

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer KAPAA 382, LLC
Address 4569 KUKUI STREET, SUITE 200, KAPAA, HAWAII 96746

Project Name (*): KULANA
Address: OLOHENA, HAUIKI AND KAAPUNI ROADS
KAPAA, KAUAI, HAWAII 96746

Registration No. 4888 Effective date: July 30, 2002
Expiration date: August 30, 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

- X PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.

(*) 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
As Exhibit "G" Not required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL NOTICE:

This is a preliminary public report. The prospective purchaser may not be obligated to purchase a unit in the project until after: issuance of an effective date for a Final Public Report, receipt and signature of a Receipt for Public Report and Notice of Right to Cancel and posting of a bond for completion of any improvements located on or appurtenant to the unit being considered for purchase. This will not likely occur until final subdivision approval as set forth in this Public Report. The Developer or the Purchaser may void an agreement to sell prior to completion of the Project and issuance of the effective date for the Final Public Report. The initial prices for units in the project may increase or decrease during processing of the public report or thereafter. Preliminary approval of the Developer's project does not constitute final approval, and additional conditions may be placed on the property which are unanticipated at the present time.

This is a CONDOMINIUM PROJECT, not a SUBDIVISION. THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF DWELLING UNITS OR OTHER STRUCTURES WHICH MAY BE BUILT UPON THE PROPERTY. THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

1. There are presently NO RESIDENTIAL STRUCTURES on the property. Prior to final subdivision only five to eight units may be created on the parcel constituting the Project. Thereafter it is believed that a net total of fifty residential units may be constructed. Each unit will consist of only one shade structure as an initial improvement; each shade structure may be defined as an "apartment" under the Condominium Property Act.
2. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission, or any other governmental agency, nor does it imply that all County codes, ordinances and subdivision requirements have been complied with.

3. This project is located on a large parcel that has received preliminary subdivision approval from the County of Kauai. Final subdivision approval is anticipated prior to the end of the year 2002. The parcel is intended to become twenty separate subdivided lots, plus a roadway parcel and various common elements. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted lines on the Preliminary Condominium Map (Exhibit "A") merely represent the boundaries of the limited common element(s) assigned to each unit. These lines will be supplemented by azimuths and distances on the final map.
4. Facilities and improvements normally associated with County approved subdivisions, such as improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and will not be provided prior to final subdivision approval. Services such as County street maintenance and trash collection will not be available for private interior driveways.

At present there is no public or private potable water system serving this project. Until there is a water system, those desiring to construct improvements which utilize water will be required to use a catchment system or drill a well.

The roadway and recreational common elements of this Project will be made available to the owners of the nearby project know as Kulana Kai. See the Public Report and the Declaration for further information.

5. Construction of improvements on individual units may not take place in the immediate future, as subdivision infrastructure will proceed after final subdivision approval, through the use of a bonded construction contract. Further, special assessments of up to \$10,000.00 per unit may be required of several units in the same area to install individual water and electric meters and laterals and pullboxes. Purchasers should confirm whether the unit(s) they are considering will be subject to special easements, the status of sales, and the anticipated timetables for the delivery of utility connections in the immediate area of the unit(s) they may desire to purchase.

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: KAPAA 382, LLC Phone: (808) 822-7711
Name* (Business)
4569 KUKUI STREET, SUITE 200
Business Address
KAPAA, HAWAII 96746

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):
KAUAI LEASE AND LOAN, LTD., A HAWAII CORPORATION, MEMBER
(PRESIDENT, WILLIAM R. HANCOCK)
(VICE-PRESIDENT, JAMES W. LULL)

Real Estate Broker*: VISION PROPERTIES, INC. Phone: (808) 822-4444
Name (Business)
1070 KUHIO HIGHWAY
Business Address
KAPAA, HAWAII 96746

Escrow: TITLE GUARANTY Phone: (808) 241-4373
ESCROW SERVICES INC. (Business)
Name
4414 KUKUI GROVE ST., STE. 104
Business Address
LIHUE, HAWAII 96766

General Contractor*: US GUYS BUILDERS, LLC Phone: (808) 245-7788
Name (Business)
3385 UNAHE STREET
Business Address
LIHUE, HAWAII 96766

Condominium Managing Agent*: SELF-MANAGED BY THE Phone: _____
Name (Business)
ASSOCIATION OF
Business Address
APARTMENT OWNERS

Attorney for Developer: STEVEN R. LEE, ESQ. Phone: (808) 246-1101
Name (Business)
4473 PAHE'E STREET, SUITE L
Business Address
LIHUE, HAWAII 96766-2037

* 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. _____
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 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. _____
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules/Proposed CC&Rs	—	<u>75%</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 PAGE 7A/B

1. In the event of the completion of a subdivision of the property described in Exhibit "A", which process is now pending with the County of Kauai (the "Pending Subdivision"), additional areas constituting new or redrawn Remnant Parcels will arise. At least two of the potential condominium units will not exist unless and until the Pending Subdivision is complete. Common interests have been established for all intended units, but no assurance can be given that all units will be created. In the event that twenty-four months pass without action to complete conditions precedent to the creation of all units, the Developer may elect to forego creation of the units and reallocate the common interests as set forth in Section 6 of the Declaration.

2. At any time after approval of the Final Subdivision Map for the Pending Subdivision, Developer, as to any unsold subdivided lot, and 80% of the common interests in any resulting subdivided or remnant lot where one or more sales have occurred, may elect to withdraw a subdivided lot or remnant parcel from the Project. In such event the owner(s) may either abandon condominium ownership, or constitute a new and separate project for the withdrawing lot. Nothing herein, however, shall permit removal of the property from the Master Association or any replacement therefor, nor shall it relieve such property from its proportionate share of maintenance fees applicable prior to the withdrawal. Upon withdrawal the property may NOT elect to forego any benefits of Master Association membership and thereby avoid financial responsibility for common expenses. In the event of withdrawal, each remaining unit shall have its common interest reallocated to give each unit in this Project an equal vote and common interest as to all matters under the Project documents and under law.

3. Developer is in the process of creating another project on land close to this Project. The tentative name of the Project is KŪLANA KAI. Developer intends to market and sell up to sixty units in the project to third parties. Developer reserves the right to grant access and utility easements to KŪLANA KAI, which shall be obligated to pay a reasonable percentage of maintenance fees for the use of any common elements of KŪLANA. Developer further reserves the right to create a single private water system for both KŪLANA and KŪLANA KAI, or to grant a water storage tank and distribution system easement over KŪLANA in favor of KŪLANA KAI.

4. Developer reserves the right to create a separate "Master Association" for the purpose of regulating, developing and allowing use of various aspects of this Project's common elements, the common elements of other condominium projects and any other rights and privileges which would be, in Developer's discretion, beneficial to the members of the Master Association. Developer reserves the right to extend membership in the Master Association to KŪLANA KAI and other properties in the near vicinity of this Project. The members of the Master Association will be allowed to utilize the unique features of this and other projects and properties, including some of the common elements of this project. This shall include, without limitation, the reservoir element, pedestrian and equestrian paths, walkways, navigable waterways (as defined or reserved in the CC&R's), common recreation areas and common easements and roadway elements in the Project.

5. In the event properties other than the Units in this Project are granted the right to use any common elements of this Project, Developer shall establish standards by which all users will pay a fair share of the costs of construction, maintenance and repair of the portions of the Project utilized by such third parties. Requirements of the Real Estate Commission and any other agency or entity with jurisdiction shall be strictly followed, including without limitation the requirement that the impact of commercial versus residential uses will not burden any residential uses in the Project unfairly. The same principles of financial responsibility shall apply to any off-site amenities to which the owners of Units in KŪLANA may receive benefits.

Until 90% of the Units in the Project have been sold to third parties unaffiliated with Developer, Developer shall have the unilateral right, exercised in the sound discretion of the Developer, to determine which property or properties are allowed membership in the Master Association.

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: OLOHENA, HAUIKI AND KAAPUNI Tax Map Key (TMK): (4) 4-3-3:005 (POR)
ROADS, KAPAA, KAUAI, HAWAII

Address TMK is expected to change because EACH UNIT IS
ENTITLED TO ITS OWN STREET ADDRESS AND TMK#.

Land Area: 362.117* square feet acre(s) Zoning: AGRICULTURE/OPEN

*Includes portions of remnant pieces subject to final subdivision configuration.

Fee Owner: KAPAA 382, LLC
 Name 4569 KUKUI STREET, SUITE 200
 Address KAPAA, HAWAII 96746

(KAUAI LEASE & LOAN, LTD.,
 MANAGING MEMBER)

Lessor: N/A
 Name _____
 Address _____

C. Buildings and Other Improvements:

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Number of Buildings: 120 Floors Per Building: 1
 Exhibit "C" contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other METAL 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 type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Agricultural	_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other (SHEDS)	<u>120</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

NOTE: THE SUBJECT PROPERTY IS WITHIN THE STATE LAND USE AGRICULTURAL DISTRICT AND IS ZONED AGRICULTURAL BY THE COUNTY OF KAUAI. "FARM DWELLINGS" AND OTHER STRUCTURES APPROPRIATE TO AGRICULTURAL USAGE ARE PERMITTED, SUBJECT TO CERTAIN GUIDELINES. SEE THE DISCLOSURES ON PAGE 2 (SPECIAL ATTENTION) AND PAGE 20 OF THIS PRELIMINARY PUBLIC REPORT.

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: SEE BYLAWS ARTICLE V, SECTION 5.3(9)

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

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

Apt Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
*	120	-0-	-0-	16	SHADE STRUCTURE
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 120

*EACH OF THE 120 UNITS WILL HAVE A 16 SQ. FT. SHADE STRUCTURE.

* 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

Per the Declaration of Condominium Property Regime, the boundaries of each apartment shall be the outer surface of the entire building. Wires or conduits, pipes or any utility lines running over, under or through any apartment which are utilized for or serve more than one unit shall not be deemed a part of the apartment, the same being deemed common elements.

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by County of Kauai zoning ordinances and recorded restrictions on the project, if any. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime will be required to disclose actual improvements as a matter of public record.

Apartments Designated for Owner-Occupants Only:

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

7. Parking Stalls:

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

*THERE IS AMPLE ROOM FOR PARKING OF TWO OR MORE VEHICLES ON EACH UNIT'S LIMITED COMMON ELEMENT.

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

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool Storage Area Recreation Area
- Laundry Area Tennis Court Trash Chute/Enclosure(s)
- Other: RESERVOIR PARCEL AND RECREATIONAL TRAIL, PEDESTRIAN AND OTHER ELEMENTS AND EASEMENTS FOR THE BENEFIT OF THIS PROJECT

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

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below: Violations will be cured by _____
(Date)

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

N/A

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

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

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

- described in Exhibit "E".
 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 "E".

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 "C".

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 "F" describes the encumbrances against the title contained in the title report dated JUNE 6, 2002 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 A BUYER'S RIGHTS UNDER A SALES CONTRACT, AND HAS A RIGHT TO TERMINATE SALES CONTRACT UPON FORECLOSURE OF ITS MORTGAGE BEFORE AN APARTMENT SALE IS CLOSED. IN SUCH EVENT BUYER SHALL BE ENTITLED TO A REFUND OF ALL DEPOSITS, LESS ESCROW CANCELLATION FEES.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

- 1. Building and Other Improvements:

NONE

- 2. Appliances:

NONE

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

ONE SHED WILL BE CONSTRUCTED ON EACH OF THE 120 UNITS.
EACH SHED WILL BE CONSTRUCTED OF FOUR METAL POSTS WITH
SHADE CLOTH ON THE TOP AND WILL BE 16 SQUARE FEET IN SIZE.
THE CONSTRUCTION OF THE SHEDS WILL BE COMPLETED ON OR
BEFORE JANUARY 1, 2003.

H. Project Phases:

The developer [X] 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):

SEE SECTION IIE ABOVE.

ALSO SEE PAGES 7a AND b.

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 "B" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated JUNE 19, 2002
Exhibit "D" contains a summary of the pertinent provisions of the escrow agreement.
- Other SPECIMEN APARTMENT DEED

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 SEE PAGE 19 (a)

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. 4888 filed with the Real Estate Commission on JULY 2, 2002.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

2 H.)

Proposed Covenants, Conditions and Restrictions for Kulana; Grants of Easement (3); Deed & Reservation of Rights; Mortgages (2); Assignment of Mortgage; License Agreement; Assignment Agreement; Memorandum of Option Agreement; Owner-Contractor Agreement; Bond; Loan Reinstatement & Modification Agreement; Amended and Restated Operating Agreement of Kapaa 382, LLC; Good Standing Certificates for Kapaa 382, LLC and Kauai Lease and Loan, Ltd.

C. Additional Information Not Covered Above

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. However, the units are part of a large parcel of land which has received preliminary subdivision approval for the creation of a number of lots, each of which may become a separate Condominium project. Thus a purchase may start as one of 120 units in this single large project, but become one of three to seven units in a small project after a Final Public Report is issued. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially the proposed restrictive covenants for the subdivision within which this project is located. Among other things, the restrictive covenants govern land use, building type and materials, possession of animals, and cultivation of crops. You should also conduct your own investigations and ascertain the validity of information provided.

Once subdivision of the underlying land is complete, except where residential use may be prohibited by the Declaration of Condominium Property Regime ("Declaration"), it is anticipated that the initial improvements on each unit will be replaced by or supplemented with a farm dwelling. The prospective purchaser shall have the right to build such farm dwelling at purchaser's expense. The purchaser shall also, in such event, file the "as-built" certificate within thirty days of completion of the farm dwelling in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration to describe the farm dwelling. The County of Kauai Planning Department requires, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the Declaration and the Bylaws ("condominium documents"). In most cases a farm dwelling may not be constructed unless a unit owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval.

Except as limited specifically by the condominium documents and subdivision restrictive covenants, all uses permitted in the agricultural and open zones are permitted. Uses in one zone are not the same as in the other, and the prospective purchaser should consult the appropriate county agency for information on uses and construction in the respective zones.

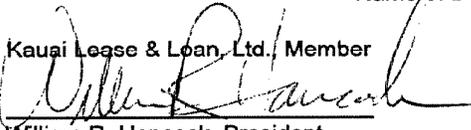
A buyer should understand that all development and use of the property shall be in compliance with County codes and ordinances, that owners in this condominium project will not necessarily receive the same County benefits as owners of approved subdivided lots and that owners who develop their limited common element later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations.

If the Developer does not complete creation of all of the units in this project, with issuance of a final public report, within 24 months of issuance of an effective date for the preliminary public report, the Developer may elect to create a project with less than 120 units, and reallocate the common interests equally over the final number of units.

- 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.

KAPAA 382, LLC, A HAWAII LIMITED LIABILITY COMPANY

Name of Developer

By: Kauai Lease & Loan, Ltd. Member
 By:  JUNE 19, 2002
 William R. Hancock, President Date
 Duly Authorized Signatory*

WILLIAM R. HANCOCK, PRESIDENT
 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.**

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
<u>LOT</u>	<u>ACRES</u>	<u>CPR</u>	<u>LOCATION OF APT.</u>
UNIT			
1A	3.778	1A	Central
1B	1.912	1B	West
1C	3.491	1C	Northwest
1D	4.235	1D	South
1E	4.975	1E	Central
1F	2.415	1F	Southeast
1G	2.117	1G	West
1X	3.532	1X	Central
1Y	2.472	1Y	East
TOTAL	28.927		
LOT 2:			
UNIT			
2A	1.098	2A	Northeast
2B	2.020	2B	Central
2C	1.572	2C	Central
2D	2.217	2D	North
2E	3.675	2E	Southwest
2F	1.598	2F	Northeast
2G	3.275	2G	Southeast
2X	8.022	2X	Central
2Y	2.129	2Y	East
TOTAL	25.606		
LOT 3:			
UNIT			
3A	3.665	3A	Central
3B	3.032	3B	Southeast
3C	2.578	3C	South
3D	2.290	3D	South
3E	4.398	3E	Southeast
TOTAL	15.963		
LOT 4:			
UNIT			
4A	4.521	4A	East
4B	4.512	4B	Northwest
4C	4.517	4C	Southwest
4X	3.665	4X	West
TOTAL	17.215		
PAGE TOTAL:	87.711		

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
<u>LOT</u>	<u>ACRES</u>	<u>CPR</u>	<u>LOCATION OF APT.</u>
LOT 5:			
UNIT			
5A	4.944	5A	South
5B	4.786	5B	Central
5C	2.358	5C	Southwest
5D	2.500	5D	South
5X	12.566	5X	Southwest
TOTAL	27.154		
LOT 6:			
RESERVOIR	5.468		
TOTAL	5.468		
LOT 7:			
UNIT			
7A	2.588	7A	Central
7B	3.546	7B	East
7C	2.157	7C	North
7D	3.261	7D	South
7E	7.703	7E	South
TOTAL	19.255		
LOT 8:			
UNIT			
8A	2.484	8A	South
8B	2.421	8B	Central
8C	2.875	8C	North
8D	2.716	8D	South
8E	2.409	8E	South
TOTAL	12.905		
LOT 9:			
UNIT			
9A	2.378	9A	South
9B	3.074	9B	Central
9C	2.897	9C	South
9D	2.653	9D	South
9E	2.053	9E	Central
TOTAL	13.055		
PAGE TOTAL:	77.837		

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
<u>LOT</u>	<u>ACRES</u>	<u>CPR</u>	<u>LOCATION OF APT.</u>
<u>LOT 10:</u>			
UNIT			
10A	2.877	10A	East
10B	2.513	10B	Central
10C	2.787	10C	South
10D	1.960	10D	West
10E	2.985	10E	South
TOTAL	13.122		
<u>LOT 11:</u>			
UNIT			
11A	3.128	11A	East
11B	2.314	11B	Central
11C	2.578	11C	North
11D	2.268	11D	West
11E	3.260	11E	South
TOTAL	13.548		
<u>LOT 12:</u>			
UNIT			
12A	2.114	12A	North
12B	2.128	12B	North
12C	3.127	12C	North
12D	5.923	12D	West
12E	2.203	12E	West
TOTAL	15.495		
<u>LOT 13:</u>			
UNIT			
13A	1.467	13A	South
13B	1.760	13B	South
13C	4.833	13C	North
13D	1.895	13D	South
13E	3.315	13E	South
TOTAL	13.270		
PAGE TOTAL:	55.435		

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
LOT	ACRES	CPR	LOCATION OF APT.
<u>LOT 14</u>			
UNIT			
14A	1.805	14A	North
14B	1.622	14B	Central
14C	4.501	14C	North
14D	2.794	14D	South
14E	2.926	14E	Southeast
TOTAL	13.648		
<u>LOT 15</u>			
UNIT			
15A	1.754	15A	Central
15B	1.619	15B	Central
15C	5.431	15C	North
15D	3.118	15D	Northwest
15E	1.772	15E	West
TOTAL	13.694		
<u>LOT 16</u>			
UNIT			
16A	1.948	16A	South
16B	1.937	16B	Central
16C	3.995	16C	South
16D	2.983	16D	Central
16E	3.451	16E	West
TOTAL	14.314		
<u>LOT 17</u>			
UNIT			
17A	4.613	17A	South
17B	4.811	17B	Central
17C	2.993	17C	Central
17X	2.881	17X	Central
17Y	1.156	17Y	Central
TOTAL	16.454		
PAGE TOTAL:	58.110		

KĀLANA SUBDIVISION			
CPR UNIT AREAS			
<u>LOT</u>	<u>ACRES</u>	<u>CPR</u>	<u>LOCATION OF APT.</u>
<u>LOT 18</u>			
UNIT			
18A	6.086	18A	Southeast
18B	3.806	18B	North
18C	3.496	18C	South
18D	3.315	18D	Southwest
18E	2.120	18E	Central
TOTAL	18.823		
<u>LOT 19</u>			
UNIT			
19A	4.029	19A	Northwest
19B	4.158	19B	Central
19C	5.814	19C	Central
19D	3.884	19D	Southwest
19E	3.564	19E	North
TOTAL	21.449		
<u>LOT 20</u>			
UNIT			
20A	7.597	20A	Central
20B	3.791	20B	West
20C	6.203	20C	Central
20D	3.582	20D	North
20E	6.079	20E	East
TOTAL	27.252		
<u>LOT 21</u>	2.630	LOT 21	
<u>LOT 22</u>	1.273	LOT 22	
<u>LOT 23</u>	1.665	LOT 23	
PAGE TOTAL:	73.092		
TOTAL PROJECT			
AREA:	352.185		

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
LOT	ACRES	CPR	LOCATION OF APT.
REMNANT 1:			
UNIT			
1A	2.072	R1A	Central
1B	2.211	R1B	Southeast
TOTAL	4.283		
REMNANT 2:			
UNIT			
	0.207	R2	West
TOTAL	0.207		
REMNANT 3:			
UNIT			
3A	2.425	R3A	North
3B	3.056	R3B	West
3C	3.186	R3C	West
3D	2.467	R3D	South
3E	3.498	R3E	Central
TOTAL	14.632		
REMNANT 4:			
UNIT			
4A	5.158	R4A	West
4B	2.074	R4B	Northwest
TOTAL	7.232		
REMNANT 5:			
	0.589	R5	Central
TOTAL	0.589		
REMNANT 6:			
UNIT			
6A	0.387	R6A	Central
6B	0.388	R6B	Central
TOTAL	0.775		
PAGE TOTAL:	27.718		

KŪLANA SUBDIVISION

CPR UNIT AREAS

<u>LOT</u>	<u>ACRES</u>	<u>CPR</u>	<u>LOCATION OF APT.</u>
REMNERANT 7:			
UNIT			
7A	0.830	R7A	Central
7B	0.889	R7B	Central
TOTAL	1.719		
REMNERANT 8:			
	1.134	R8	North
TOTAL	1.134		
REMNERANT 9:			
	0.013	R9	North
TOTAL	0.013		
REMNERANT 10:			
	0.033	R10	Southwest
TOTAL	0.033		
PAGE TOTAL:			
	2.899		

EXHIBIT B

SUMMARY OF SALES CONTRACT

This Project utilized a Condominium Addendum to Sales Contract (the "Addendum") to be used in conjunction with a standard printed form contract provided by the Hawaii Association of Realtors. The Addendum protects the rights of the Purchasers and the handling of funds under the Condominium Property Act (the "Act"), as well as insuring compliance with the Act by all parties. Relevant portions of the Addendum are summarized as follows:

1. The fact that the Act controls over any provision of a contract to sell a condominium unit.

2. That an effective date for a final or supplementary public report must be in place and a receipt for same signed by the buyer to have an effective sale.

3. That all purchaser funds must be held in escrow until the law allows closing and disbursement of the funds.

4. The conditions precedent to release of funds are enumerated, including, in part:

(a) That Purchaser will receive a copy of the final public report for the project.

(b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.

(c) If there is dual agency by a single broker, it will be disclosed in the contract.

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

EXHIBIT "C"
KULANA
SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Unit No.	Area of Limited Common Element* (Acres)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Shade Shed Area (Sq. Ft.)	% of Common Int.
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**See Schedule I attached hereto for Unit numbers and limited common element area sizes.

120 units	**		0/0	0	16	1/120th (.833%)
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Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. All Units will each burden the common elements as shown above. Therefore, the assessment of undivided interest for common expense is the percentage of common interest for each unit.

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration of Condominium Property Regime, each unit owner may use the unit, alter or add to it in any manner deemed desirable, so long as it is permitted by law and the Declaration of Protective Covenants and House Rules, if any. If adjoining unit owners desire to alter and/or transfer portions of their respective units, they can do so by the filing of an amendment to the Condominium Map and the Declaration of Condominium Property Regime together with their respective signatures.

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

END OF EXHIBIT "C"

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
LOT	ACRES	CPR	LOCATION OF APT.
UNIT			
1A	3.778	1A	Central
1B	1.912	1B	West
1C	3.491	1C	Northwest
1D	4.235	1D	South
1E	4.975	1E	Central
1F	2.415	1F	Southeast
1G	2.117	1G	West
1X	3.532	1X	Central
1Y	2.472	1Y	East
TOTAL	28.927		
LOT 2:			
UNIT			
2A	1.098	2A	Northeast
2B	2.020	2B	Central
2C	1.572	2C	Central
2D	2.217	2D	North
2E	3.675	2E	Southwest
2F	1.598	2F	Northeast
2G	3.275	2G	Southeast
2X	8.022	2X	Central
2Y	2.129	2Y	East
TOTAL	25.606		
LOT 3:			
UNIT			
3A	3.665	3A	Central
3B	3.032	3B	Southeast
3C	2.578	3C	South
3D	2.290	3D	South
3E	4.398	3E	Southeast
TOTAL	15.963		
LOT 4:			
UNIT			
4A	4.521	4A	East
4B	4.512	4B	Northwest
4C	4.517	4C	Southwest
4X	3.665	4X	West
TOTAL	17.215		
PAGE TOTAL:	87.711		

KŪLANA SUBDIVISION

CPR UNIT AREAS

<u>LOT</u>	<u>ACRES</u>	<u>CPR</u>	<u>LOCATION OF APT.</u>
<u>LOT 5:</u>			
UNIT			
5A	4.944	5A	South
5B	4.786	5B	Central
5C	2.358	5C	Southwest
5D	2.500	5D	South
5X	12.566	5X	Southwest
TOTAL	27.154		
<u>LOT 6:</u>			
RESERVOIR	5.468		
TOTAL	5.468		
<u>LOT 7:</u>			
UNIT			
7A	2.588	7A	Central
7B	3.546	7B	East
7C	2.157	7C	North
7D	3.261	7D	South
7E	7.703	7E	South
TOTAL	19.255		
<u>LOT 8:</u>			
UNIT			
8A	2.484	8A	South
8B	2.421	8B	Central
8C	2.875	8C	North
8D	2.716	8D	South
8E	2.409	8E	South
TOTAL	12.905		
<u>LOT 9:</u>			
UNIT			
9A	2.378	9A	South
9B	3.074	9B	Central
9C	2.897	9C	South
9D	2.653	9D	South
9E	2.053	9E	Central
TOTAL	13.055		
PAGE TOTAL:	77.837		

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
LOT	ACRES	CPR	LOCATION OF APT.
LOT 10:			
UNIT			
10A	2.877	10A	East
10B	2.513	10B	Central
10C	2.787	10C	South
10D	1.960	10D	West
10E	2.985	10E	South
TOTAL	13.122		
LOT 11:			
UNIT			
11A	3.128	11A	East
11B	2.314	11B	Central
11C	2.578	11C	North
11D	2.268	11D	West
11E	3.260	11E	South
TOTAL	13.548		
LOT 12:			
UNIT			
12A	2.114	12A	North
12B	2.128	12B	North
12C	3.127	12C	North
12D	5.923	12D	West
12E	2.203	12E	West
TOTAL	15.495		
LOT 13:			
UNIT			
13A	1.467	13A	South
13B	1.760	13B	South
13C	4.833	13C	North
13D	1.895	13D	South
13E	3.315	13E	South
TOTAL	13.270		
PAGE TOTAL:	55.435		

KŪLANA SUBDIVISION

CPR UNIT AREAS

<u>LOT</u>	<u>ACRES</u>	<u>CPR</u>	<u>LOCATION OF APT.</u>
<u>LOT 14</u>			
UNIT			
14A	1.805	14A	North
14B	1.622	14B	Central
14C	4.501	14C	North
14D	2.794	14D	South
14E	2.926	14E	Southeast
TOTAL	13.648		
<u>LOT 15</u>			
UNIT			
15A	1.754	15A	Central
15B	1.619	15B	Central
15C	5.431	15C	North
15D	3.118	15D	Northwest
15E	1.772	15E	West
TOTAL	13.694		
<u>LOT 16</u>			
UNIT			
16A	1.948	16A	South
16B	1.937	16B	Central
16C	3.995	16C	South
16D	2.983	16D	Central
16E	3.451	16E	West
TOTAL	14.314		
<u>LOT 17</u>			
UNIT			
17A	4.613	17A	South
17B	4.811	17B	Central
17C	2.993	17C	Central
17X	2.881	17X	Central
17Y	1.156	17Y	Central
TOTAL	16.454		
PAGE TOTAL:	58.110		

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
<u>LOT</u>	<u>ACRES</u>	<u>CPR</u>	<u>LOCATION OF APT.</u>
<u>LOT 18</u>			
UNIT			
18A	6.086	18A	Southeast
18B	3.806	18B	North
18C	3.496	18C	South
18D	3.315	18D	Southwest
18E	2.120	18E	Central
TOTAL	18.823		
<u>LOT 19</u>			
UNIT			
19A	4.029	19A	Northwest
19B	4.158	19B	Central
19C	5.814	19C	Central
19D	3.884	19D	Southwest
19E	3.564	19E	North
TOTAL	21.449		
<u>LOT 20</u>			
UNIT			
20A	7.597	20A	Central
20B	3.791	20B	West
20C	6.203	20C	Central
20D	3.582	20D	North
20E	6.079	20E	East
TOTAL	27.252		
<u>LOT 21</u>	2.630	LOT 21	
<u>LOT 22</u>	1.273	LOT 22	
<u>LOT 23</u>	1.665	LOT 23	
PAGE TOTAL:	73.092		
TOTAL PROJECT			
AREA:	352.185		

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
LOT	ACRES	CPR	LOCATION OF APT.
REMNANT 1:			
UNIT			
1A	2.072	R1A	Central
1B	2.211	R1B	Southeast
TOTAL	4.283		
REMNANT 2:			
UNIT	0.207	R2	West
TOTAL	0.207		
REMNANT 3:			
UNIT			
3A	2.425	R3A	North
3B	3.056	R3B	West
3C	3.186	R3C	West
3D	2.467	R3D	South
3E	3.498	R3E	Central
TOTAL	14.632		
REMNANT 4:			
UNIT			
4A	5.158	R4A	West
4B	2.074	R4B	Northwest
TOTAL	7.232		
REMNANT 5:			
TOTAL	0.589	R5	Central
TOTAL	0.589		
REMNANT 6:			
UNIT			
6A	0.387	R6A	Central
6B	0.388	R6B	Central
TOTAL	0.775		
PAGE TOTAL:	27.718		

KŪLANA SUBDIVISION			
CPR UNIT AREAS			
<u>LOT</u>	<u>ACRES</u>	<u>CPR</u>	<u>LOCATION OF APT.</u>
REMNANT 7:			
UNIT			
7A	0.830	R7A	Central
7B	0.889	R7B	Central
TOTAL	1.719		
REMNANT 8:	1.134	R8	North
TOTAL	1.134		
REMNANT 9:	0.013	R9	North
TOTAL	0.013		
REMNANT 10:	0.033	R10	Southwest
TOTAL	0.033		
PAGE TOTAL:	2.899		

EXHIBIT "D"
KULANA
SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (the "Escrow"), and KAPAA 382, LLC, (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will be deposited in an account for the project. Interest on all funds will be paid to Seller.

3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected within seven days of signing the sales contract to cancel and receive all funds paid, without deduction; or (b) the Real Estate Commission has not issued a Final Public Report on the project or the requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met.

4. Escrow will return deposited sums to the Buyer without interest if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven-day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00.

5. In the event of default by the Buyer, Buyer may forfeit his or her deposit, which will be paid to the Seller, less any cancellation fees charged by Escrow.

6. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract.

7. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

SPECIAL NOTICE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE

RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

END OF EXHIBIT "D"

EXHIBIT "E"
KULANA
COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (a) the land in fee simple;
- (b) common element roadway and easements, lake, waterways, paths, pavilions and other recreational elements, entry improvements, if any, all as shown on the Condominium Map;
- (c) all commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone; and
- (d) any and all other future elements and facilities in common use or necessary to the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements," have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements are designated areas for the exclusive use of each unit in the project. The respective areas are shown and designated on the Preliminary Condominium Map and Schedule I to Exhibit C to this preliminary public report.

Schedule I is also attached to the Declaration and the easements are as shown on the Preliminary Condominium Map or described in the Declaration of Condominium Property Regime.

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

END OF EXHIBIT "E"

EXHIBIT "F"

1. The property described herein is subject to possible rollback taxes. Verification should be made with the County of Kauai, Real Property Tax Office.

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

3. -AS TO PARCEL SECOND:- (LOT B)

(A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT: LAND PATENT GRANT NO. 5266

DATED: April 14, 1910

The foregoing includes, but is not limited to, matters relating to water rights.

(B) Exception and reservation of roads and trails as set forth in Land Patent Grant No. 5266 to Rufus P. Spalding, dated April 14, 1910.

(C) Free flowage of ditch and stream as shown on Tax Map.

4. Ditches shown on survey map prepared by Pedro Y. Guzman, Licensed Professional Land Surveyor of R.M. Towill Corporation, dated March 18, 1998.

5. GRANT

TO: GTE HAWAIIAN TELEPHONE COMPANY
INCORPORATED

DATED: October 28, 1975

RECORDED: Liber 11015 Page 529

GRANTING: a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity

6. 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.

7. GRANT

TO: CITIZENS UTILITIES COMPANY

DATED: May 12, 1998

RECORDED: Document No. 98-161869

GRANTING: a perpetual right and easement for utility purposes over Easements "E-5", "E-7" and "E-9", more particularly described in Exhibit "C" attached hereto

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

INSTRUMENT: DEED

DATED: May 21, 1999

RECORDED: Document No. 99-082059

9. GRANT

TO: THE LIHUE PLANTATION COMPANY, LIMITED, a Hawaii corporation

DATED: May 21, 1999

RECORDED: Document No. 99-082060

GRANTING: perpetual and revocable easement rights affecting portions of the Property, and appurtenant to the Seller's Land, for use, operation, maintenance, repair, improvement and/or replacement of such portions of the Irrigation Ditch System as are located within the perimeter boundaries of the Property

10. MORTGAGE

LOAN/ACCOUNT NO. BCM 50084065

MORTGAGOR: KAPAA 382, LLC, a Hawaii limited liability company

MORTGAGEE: BRIDGE LOAN FUNDING CORPORATION, a Utah corporation, BRUCE BAILEY, a married man, FOREST WATSON and LINDA WATSON, husband and wife, POPS INVESTMENT COMPANY LIMITED, a Utah Limited Partnership, and JERRY C. HIGGINSON, Trustee of the Hui Trust under unrecorded Trust Agreement dated April 28, 1998

DATED: May 20, 1999
RECORDED: Document No. 99-082062
AMOUNT: \$1,378,000.00

ABOVE MORTGAGE ASSIGNED

TO: JEFFREY L. ULDRICKS and JUDI M. GAVIA

DATED: February 15, 2001
RECORDED: Document No. 2001-041177

11. LICENSE AGREEMENT

LICENSOR: KAPAA 382, LLC, a Hawaii limited liability company

LICENSEE: ROBERT GRINPAS and ESTHER GRINPAS, husband and wife

DATED: August 13, 1999
RECORDED: Document No. 2000-011540
TERM: 15 years commencing on August 15, 1999

SUBORDINATION AGREEMENT

DATED: June 14, 2000
RECORDED: Document No. 2000-083348

Subordinates said above LICENSE AGREEMENT to the lien of that certain FIRST MORTGAGE recorded as Document No. 99-082062.

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

INSTRUMENT: ASSIGNMENT AGREEMENT

DATED: June 1, 2000

RECORDED: Document No. 2000-082840

PARTIES: BRIDGE LOAN FUNDING CORPORATION, a Utah corporation, BRUCE BAILY, a married man, FOREST WATSON and LINDA WATSON, husband and wife, POPS INVESTMENT COMPANY, LTD., a Utah limited partnership, by its general partner, HUI TRUST under that certain unrecorded trust agreement dated April 28, 1998, by its trustee JERRY C. HIGGINSON (Assignor), KAUAI LEASE AND LOAN, LTD., a Hawaii corporation (Mortgagor), KAPAA 382 L.L.C., a Hawaii limited liability company (Borrower), WILLIAM R. HANCOCK and JAMES W. LULL (Guarantors) and JEFFREY L. ULDRICKS, JUDI M. GAVIA, JACK L. BARD and DIANNA C. VARGAS (Assignee)

11. MORTGAGE

MORTGAGOR: KAPAA 382, LLC, a Hawaii Limited Liability Company

MORTGAGEE: JEANNETTE P. MEIER, unmarried

DATED: February 13, 2001

RECORDED: Document No. 2001-022428

AMOUNT: \$1,200,000.00

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

INSTRUMENT: MEMORANDUM OF OPTION AGREEMENT

DATED: --- (acknowledged on February 10, 2001)

RECORDED: Document No. 2001-022429

PARTIES: By and between KAPAA 382, LLC, a Hawaii Limited Liability Company, and JEANNETTE P. MEIER, unmarried

END EXHIBIT "F"

EXHIBIT "G"
DISCLOSURE ABSTRACT FOR
KuLANA

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of KuLANA makes the following disclosures:

1. The Developer of the project is KAPAA 382, LLC, 4569 Kukui Street, Suite 200, Kapaa, HI 96746, telephone 822-7711.

2. See Exhibit "H" to the Final Public Report for the projected maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles.

3. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition.

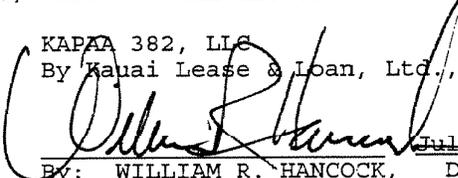
4. All of the apartments of the project are to be used for agriculture and residential uses permitted by law. No apartments shall be used for hotel or timeshare or commercial purposes except as permitted by law.

5. The real estate agent for the project is VISION PROPERTIES, INC., 1070 Kuhio Highway, Kapaa, HI 96746, telephone number is 822-1141. The designated agent/broker is Edward McDowell.

6. The Developer has not 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. **The reserves have been set at a number in excess of the estimated cost of replacement of the roadway surfaces and gates during their useful life, as a precaution against underestimation.** Repair and maintenance of roads, ditches, lake, paths, etcetera are anticipated to be ordinary maintenance of land in its natural state. The anticipated public road and water system will be dedicated to the County of Kauai for future maintenance. Should Developer determine to install depreciable common elements, a depreciation and replacement reserve schedule shall be created and made a part of the final public report for the project.

7. The Developer discloses Common Interest has been divided equally between the units in the Project, which burden the common elements equally.

KAPAA 382, LLC
By Kauai Lease & Loan, Ltd., Member


By: WILLIAM R. HANCOCK, Date July 24, 2002
PRESIDENT

RECEIPT

The undersigned has received a copy of the foregoing Disclosure Abstract with Exhibit "H" this ___ day of _____, 2002.

Purchaser(s) : _____

END OF EXHIBIT "G"

EXHIBIT H
ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

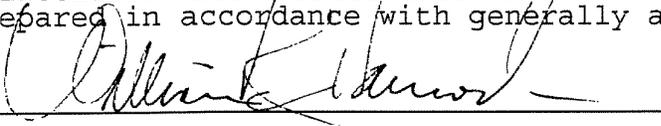
<u>Apartment</u>	<u>Monthly Fee</u> x 12 months =	<u>Yearly Total</u>
ALL UNITS	\$110.00	= \$1,320.00

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:

<u>Total</u>	<u>Monthly</u> x 12 months =	<u>Yearly</u>
Utilities and Service:		
Electric	\$1,000.00	\$12,000.00
Potable Water [X] common elements	\$ 250.00	\$ 3,000.00
Irrigation Water [X] common elements	\$1,666.67	\$20,000.00
Water Feature Maint [common element]	\$2,500.00	\$30,000.00
Maintenance, Repairs and Supplies:		
Roads and Common Drives	\$1,666.67	\$20,000.00
Landscaping and Grounds	\$2,500.00	\$30,000.00
Insurance	\$ 666.67	\$ 8,000.00
Reserves (*) (Water feature and roads)	\$1,666.67	\$20,000.00
Audit and Management Fees	\$ 833.33	\$10,000.00
Legal	\$ 416.67	\$ 5,000.00
Supplies/Materials Association	\$ 833.33	\$10,000.00
Reciprocal Use Credit	\$ <816.67>	<\$ 9,800.00>
Contingency	\$ 16.67	\$ 200.00
TOTAL	\$13,200.00	\$158,400.00

WILLIAM R. HANCOCK,, President of Developer of the condominium project KULANA, hereby certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



WILLIAM R. HANCOCK,

Date: June 19, 2002

(*)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 not conducted a reserve study in accordance with Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

EXHIBIT I

SUMMARY OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KULANA

This is a brief summary of the proposed Declaration of Covenants, Conditions and Restrictions (the "CC&R's") for the condominium Project. This is a summary of the types of proposed restrictions applicable to the main parcel prior to subdivision and to the resulting subdivision lots individually and as a whole, and specifically to any subdivided lot upon which this or another Project is located. This document is not meant to recite the actual provisions of the CC&R's, nor to cover every issue in which a purchaser might have interest. The prospective purchaser is urged to obtain a full copy of the CC&R's from the condominium Developer prior to entering into an agreement to purchase a unit in this Project.

THE GENERAL PROVISIONS OF THE CC&R'S

Article I defines many terms used in the document. Articles II and III have to do with the organization of the subdivision, the creation of a Design Review Committee, possible annexation of other properties into the CC&R's at a later date; the obligations of owners to follow the restrictions and allowing further and supplementary restrictions on certain conditions.

THE USE OF CONDOMINIUM PROPERTY REGIMES ("CPR'S") FOR OWNERSHIP AND DEVELOPMENT.

Article IV discusses the use of CPR's as a vehicle for ownership and development of the individual lots and the Project as a whole.

DESIGN AND USE CRITERIA FOR THE PROJECT.

Article V deals with the establishment of the general design restrictions applicable to this project. There are restrictions on siting, noxious uses, submission of design documents for review and evaluation, and methods of design and construction and the keeping and maintenance of pets and animals.

ASSOCIATION.

Article VI establishes the Project community association and appointment of officers and agents. Article VII establishes the method for determining assessment procedures. Many duties and obligations of the association are set forth in the CC&R's. The owners and the Developer of the project itself will be required to pay Association fees. Payment of such fees is contemplated in adoption of the Common Expenses to be assessed for the project. This Article also deals with the method of establishing a budget and assessments. Additional assessments may be made when the need arises.

Article VII establishes the means of assessing member units for certain expenses of the Association, such as roads, paths, water systems and other shared items. It also establishes the means of collection of funds, including the use of enforcing payment obligations in the event of default.

Article VIII establishes the means of dealing with certain problems in relation to the observation or breach of obligations under the CC&R's.

Article IX deals with the responsibility of each unit to protect the Association and other owners from every act of each owner. It also clearly describes past and possible future agricultural uses which entail the existence of many factors which might be objectionable to prospective owners. This Article provides that each owner has notice of the negative factors when buying a condominium unit.

ARBITRATION.

Article X establishes arbitration as a means of dispute resolution and outlines the means of proceeding with an arbitration action.

MISCELLANEOUS.

Article XI handles many miscellaneous items. It includes the transfer of control to the Association after a period of control by the Developer. It discusses transfer of property to a governmental entity and the impact of project documents on transferees. It outlines the method of giving notice of certain matters related to the CC&R's. It provides the Association with a right to enter Units to inspect conditions with prior notice. The document establishes the duration of the CC&R's (total 55 years from adoption) and mandates retention of all covenants required as a condition of subdivision approval of the County of Kauai. It also provides a means of alteration of the CC&R's (75% vote, if permitted under other controls affecting the Project. Other miscellaneous provisions are included, such as the means by which the restrictive covenants will be interpreted in a court of law, the severability of clauses that might be found illegal and similar matters. Finally it outlines provisions regarding the maintenance of the stream and ditches in the Project.

END OF EXHIBIT I