

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer Nadine M. Rosenberger, Trustee
Address 3-3400 Kuhio Highway, Apt. C-307, Lihue, HI 96766

Project Name (*): Poipu Bungalows
Address: 2231 Kuai Road, Weliweli, Koloa, HI 96756

Registration No. 4918 Effective date: January 13, 2003
(Conversion) Expiration date: February 13, 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 _____
 - SUPPLEMENTARY:**
(pink) This report updates information contained in the:
 - Preliminary Public Report dated: _____
 - Final Public Report dated: _____
 - Supplementary Public Report dated: _____
- And
- Supersedes all prior public reports.
 - Must be read together with _____
 - This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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:

SPECIAL ATTENTION

This is CONDOMINIUM PROJECT, not a subdivision. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.

1. There are presently TWO SHEDS ON THE PROPERTY. The other two buildings on the property are residential structures each of which may be defined as an "apartment" under the condominium property act.
2. This public report does not constitute an approval of the project by the Real Estate Commission or any other government agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
3. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

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

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A:	NUMBER OF BUILDINGS
EXHIBIT B:	COMMON ELEMENTS OF PROJECT
EXHIBIT C:	LIMITED COMMON ELEMENTS OF THE PROJECT
EXHIBIT D:	ENCUMBRANCES AGAINST TITLE
EXHIBIT E:	ESTIMATE OF INITIAL MAINTENANCE FEES
EXHIBIT F:	SUMMARY OF SALES CONTRACT
EXHIBIT G:	SUMMARY OF ESCROW AGREEMENT
EXHIBIT H:	DEVELOPER'S AND ARCHITECT'S REPORTS RE: USEFUL LIFE OF RESIDENTIAL STRUCTURES

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: Nadine M. Rosenberger, TTEE Phone: (808)245-6414
Name* (Business)
3-3400 Kuhio Highway, Apt. C-307
Business Address
Lihue, Hawaii 96766

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

N/A

Real Estate Broker*: Bob Keown Ltd, Phone: (808)742-7561
dba Makai Properties (Business)
Name
1941 Poipu Road
Business Address
Koloa, Hawaii 96756

Escrow: Title Guaranty Escrow Services, Phone: (808)245-3381
Inc. (Business)
Name
4414 Kukui Grove St., Ste. 104
Business Address
Lihue, Hawaii 96766

General Contractor*: Joe F. Calhoun dba as to
Calhoun Construction (Units 3 & 4) Phone: (808)639-0547
Name (Business)
4374 Kukui Grove St., Ste 103
Business Address
Lihue, Hawaii 96766

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

Business Address

Attorney for Developer: Nancy J. Budd, Esq. Phone: (808)245-5343
Name (Business)
4374 Kukui Grove St., Ste. 103
Business Address
Lihue, Hawaii 96766

* 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:

<input type="checkbox"/>	Proposed			Document No.	<u>2002-041166</u>
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book	<u> </u> Page <u> </u>
<input type="checkbox"/>	Filed -	Land Court:		Document No.	<u> </u>

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:

<input type="checkbox"/>	Proposed				
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances	Condo Map No.	<u>3406</u>	
<input type="checkbox"/>	Filed -	Land Court	Condo Map No.	<u> </u>	

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:

<input type="checkbox"/>	Proposed			Document No.	<u>2002-041167</u>
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book	<u> </u> Page <u> </u>
<input type="checkbox"/>	Filed -	Land Court:		Document No.	<u> </u>

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

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

2. **Developer:**

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

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

Developer may amend Declaration prior to association being formed.

Developer may amend Declaration to file the "as built" verified statement.

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: 2231 Kuai Road Tax Map Key (TMK): 2-8-018:033 & 034 (4)
Weliweli, Koloa, Hawaii 96756

Address TMK is expected to change because _____

Land Area: 27,563 square feet acre(s) Zoning: R-4 Residential

Fee Owner: Nadine M. Rosenberger, TTEE
 Name
3-3400 Kuhio Highway, Apt. C-307
 Address
Lihue, Hawaii 96766

Lessor: _____
 Name

 Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 7 Floors Per Building: 1

Exhibit A contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other _____

4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" 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 type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Other Shed	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

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

- [X] Pets: animals whatsoever that create such levels of noise or noxious odors that the other owners object in writing,
 [] Number of Occupants: _____ see ByLaws V(3)(k).
 [X] Other: Use and occupancy restrictions contained in ByLaws v(3).
 [] 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)
Unit 1	1	2/1	824	112	Porch
Unit 2	1	2/1	691	56	Porch
Unit 3	1	0	0	16	Shed
Unit 4	1	0	0	16	Shed

Total Number of Apartments: 4

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

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

Boundaries of Each Apartment: The boundary of each apartment is the exterior finished surfaces of the perimeter walls, roofs, foundations, all interior walls, floors, ceilings, doors, windows, frames, beams and ports, as applicable.

Permitted Alterations to Apartments: Construction, restoration or replacement of individual apartments may be undertaken by the Declarant for apartments that he owns or any apartment owner without approval of the association of other apartment owners except that no apartment owner may alter its unit unless otherwise Apartments Designated for Owner-Occupants Only: allowed by law. Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement. (See Designated Units, p. 11a)

Apartments designated as owner-occupant units:

Units 3 and 4

7. Parking Stalls:

Total Parking Stalls: 4 unassigned

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

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

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

There are no violations. Violations will not be cured.

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

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

See Exhibit "H" attached hereto.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

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

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

described in Exhibit B.

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 C.

as follows:

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

described in Exhibit _____.

as follows:

Unit "1"	25% common interest
Unit "2"	25% common interest
Unit "3"	25% common interest
Unit "4"	25% common interest

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

Exhibit D describes the encumbrances against the title contained in the title report dated August 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.

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>
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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. The developer is not providing any warranties, expressed or implied.

2. Appliances:

None.

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

Unit 1 residence was constructed in 1941
Unit 2 residence was constructed in 1941
Unit 3 & 4 sheds were constructed in 2001

H. **Project Phases:**

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

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

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 F contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated May 15, 2002
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Waive & Release Document No. 2001-116407

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. 4918 filed with the Real Estate Commission on August 15, 2002.

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

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C. Additional Information Not Covered Above

1. Not a subdivision. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed as an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element.
2. Permitted Uses. This condominium project is subject to certain rules contained in the Bylaws which limit or prohibit certain activities on the property, including the keeping of certain animals, building restrictions and other things.

Note: Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

- 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.

Nadine M. Rosenberger, Trustee

Printed Name of Developer

By: *Nadine M. Rosenberger* 5-15-02
Duly Authorized Signatory Date

Nadine M. Rosenberger, Trustee

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

EXHIBIT "A"

Number of Buildings

Unit 1 consists of a one-story residential dwelling having a net living area of 824 square feet together with two (2) porches having a total area of 112 square feet. This unit also includes two (2) storage sheds having a net area of 68 square feet and 308 square feet, respectively.

Unit 2 consists of a one-story residential dwelling having a net living area of 691 square feet together with two (2) porches having a total area of 56 square feet. This unit also includes one (1) storage shed having a net area of 90 square feet.

Unit 3 consists of an agricultural shade shed with approximate area of 16 square feet under shade cloth roof.

Unit 4 consists of an agricultural shade shed with approximate area of 16 square feet under shade cloth roof.

EXHIBIT "B"

Common Elements of Project

The common elements of the Project to which each of the apartments have immediate access include:

- (a) The land is fee simple.
- (b) The central and appurtenant transmission facilities and over, under and across the Project which service more than one unit for common services such as power, light, gas, telephone, sewer, television, hot and cold water and like utilities.
- (c) All other apparatus and installation and other parts of the Project existing for the common use of necessary or convenient to the existence, maintenance and safety of the Project.

EXHIBIT "C"

Limited Common Elements of the Project

The limited common elements of the project which are appurtenant to the respective apartments are as follows:

- (a) The land area designated as Limited Common Element for Unit 1, which surrounds and is under Unit 1 is the limited common element of Unit 1. The land area is approximately 7,805 square feet.
- (b) The land area designated as Limited Common Element for Unit 2, which surrounds and is under Unit 2 is the limited common element of Unit 2. The land area is approximately 5,635 square feet.
- (c) The land area designated as Limited Common Element for Unit 3, which surrounds and is under Unit 3 is the limited common element of Unit 3. The land area is approximately 6,578 square feet.
- (d) The land area designated as Limited Common Element for Unit 4, which surrounds and is under Unit 4 is the limited common element of Unit 4. The land area is approximately 7,545 square feet.

NOTE: Land areas herein described are not legally subdivided lots.

EXHIBIT "D"

ENCUMBRANCES

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

2. AS TO ITEM I:

WAIVER AND RELEASE

DATED: July 18, 2001
RECORDED: Document No. 2001-116407
BY: NADINE M. ROSENBERGER
WITH: COUNTY OF KAUAI by and for the Department
of Water and Board of Water Supply
RE: Building Permit

3. AS TO ITEM II:

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

INSTRUMENT: DEED

DATED: November 22, 1960
RECORDED: Liber 3962 Page 188

The foregoing includes, but is not limited to, matters relating to reservation of minerals and water.

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

INSTRUMENT: DECLARATION OF CONDOMINIUM PROPERTY REGIME
FOR "POIPU BUNGALOWS" CONDOMINIUM PROJECT

DATED: November 21, 2001
RECORDED: Document No. 2002-041166
MAP: 3406 and any amendments thereto

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

INSTRUMENT: BY-LAWS OF THE ASSOCIATION OF APARTMENT
OWNERS

DATED: November 21, 2001
RECORDED: Document No. 2002-041167

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>
Unit	
1	\$20.00 x 12 = \$240.00
2	\$20.00 x 12 = \$240.00
3	\$20.00 x 12 = \$240.00
4	\$20.00 x 12 = \$240.00
	<hr/> \$960.00

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:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

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

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance \$40.00 x 12 = \$480.00

Reserves(*) \$40.00 x 12 = \$480.00

Taxes and Government Assessments

Audit Fees

Other

TOTAL : \$960.00

I, Nadine M. Rosenberger, as agent for and/or employed by Nadine M. Rosenberger the condominium managing agent/developer for the Papa Gungahana 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.

Nadine M. Rosenberger
Signature

5-15-02
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. See page 20

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

EXHIBIT "F"

Summary of Sales Contract

The Seller intends to use the Hawaii Association of Realtor's form of Deposit, Receipt, Offer and Acceptance ("DROA") as the sales contract for the sale of apartments in the Project. The sales contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Buyer will agree to buy an apartment. Among other things, the sales contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Buyer will pay the purchase price.

2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or cancelled.

3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. Provides the following remedies, in the event of default under the sales contract:

by Buyer:

- a. Seller may bring an action against Buyer for breach of contract;
- b. Seller may retain Buyer's initial deposit;
- c. Buyer shall be responsible for expenses incurred.

by Seller:

- a. Buyer may bring an action against Seller for breach of contract;
- b. Buyer may bring an action compelling Seller to perform under contract;
- c. Seller shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

5. Allocates payment of closing costs.

The sales contract contains various other provisions which Buyer should become acquainted with.

EXHIBIT "G"

Summary of Escrow Agreement

The escrow agreement sets up an arrangement under which the deposits that a purchaser makes under a sales contract are held by a neutral third party ("escrow"). Escrow is Title Guaranty Escrow Services, Inc., Kauai branch. Under the escrow agreement, these things will or may happen:

- 1) Developer will advise purchasers of payment due dates, and all payments will be made to Escrow;
- 2) Escrow will arrange for purchasers to sign all necessary documents;
- 3) The escrow agreement defines the circumstances under which the purchaser may receive a refund. A purchaser shall be entitled to a refund if:
 - a) Escrow receives a written request from Developer and the purchaser for such refund;
 - b) Developer exercises an option to rescind if the same is available to the Developer and written notification is sent to Escrow; or
 - c) Developer and purchaser notify escrow that certain conditions allowing for a refund according to Hawaii law have been met. These include a prospective purchaser's right to review the final public report.
- 4) The escrow agreement also establishes the procedures for retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. No disbursements shall be made from the Escrow funds, except by way of refunds, unless and until:
 - (a) Escrow receives a copy of a "Receipt for Public Report(s) and Notice of Right to Cancel, in the form specified by Section 514A-62 of the Condominium Act for the Final and any Supplementary Public Reports, executed by the purchaser;
 - (b) Escrow has received a certification from Developer, acceptable to Escrow, stating that the Sales Contract has become effective and requirements of Section 514A-39 and 514A-63 have been met as those quoted phrases are used in Section 514A-65 of the Condominium Act; and
 - (c) until the purchaser's apartment deed is filed in the Bureau of Conveyances of the State of Hawaii. If a purchaser shall not make any payment required under the Sales Contract or on or before its due date, Escrow shall notify the purchaser and Developer of such fact. Upon written notice from Developer of a purchaser's default, if the default is not cured within any grace period Developer shall advise Escrow.

If the Developer then certifies 1) that Developer elects to terminate the Sales Contract or 2) that the purchaser is otherwise in default, then Escrow shall thereafter treat all funds of the purchaser paid under such Sales Contract, or any portion thereof as may be allowed by said Sales Contract, less the cancellation fee and expense of Escrow, as funds of Developer and not of the purchaser.

5) The escrow agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. It is incumbent upon a purchaser to read with care the executed Escrow Agreement on file with the Real Estate Commission.

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

NADINE M. ROSENBERGER
3-3400 KUHIO HIGHWAY, #C-307
LIHUE, KAUAI, HAWAII 96766

May 15, 2002

Poipu Bungalows Condominium
2231 Kuai Road
Weliweli, Koloa, Hawaii 96756

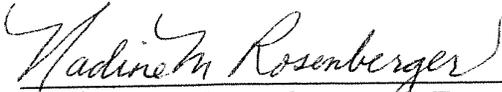
Re: Condominium Conversion, 2231 Kuai Road,
Koloa, Hawaii - Units 1, 2, 3 & 4 (Poipu Bungalows)

To Whom It May Concern:

The undersigned developer has reviewed the report prepared by Ian K. Costa, registered professional architect, and hereby submits the following statement:

The dwellings were constructed in or about 1941. The structures and all mechanical and electrical installations material to the use and enjoyment of the structures are in good condition. We make no statement with respect to the estimated useful life of the above.

There are no outstanding notices of uncured violations of building code or other county regulations or ordinances.



Nadine M. Rosenberger, Trustee

EXHIBIT "H"

1 of 3

ARCHITECT'S CONDITION REPORT

The undersigned being as licensed architect within the State of Hawaii and bearing Registration Number 6423, has inspected Unit 1 and Unit 4 of the condominium project "POIPU BUNGALOWS CONDOMINIUM" consisting of:

1. A residential structure constructed in 1941 on Unit 1;
2. a tool shed constructed in 1940 on Unit 1;
3. a second tool shed constructed in 1940 on Unit 1;
4. a residential structure constructed in 1941 on Unit 2;
5. a shed constructed in 1940 on Unit 2;
6. a shade structure constructed in 2001 on Unit 3; and
7. a shade structure constructed in 2001 on Unit 4.

All structures within Units 1 through 4 are wood framed structures with concrete foundations, situate at Weliweli Makai Lots, Weliweli, Koloa, Kauai, Hawaii, and identified as Tax Map Key No. (4) 2-8-18:033 & 034.

The inspection included the exterior roof, foundation, visible electrical and plumbing systems, and I find that the systems and components of the structure, including visible structural, electrical and plumbing, appear to be in satisfactory condition for the stated age thereof:

1. 60 years for the residential structure constructed in 1941 on Unit 1;
2. 61 years for the tool shed constructed in 1940 on Unit 1;
3. 61 years for the second tool shed constructed in 1940 on Unit 1;
4. 60 years for the residential structure constructed in 1941 on Unit 2;
5. 61 years for the shed constructed in 1940 on Unit 2;
6. 1 years for the shade structure constructed in 2001 on Unit 3; and
7. 1 years for the shade structure constructed in 2001 on Unit 4.

All structures on Units 1 & 2 appear to be in satisfactory condition for its age. The structure and related systems and components have an expected useful life of:

1. 10 years for the residential structure constructed in 1941 on Unit 1;
2. 10 years for the tool shed constructed in 1940 on Unit 1;
3. 10 years for the second tool shed constructed in 1940 on Unit 1;
4. 10 years for the residential structure constructed in 1941 on Unit 2;
5. 10 years for the shed constructed in 1940 on Unit 2;
6. 10 years for the shade structure constructed in 2001 on Unit 3; and
7. 10 years for the shade structure constructed in 2001 on Unit 4.

EXHIBIT "H"

2 of 3

DATED: Lihue, Kauai, Hawaii January 15, 2009
[Signature]
IAN K. COSTA

(STAMP)



Subscribed and sworn to before me
This 15th day of January, 2009

[Signature]
NOTARY PUBLIC, State of Hawaii
LYNN V. KUO

My commission expires: 6-15-2013

(SEAL)

EXHIBIT "H"
3 of 3