

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer ALBERT W. FICKER and PATRICIA A. FICKER
Address 4526 Lawai Road, Koloa, HI 96756

Project Name (*): RAINBOW PLAZA CONDOMINIUM
Address: 2-2514 Kaunualii Highway, Kalaheo, HI 96741

Registration No. 4883 (Conversion)
Effective date: October 30, 2003
Expiration date: November 30, 2004

Preparation of this Report:

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

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

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

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

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

Type of Report:

PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

X SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[X] Final Public Report dated: September 4, 2002
[] Supplementary Public Report dated:

And [] Supersedes all prior public reports.
[X] Must be read together with the Final Public Report
[] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

1. An error was discovered in the reported area of Apartment A of the Project in both the Condominium Map and the Declaration of Condominium Property Regime (although the depiction provided on the Condominium Map is accurate), which error impacts the common interests of all apartments. Correction of said error necessitated a Second Amendment to Declaration of Condominium Property Regime and Condominium Map No. 3443, which was recorded at the Bureau of Conveyances of the State of Hawaii, and recalculation of Developer's estimate of Maintenance Fees for each apartment.
2. An updated title report has been obtained since issuance of an effective date for the Final Public Report, which also necessitated a revised Exhibit "B" attached to this Supplementary Public Report, along with additional disclosures requested by the Real Estate Commission on Page 20 of this Supplementary Public Report. Although disclosed in the Final Public Report, revisions to Page 20 and Exhibit B of this report disclose information regarding any potential encroachment and position structure discrepancies which may have on a prospective purchaser's use of the apartment and/or the value of the apartment.
3. Pages 15 and 20 of this Supplementary Public Report disclose information with respect to certain unrecorded leases and, in one case, the title company's inability to locate an extension of one unrecorded lease. Although addressed in the Final Public Report, developer discloses in this Supplementary Public Report that there was no extension to the subject unrecorded lease.
4. This public report does not constitute an "approval" of the project by the Real Estate Commission, or any other governmental agency, nor does it warrant 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.

**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. 2002-093051
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	August 14, 2002	2002-146081
Second Amendment	January 10, 2003	2003-015626

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. 3443
 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]:

First Amendment	August 14, 2002	2002-146081
Second Amendment	January 10, 2003	2003-015626

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. 2002-093052
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]:

5. Special Use Restrictions:

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

[] Pets: _____

[] Number of Occupants: _____

[] Other: _____

[X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 Trash Chutes: 0

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

Total Number of Apartments: 17

* 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: Perimeter wall to perimeter wall, floor to ceiling.

Permitted Alterations to Apartments: Any alterations permitted by law.

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

<u>Apartment Designation</u>	<u>Approximate Net Area (Square Feet)</u>	<u>Percentage Common Interest</u>
101	1047.26	7.16%
103	424.61	2.90%
104	596.11	4.08%
105	369.30	2.53%
106	880.78	6.02%
107	842.63	5.76%
108	1911.24	13.07%
201	1472.57	10.07%
203	595.38	4.07%
204	722.24	4.94%
205	373.06	2.55%
207	435.37	2.98%
208	484.59	3.31%
209	714.67	4.89%
210	1294.08	8.85%
213	1056.21	7.23%
215	<u>1400.28</u>	<u>9.59%</u>
Total:	14620.38	100%

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:

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: The common interest of each apartment is set forth on Page 11a of this public report.

- 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 July 2, 2003 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>
Leases/Mortgage(s)	The underlying mortgage and/or leases are superior to and take precedence over the sales contract. If the Developer defaults, Purchaser shall lose its option to consummate its purchase of the property and Purchaser's money shall be refunded, less any 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.

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. 4883 filed with the Real Estate Commission on June 24, 2002.

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

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WHITE paper stock

PINK paper stock

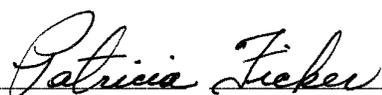
C. **Additional Information Not Covered Above**

There are recorded and unrecorded leases affecting title to the subject property. These leases are superior to and take precedence over the sales contract. If the Developer defaults, Purchaser shall lose its option to consummate its purchase of the property and Purchaser's money shall be refunded, less any escrow cancellation fee. See Page 15 of this Public Report for further information regarding blanket liens affecting title to this Property.

Exhibit "B" to this Public report discloses an encroachment and structure position discrepancies which are shown on a survey map prepared by Peter N. Taylor, Land Surveyor, with Peter N. Taylor, Incorporated, dated June 20, 2000. This survey showed a an encroachment into a neighboring parcel of approximately 1.5". This survey is disputed. This single survey, out of several in the year 2000, showed that the primary structures encroaches 1.5" into an adjoining parcel. This is considered de minimis under Hawaii Revised Statutes §669-11. No impact upon prospective purchasers is expected by reason of this discrepancy. See title company note in Exhibit "B" regarding its ability to issue its endorsement covering this item.

- 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-1.6] (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.

ALBERT W. FICKER and PATRICIA A. FICKER
 Printed Name of Developer

By:   5/2/03
 Duly Authorized Signatory* Date

ALBERT W. FICKER and PATRICIA A. FICKER
 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 "B"

ENCUMBRANCES AGAINST TITLE

1. For real property taxes that may be due and owing reference is made to the Director of Finance, County of Kauai.

2. Unrecorded Lease by and between ALBERT W. FICKER and PATRICIA A. FICKER, husband and wife, and RONALD FARKAS and SELMA FARKAS, husband and wife, as Landlord, and J. KEVIN ANTOLIK, single, doing business as KALAHEO CHIROPRACTIC OFFICE, as Tenant, dated January 19, 1984, for a term of three full calendar years commencing March 1, 1984, plus the partial year in which the rental commences. A short form of said Lease is dated September 18, 1984, recorded in Liber 18163 at Page 636; leasing and demising Suite 203 of the upper level of Building A, Phase I, and containing an area of approximately 471 square feet.

-Note:- Title Guaranty of Hawaii, Incorporated is unable to find an extension of Lease of record.

Said Lease is subject to:

(A) SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT dated June 26, 1986, recorded in Liber 19640 at Page 765, made by and between J. KEVIN ANTOLIK, unmarried, dba "KALAHEO CHIROPRACTIC OFFICE", and HONOLULU SAVINGS AND LOAN ASSOCIATION, a Federal Association.

(B) PROMISSORY NOTE made by J. KEVIN ANTOLIK, as Payor, and CHARLEEN ANTOLIK, as Payee, dated December 23, 1993, recorded as Document No. 93-214997, in the amount of \$41,000.00.

(C) TAX LIEN filed by the DEPARTMENT OF TAXATION, STATE OF HAWAII, against JOHN KEVIN ANTOLIK, dated July 14, 1995, recorded as Document No. 95-092907, in the amount of \$38,895.62.

(D) TAX LIEN filed by the DEPARTMENT OF TAXATION, STATE OF HAWAII, against JOHN KEVIN ANTOLIK, dated July 14, 1995, recorded as Document No. 95-092908, in the amount of \$40,028.01.

3. RIGHT OF ENTRY to CITIZENS UTILITIES COMPANY, dated May 5, 1987, recorded in Liber 20791 at Page 763, granting a right-of-entry and easement for pole and wire lines, etc., over and across the premises described herein.

4. Unrecorded Lease by and between RAINBOW PLAZA, a Hawaii general partnership, as Lessor, and CRAIG M. NISHIMOTO, D.V.M, as Lessee, dated January 1, 1990, a short form of which is dated July 10, 1990, recorded as Document No. 90-163090, leasing and demising all of those premises being 684 square feet designated as Suite 109 of Rainbow Plaza which is situated at 2-2514 Kaumualii Highway, Kalaheo, Kauai, Hawaii, 96741.

-Note:- Rainbow Plaza has no recorded interest in and to the land described herein.

Said Lease is subject to:

(A) FINANCING STATEMENT by CRAIG M. NISHIMOTO, DVM, as Debtor, in favor of BANK OF HAWAII, as Secured Party, recorded as Document No. 96-106776 on July 26, 1996, with a CONTINUATION recorded as Document No. 2001-048607 on April 5, 2001.

(B) MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT by CRAIG M. NISHIMOTO, D.V.M., as Mortgagor, in favor of FIRST HAWAIIAN BANK, a Hawaii corporation, as Mortgagee, dated July 10, 1990, recorded as Document No. 90-163088, in the amount of \$40,000.00, with consent given by ALBERT W. FICKER, President of Rainbow Plaza, by instrument dated July 10, 1990, recorded as Document No. 90-163089.

5. Any unrecorded leases and matters arising from or affecting the same.

6. Encroachment(s) as shown on the survey map prepared by Peter N. Taylor, Land Surveyor, with Peter N. Taylor Incorporated, dated June 20, 2000.

7. Structure position discrepancies as shown on the survey Map prepared by Peter N. Taylor, Land Surveyor, with Peter N. Taylor Incorporated, dated June 20, 2000.

-Note:- Title company will, in its ALTA Loan Policy to insured lenders, issue its endorsement covering this item.

8. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT by ALBERT W. FICKER and PATRICIA A. FICKER, husband and wife, as Mortgagor, in favor of FIRST HAWAIIAN BANK, a Hawaii corporation, as Mortgagee, dated July 7, 2000, recorded as Document No. 2000-095811, in the amount of \$550,000.00.

9. ASSIGNMENT OF LESSOR'S INTEREST IN LEASES dated July 7, 2000, recorded as Document No. 2000-095812, by and between ALBERT W. FICKER and PATRICIA A. FICKER, husband and wife, as Assignor, and FIRST HAWAIIAN BANK, a Hawaii corporation, as Assignee, assigning all of Assignor's right, title and interest in and to each and all of the leases now or hereafter in effect covering all or any part of the property described in Exhibit "A" attached thereto, to secure the repayment of that certain Promissory Note in the principal sum of \$550,000.00.

10. FINANCING STATEMENT by ALBERT W. FICKER and PATRICIA A. FICKER, husband and wife, as Debtor, in favor of FIRST HAWAIIAN BANK, a Hawaii corporation, as Secured Party, recorded on July 12, 2000, as Document No. 2000-095813.

11. UNRECORDED LEASE by and between ALBERT W. FICKER and PATRICIA A. FICKER, husband and wife, as Lessor, and REHABILITATION HOSPITAL OF THE PACIFIC, a Hawaii non-profit corporation, as Lessee, dated January 3, 2001, for a term ending January 5, 2006, a short form of which is dated December 11, 2001, recorded as Document No. 2001-200600.

12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "RAINBOW PLAZA CONDOMINIUM" CONDOMINIUM PROJECT, dated May 13, 2002, recorded as Document No. 2002-093051, along with CONDOMINIUM MAP NO. 3443. Said Declaration was amended by instruments dated August 14, 2002, recorded as Document No. 202-146081, and dated January 10, 2003, recorded as Document No. 2003-045626.

13. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS, dated May 13, 2002, recorded as Document No. 2002-093052.

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
101	148.93	1787.14
103	60.32	723.84
104	84.86	1018.37
105	52.62	631.49
106	125.22	1502.59
107	119.81	1437.70
108	271.86	3262.27
201	209.46	2513.47
203	84.66	1015.87
204	102.75	1233.02
205	53.04	636.48
207	61.98	743.81
208	68.85	826.18
209	101.71	1220.54
210	184.08	2208.96
213	150.38	1804.61
215	199.47	2392.66
	<u>2080.00</u>	<u>24960.00</u>

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning		
Electricity		
<input checked="" type="checkbox"/> common elements only	400.00	4,800.00
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection	155.00	1,860.00
Telephone		
Water and Sewer	75.00	900.00

Maintenance, Repairs and Supplies

Building	750.00	9,000.00
Grounds	325.00	3,900.00

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance	375.00	4,500.00
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Reserves(*)

Taxes and Government Assessments

Audit Fees

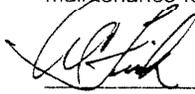
Other

TOTAL	2,080.00	24,960.00
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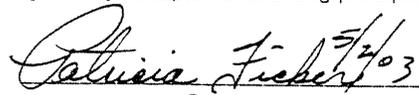
We, ALBERT W. FICKER and

~~XX PATRICIA A. FICKER~~ ~~as agent and/or employee of~~ ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ the ~~condominium managing agent/~~ developer for the RAINBOW PLAZA CONDOMINIUM

condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Signature



Date

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

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