Regime Act have been met.

(e) Upon a purchaser's default under the Sales Contract, the purchaser's funds will be retained by the Seller as liquidated damages.

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

Note: Section 514A-63 of the Condominium Act 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.

WHEREAS, this document pertains only to _____
as shown in Exhibit "B" and made a part hereof; and

WHEREAS, that certain parcel of land is classified Agriculture
by the State Land Use Commission and is zoned Agriculture by the
County of Kauai; and

WHEREAS, Chapter 205, Hawaii Revised Statutes, and the State
Land Use District Regulations only permit "farm dwellings" within
the State Agriculture Land Use District unless otherwise relieved
from the restriction by a special permit obtained pursuant to
Chapter 205, Section 6, Hawaii Revised Statutes; and

WHEREAS, a "farm dwelling" is defined by Chapter 205, Hawaii
Revised Statutes, and the State Land Use District Regulations as "a
single family dwelling located on and used in connection with a
farm where agricultural activity provides income to the family
occupying the dwelling"; and

WHEREAS, the parcel identified by Tax Map Key No.
_____ is entitled to _____ residential units
and one guest house; and

WHEREAS, this agreement is evidenced that _____
is entitled to one of those residence units; and

WHEREAS, a "family" as used in the definition of a "farm
dwelling" is defined by the State Land Use District Regulations as
"an individual or two or more persons related by blood, marriage or
adoption or a group comprising not more than five persons, not
related by blood, marriage or by adoption"; and

WHEREAS, the APPLICANT(S) acknowledge that a violation of
Chapter 205, Hawaii Revised Statutes, and the State Land Use
Agriculture District restriction is subject to a citation and fine
of not more than \$5,000 pursuant to Chapter 205, Section 13, Hawaii
Revised Statutes, as amended; and

WHEREAS, the APPLICANT(S) also acknowledge that failure to
abide by this agreement may result in the removal of the prohibited
structure at the owner's expense; and

WHEREAS, the DEPARTMENT is charged with the enforcement of the
restriction by Chapter 205, Hawaii Revised Statutes;

WHEREAS, the APPLICANT(S) wish to construct a dwelling unit on
that certain parcel of land described in Exhibit "A"; and

WHEREAS, the APPLICANT(S) wish to execute this Farm Dwelling
Agreement without first obtaining the signatures of all interest
holders in the CPR;

NOW THEREFORE, for and in consideration of the terms, covenants and conditions hereinafter contained, the parties hereby mutually agree as follows:

1. That the dwelling permitted to be constructed on the parcel of land described in Exhibit "A" classified Agriculture by the State Land Use Commission shall be a "farm dwelling" as defined by Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations, as recited herein; and

2. That the dwelling shall only be occupied by a "family", as defined by the State Land Use District Regulations and as recited herein, who derive income from the agricultural activity on the parcel; and

3. That the APPLICANT(S) and all present and future owners, lessees and occupants of said land grant the DEPARTMENT the right of entry at the request of the DEPARTMENT to inspect the premises to assure compliance with the provisions of this agreement; and

4. That this agreement shall be a covenant running with the land and be binding on the APPLICANT(S), and all present and future owners, lessees and occupants of said land and anyone claiming under said APPLICANT(S), their heirs, executors, administrators, successors and assigns, as owners or occupants thereof or otherwise; and

5. That this agreement shall remain in effect so long as the land retains its Agriculture District classification under the State Land Use Commission and the pertinent restrictive provisions of Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations remain in effect; and

6. That the APPLICANT(S) expressly set forth the provisions of this agreement in any subsequent conveyance, deed, lease or rental agreement to said property executed by them, so as to give effect to said covenant; and

7. That this agreement shall be recorded with the State of Hawaii Bureau of Conveyances, fees to be paid by the APPLICANT(S).

8. The DEPARTMENT and APPLICANT(S) shall execute the Farm Dwelling Agreement; and

9. The APPLICANT(S), for themselves (himself/herself), their (his/her) heirs, administrators, successors and assigns, do hereby waive and release the DEPARTMENT and the County of Kauai, a political subdivision of the State of Hawaii, whose principle place of business is 4444 Rice Street, Suite 473, Lihue, Hawaii, 96766, from all claims and causes of action, either legal or equitable, which may hereafter accrue by reason of the DEPARTMENT'S execution of said Farm Dwelling Agreement; and

10. The APPLICANT(S) do(es) hereby promise to indemnify and hold the DEPARTMENT and the County of Kauai, its successors, assigns, offices, employees, agents, attorneys or any other person or legal entity connected with or legally responsible to them, harmless from any and all claims, actions, causes of action, lawsuits, demands or liability for damages of whatever kind and nature, arising out of the DEPARTMENT'S execution of said Farm Dwelling Agreement; and

11. This agreement shall be a covenant running with the portion of land described in Exhibit "A", and shall be binding on APPLICANT(S) and all present and future owners and occupants of said portion of land and any one claiming under APPLICANT(S), their successors, and assigns, as owners or occupants thereof. The APPLICANT(S) further agree(s) to expressly set forth the provisions of this waiver and indemnity agreement in any subsequent conveyance, deed, lease, or rental agreement so as to give effect to said covenant.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the _____ day of _____, _____.

APPROVED:

Applicant(s)

Planning Director
County of Kauai
Planning Department

APPROVED AS TO FORM
AND LEGALITY:

County Attorney
