

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer REGENCY DEVELOPMENT, LLC
Address 801 North 500 West, Suite 100, Bountiful, Utah 94010

Project Name (\*): THE REGENCY VILLAS AT POIPU KAI
Address: Hoohu Road, Poipu, Kauai, Hawaii

Registration No. 4948

Effective date: November 18, 2002

Expiration date: December 18, 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. 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 as Exhibit "E".       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 a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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

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

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### **General Information On Condominiums**

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

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

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

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

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

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

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

### **Operation of the Condominium Project**

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: REGENCY DEVELOPMENT, LLC Phone: (808) 6355074  
Name\* (Business)  
1831 Poipu Road, #821  
Business Address  
Koloa, Hawaii 96756

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):

Nathan Hale, Organizer  
Michael K. Thompson, Organizer  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker\*: Pacific Ocean Properties Phone: (808) 7426428  
Name (Business)  
2253 Poipu Road  
Business Address  
Koloa, Hawaii 96756

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 2414387  
Name (Business)  
4414 Kukui Grove Street, Suite 204  
Business Address  
Lihue, Hawaii 96766

General Contractor\*: SAHARAHOME, LLC Phone: (808) 8286322  
Name (Business)  
7481-A Koolau Road  
Business Address  
Kilauea, Hawaii 96754

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

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

For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed
- Recorded - Bureau of Conveyances: Document No. \_\_\_\_\_  
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	—	<u>Majority vote of Board</u>

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

2. **Developer:**

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

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

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



[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

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

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

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

**B. Underlying Land:**

Address: Hoohu Road Tax Map Key (TMK): (4) 2-8-27: 26, 27 and 28  
Poipu, Kauai, Hawaii

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_

Land Area: 32,670 [x] square feet [ ] acre(s) Zoning: R-10

Fee Owner: REGENCY DEVELOPMENT, LLC  
 Name  
1831 Poipu Road, #821  
 Address  
Koloa, Hawaii 96756

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: 2 Floors Per Building: 2 plus loft  
 Exhibit \_\_\_\_\_ contains further explanations.
3. Principal Construction Material:  
 Concrete       Hollow Tile       Wood  
 Other Glass, aluminum frame
4. Uses Permitted by Zoning:

		<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/>	Residential	<u>14</u>	<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 type="checkbox"/>	Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

5. Special Use Restrictions:

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

[ ] Pets: \_\_\_\_\_

[ ] Number of Occupants: \_\_\_\_\_

[x] Other: See House Rules attached as Exhibit F

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: -0- Stairways: Each Building Trash Chutes: -0-

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
See page 11A					

Total Number of Apartments: 14

**\* 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 unfinished surfaces of the perimeter walls, ceilings and walls and the interior load bearing walls for each of the apartments as described in the Declaration of Condominium Property Regime and the Condominium Map.

Permitted Alterations to Apartments:

None permitted in the Declaration.

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 elected to provide the information in a published announcement or advertisement.

Addendum to page 11.

Additional information as to apartment types, quantity, BR/BA, net living area, net other area and identification.

a. Ground Floor Apartments.

<u>Building Type</u>	<u>Unit No.</u>	<u>Unit Type</u>	<u>BR/BA</u>	<u>Net Living Area (s.f.)</u>	<u>Lanai (s.f.)</u>	<u>Storage (s.f.)</u>
I	110	C	2BR/2BA	1,258	144	14
I	111	CR	2BR/2BA	1,258	144	14
II	210	AR	2BR/2BA	1,258	144	14
II	211	A	2BR/2BA	1,258	144	18
II	212	B	3BR/2BA	1,317	250	18
II	213	A	2BR/2BA	1,258	144	11
II	214	AR	2BR/2BA	1,258	144	18

b. Second Floor Apartments

<u>Building Type</u>	<u>Unit No.</u>	<u>Unit Type</u>	<u>BR/BA</u>	<u>Net Living Area (s.f.)</u>	<u>Lanai (s.f.)</u>	<u>Storage (s.f.)</u>
I	120	C	2BR/loft/3BA	1,537	144	152
I	121	CR	2BR/loft/3BA	1,537	144	152
II	220	AR	2BR/loft/3BA	1,537	144	150
II	221	A	2BR/loft/3BA	1,537	144	150
II	222	B	3BR/loft/3BA	1,810	250	298
II	223	A	2BR/loft/3BA	1,537	144	150
II	224	AR	2BR/loft/3BA	1,537	144	150

7. Parking Stalls:

Total Parking Stalls:	<u>21</u>			
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered Open</u>	<u>Covered Open</u>	<u>Covered Open</u>	TOTAL
Assigned (for each unit)	<u>14</u>	-----	-----	<u>14</u>
Guest	<u>7</u>	-----	-----	<u>7</u>
Unassigned	-----	-----	-----	-----
Extra for Purchase	-----	-----	-----	-----
Other: _____	-----	-----	-----	-----
Total Covered & Open:	<u>21</u>	<u>0</u>	<u>0</u>	<u>21</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):

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   A  .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit \_\_\_\_\_.

as follows:

The limited common elements of the Project are the parking stalls designated and set aside for the exclusive use of the respective apartments. The parking stalls are assigned in the Declaration and the location are more particularly outlined in the Condominium Map.

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

described in Exhibit B\_\_\_\_\_.

as follows:

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

Exhibit C describes the encumbrances against the title contained in the title report dated September 24 & 25, 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.

[X] 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 <b>Prior to Conveyance</b></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:**

Expect a builder's warranty when the units are constructed.

2. **Appliances:**

Manufacturer's warranted for appliances installed.

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

The Developer has scheduled February 2, 2003 as the commencement date of construction and the construction contract to provide for the completion of the project in 14 months.

H. **Project Phases:**

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

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

Reservation for Future Increment. The Declarant reserves the right to develop and construct an additional increment (Increment Two) for a period of 15 years from the recordation of the Declaration of Condominium Property Regime of the Regency Villas at Poipu Kai. In the event of such addition of an increment the common interest and the common expenses shall be calculated on the basis of adding the total number of apartments in Increment One and Two to arrive at the denominator. Increments One and Two pro rata share of the common interests and common expenses shall be determined for Apartments of Increment One and Two by dividing it with the denominator. Each increment shall then apply the common interest assigned in the Declaration and any amendment thereto to arrive at the common interest and common expenses applicable for each apartment which shall govern for all purposes as set forth in the Declaration and By Laws and amendments thereto unless otherwise specified.

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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
- [x] Specimen Sales Contract  
Exhibit   D   contains a summary of the pertinent provisions of the sales contract.
- [x] Escrow Agreement dated   September 18, 2002    
Exhibit   G   contains a summary of the pertinent provisions of the escrow agreement.
- [x] Other   Exhibit H - Summary of Declaration of Covenants and Restrictions,    
as amended

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 Declaration of Covenants and Restrictions dated January 8, 1979, as amended

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. 4948 filed with the Real Estate Commission on October 21, 2002.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. **Additional Information Not Covered Above**

None

- 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.

REGENCY DEVELOPMENT, LLC  
 -----  
 Printed Name of Developer

By:  \_\_\_\_\_ Date 9.18.02  
 Duly Authorized Signatory\* Date

NATHAN HALE, MANAGER  
 -----  
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai  
 Planning Department, County of Kauai

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

EXHIBIT "A"

Common Elements

The common elements of the Project will include the common elements described hereinbelow and all portions of the Project other than the condominium apartments, including specifically, but not limited to:

a. The land in fee simple described in Exhibit "A", the buildings including the exterior, structural and roof components not assigned to the units.

b. The foundations, floor slabs, columns, girder, beams, floor slabs, roofs, support, load bearing walls (except for the inner finished surfaces within each apartment), entry landings, and stairways in the building not within any of the apartments.

c. The landscaped yards and lawns, trash area, the unassigned parking stalls in the parking lot driveways, walkways, walls, fences and railings.

d. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage, hot and cold water and like utilities which services more than one unit and any easements for such utility services, except that through separate meters and check meters such usages for the apartments may be separately allocated.

e. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

f. All licenses, leases, or contractual agreements that the Association enters into with adjoining or adjacent condominium projects, projects and/or properties for the use of their properties.

EXHIBIT B

COMMON INTEREST

Each apartment shall have appurtenant thereto the following undivided interest in all of the common elements of the Project for determination of the common profits, expenses and voting:

<u>Building No.</u>	<u>Unit Type</u>	<u>Unit Area</u>	<u>Percentage Common Interest</u>
I	110	C	6.05
I	111	CR	6.05
II	210	AR	6.05
II	211	A	6.06
II	212	B	6.76
II	213	A	6.03
II	214	AR	6.06
I	120	CL	7.82
I	121	CRL	7.82
II	220	ARL	7.81
II	221	AL	7.81
II	222	BL	10.06
II	223	AL	7.81
II	224	ARL	7.81
	Total		100.00%

EXHIBIT "C"

ENCUMBRANCES AGAINST TITLE

The three individual title report of Title Guaranty of Hawaii, Incorporated on April 23, 2002 reports that title to the land which is presently composed of three lots 1 (10,500 square feet), Lot 2 (12,260 square feet) and Lot 3 (10,000 square feet) is being consolidated into Lot 1-A (32,760 square feet) and the Cancellation of Easements "AU-1" and "AU-4". The tentative approval of the consolidation was approved on July 25, 2001. The land is subject to the following encumbrances.

A. Encumbrances covering all three lots.

1. Real property taxes - For an update contact the Director of Finance, County of Kauai.

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

3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: Declaration of Covenants and Restrictions dated January 8, 1979, recorded in the Bureau of Conveyances, State of Hawaii in Book 13428, Page 440.

The foregoing Declaration was amended by the following:

<u>Document - dated</u>	<u>Recording information</u>
First Supplemental - 4/17/79	Book 13622, page 445
Second Supplemental - 5/22/79	Book 13709, page 20
Third Supplemental - 10/31/79	Book 14122, page 665
Amended by instrument - 10/3/80	Book 15058, page 76
Fourth Supplemental - 9/3/81	Book 15802, page 570
Amend. of Fourth Supp - 9/21/81	Book 15849, page 511
Amendment effective - 4/7/88	Book 21805, page 499
Fifth Amendment - 3/29/99	Doc. No. 99-166121

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: Declaration as to merger of Increment in a condominium project - Maunaloa, dated 10/31/79, recorded in Liber 14168, page 201.

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: Declaration of Restrictive Covenants Re: Poipu Kai Association dated 11/10/98, recorded as Doc. No. 99-018945.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained

in the following: Declaration of Restrictive Covenants dated 11/10/98, recorded as Doc. No. 99-018946.

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: Declaration of Restrictive Covenants Re Density dated 3/18/99, recorded as Doc. No. 99-0196121.

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following: Agreement dated 3/7/2001, recorded as Doc. No. 2001-038223, between Regency Investments & Development, LC, a Utah limited liability company, Chester Wayne Hunt and Letitia Hunt, Trustee of the Hunt Family Revocable Living Trust under unrecorded Trust Agreement dated 10/15/90, Steven A. Hunt, Trustee of the Steven A. Hunt Revocable Trust dated 7/1/98, and Lauren L. Hunt, Trustee of the Lauren L. Hunt Revocable Trust dated 7/1/98 Re: Development.

10. Any lien for claim of lien for services, labor or material arising from an improvement or work related to the land described to the land described in the title report.

B. Encumbrances affecting Lot 1 only:

1. Restriction of Vehicle Access Rights along Hooahu Road, on subdivision map prepared by Ronald J. Wagner, Licensed Professional Land Surveyor, with Wagner Engineering Services, Inc., dated 9/9/98.

c. Encumbrances affecting Lot 2 only:

1. Designation of Green Belt Easement "3" (20 feet wide) along the north boundary of Lot 2 as shown on subdivision map prepared by Ronald J. Wagner, Licensed Professional Land Surveyor, with Wagner Engineering Services, Inc., dated 9/9/98.

2. Designation of Easement "AU-1" (15 feet wide) for access and utility as shown on subdivision map prepared by Ronald J. Wagner, Licensed Professional Land Surveyor, with Wagner Engineering Services, Inc., dated 9/9/98.

3. Designation of Easement "AU-4" (6 feet wide) for access and utility as shown on subdivision map prepared by Ronald J. Wagner, Licensed Professional Land Surveyor, with Wagner Engineering Services, Inc., dated 9/9/98.

d. Encumbrances affecting Lot 3 only:

1. Grant in favor of Poipu Kai Association, a Hawaii nonprofit corporation, dated 8/1/79, recorded in said Bureau in Book 13910, page 298, granting a perpetual nonexclusive easement

in, upon, through, over and across Easement "3" for pedestrian access purposes being more particularly described as per survey of Robert W. Cunningham, Registered Professional Land Surveyor No. 4188, with Belt, Collins & Associates, a Division of Lyon Associates, Inc., dated May 30. 1979.

2. Grant to BOARD OF WATER SUPPLY, COUNTY OF KAUAI, dated October 19, 1998, recorded as Doc. No. 99-003022, granting water facilities as shown on Exhibit "A" attached thereto.

EXHIBIT "D"

Summary of Sales Contract

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

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

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

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

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

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

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

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

(h) All closing costs are to be paid by Buyer.

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

EXHIBIT "E"

THE REGENCY VILLAS AT POIPU KAI  
REGISTRATION NO. 4948

DISCLOSURE STATEMENT AS OF SEPTEMBER 18, 2002

1. Name of Project: THE REGENCY VILLAS AT POIPU KAI
2. Address: Hoohu Road, Poipu, Kauai, Hawaii
3. Name of Developer: REGENCY DEVELOPMENT, INC.
4. Address: 801 North 500 West, Suite 100  
Bountiful, Utah 94010
5. Telephone: (801) 2981000
6. Project Manager: To be initially self managed by the Developer for Association of Apartment Owners until a property management agent is selected.
7. Address: 3011 Laua'e Place, Koloa, Hawaii 96756
8. Project Broker: Pacific Ocean Properties, Inc.
9. Maintenance Fees: The maintenance fees are set forth in Exhibit "A" attached hereto and incorporated herein by reference.
10. Commencement of Maintenance Fees: At such time that there is the closing of 8 apartments in the Project. The Developer will continue to maintain the premises at its own cost and expenses.
11. Warranties: The Project is a fee simple condominium project and there will be builder's warranty for a period of one year after the notice of completion is filed with the Clerk of the Fifth Circuit Court, State of Hawaii. As to appliances in the apartment unit it will be covered by the manufacturer's warranty for the particular appliance. The buyer is advised to read the warranty for the various appliances.
12. Project: The Project consists of fourteen (14) condominium apartments in two buildings. Building I contains 4 units (two on the ground floor and two on the second floor). Building II contains 10 units (five on the ground floor and five on the second floor). The uses will be

Dated: Bountiful, Utah this 18 day of  
SEPTEMBER, 2002.

DEVELOPER:

REGENCY DEVELOPMENT, LLC

By  \_\_\_\_\_  
Nathan Hale  
Manager

EXHIBIT A

STATEMENT OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Maintenance Fees

<u>Apartment</u>	<u>%Int.</u>	<u>Monthly Fee</u>	<u>x</u>	<u>12</u>	<u>=</u>	<u>Yearly Total</u>
110	6.05	\$242.00	x	12	=	\$2,904.00
111	6.05	\$242.00	x	12	=	\$2,904.00
210	6.05	\$242.00	x	12	=	\$2,904.00
211	6.06	\$242.40	x	12	=	\$2,908.80
212	6.76	\$270.40	x	12	=	\$3,244.80
213	6.03	\$241.20	x	12	=	\$2,894.40
214	6.06	\$242.40	x	12	=	\$2,908.80
120	7.82	\$312.80	x	12	=	\$3,753.60
121	7.82	\$312.80	x	12	=	\$3,753.60
220	7.81	\$312.40	x	12	=	\$3,748.80
221	7.81	\$312.40	x	12	=	\$3,748.80
222	10.86	\$402.40	x	12	=	\$4,828.80
223	7.81	\$312.40	x	12	=	\$3,748.80
224	7.81	\$312.40	x	12	=	\$3,748.80
TOTAL	100.00	\$4,000.00	x	12	=	\$48,000.00

The estimate of maintenance fee income and disbursements for the year 2003 is attached hereto and incorporated herein by reference.

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

c:\wpdocs\regvil.E1

## THE REGENCY VILLAS AT POIPU KAI

2003

INCOME		
Maintainence Fees	4,000.00	
Total Assessments	4,000.00	
Other Income	-	
Interest	-	
Miscellaneous	<u>-</u>	
Total Income		4,000.00
<u>Payroll Expenses</u>		
General Manager	75.00	
Accounting	125.00	
Bldg Maintenance	100.00	
Janitorial	75.00	
Grounds Maintenance	550.00	
Gathering Place' Maintenance	100.00	
Vacation	50.00	
Sick Pay	<u>25.00</u>	
Total Wages		1,100.00
Taxes/Benefits	120.00	
Health Benefits	150.00	
Workers Comp	<u>50.00</u>	
TOTAL PAYROLL EXPENSE		320.00
Audit Fee	35.00	
Accounting Service	15.00	
Auto Expense	15.00	
Bad Debt	25.00	
Bldg Maintenance	30.00	
Cable TV	-	
Window Washing	100.00	
Directors Expense	-	
Employee Relations	-	
Electricity	400.00	
Equipment Maintenance	25.00	
Barbecue Gas	75.00	
Landscaping	100.00	
Insurance	650.00	
Equipment Lease Payment	-	
Legal & Professional	20.00	
License & Taxes	5.00	
Management Fees	100.00	
Office Rent	-	

Office Supplies	25.00		
Other Operating Expenses	5.00		
Payroll Processing	5.00		
Pest Control	100.00		
Common Area Services	25.00		
Postage & Freight	10.00		
Printing & Stationery	10.00		
Telephone	-		
Termite Control	40.00		
Travel	-		
Uniforms	-		
Waste Removal	-		
Water	350.00		
Education Fund	<u>-</u>		
TOTAL OTHER EXPENSES		2,165.00	3,585.00

STATE RESERVE

Income

Light Fixture Replacement	15.00		
Parking Lot Maintenance	200.00		
Mailbox Replacment	10.00		
Outdoor Furniture Replacement	10.00		
Repaint Exterior	100.00		
Roof/Deck/Window Repair	25.00		
Sign Replacement	25.00		
Barbecues	10.00		
Irrigation System	<u>20.00</u>		
		415.00	

Expense

Light Fixture Replacement	-		
Parking Lot Maintenance	-		
Mailbox Replacment	-		
Outdoor Furniture Replacement	-		
Repaint Exterior	-		
Roof/Deck/Window Repair	-		
Sign Replacement	-		
Barbecues	-		
Irrigation System	<u>-</u>		
		-	
STATE RESERVE BALANCE			<u>415.00</u>
			4,000.00

EXHIBIT "F"

**THE REGENCY VILLAS AT POIPU KAI**  
**HOUSE RULES**

The purpose of these House Rules are to protect all occupants from annoyance and nuisance caused by improper use of the condominium apartments and to promote harmonious living and the maximum enjoyment of **THE REGENCY VILLAS AT POIPU KAI** condominium. The responsibility for enforcement of these rules may be delegated to a managing agent by the Board of Directors of the Association of Apartment Owners. All occupants, tenants and their guests shall be bound by these rules and by standards of reasonable conduct whether covered by these rules or not.

I. OCCUPANCY

1. An apartment shall be used and occupied as an apartment, resort, residential or fractional interest use for any time period or periods, their tenants, families, domestic servants, and social guests, subject to such limitation as may be contained in the Declaration, By Laws and the House Rules which may be adopted from time to governing the use of the apartments.

2. Absentee apartment owners, should notify the Managing Agent as to the usage or non usage of their apartment from time to time.

3. No livestock, poultry or other animals or pets whatsoever shall be allowed or kept in any part of the Project.

4. Apartment owners shall be responsible for the conduct of their children at all times, ensuring that their behavior is neither offensive to any occupant of the buildings nor damaging to any portion of the common elements. Children are not permitted to play in corridors, stairways or the parking area.

5. Subject to the By Laws of the Association, apartment owners may lease their apartment or make it available to friends, but the person or persons leasing, renting or living in their apartment shall abide by the House Rules, and the owners shall assume responsibility for the occupants' conduct. The owners must notify the manager of the names and length of anticipated occupancy of lessees or guests and must deliver to lessees or guests a copy of these House Rules and, if required by the Board of Directors, must obtain prior approval of the Board of any such lessee or guest.

6. Upon request of the Association or its Agent, for good cause, apartment owners shall immediately abate and remove any lessee or guest from the Project premises, without compensation for lost rentals or any other damage resulting therefrom.

7. Owners renting their units shall be responsible for designating a local agent to represent their interest if their residence is outside of Hawaii or if they will be absent from their apartment for more than thirty (30) days. Such owners shall file with the Manager their out-of-town address and telephone number and the telephone number of their local agent.

## II. COMMON AREAS, ENTRANCES AND LANAIS

1. The sidewalks, passages, lobbies, stairways and corridors must not be obstructed or used for any purpose other than ingress and egress.

2. No shoes, sandals, dry cleaning, etc., shall be allowed to remain in view at front entrances.

3. The throwing of firecrackers and the explosion of fireworks anywhere on the Project building grounds or within the Project buildings is expressly prohibited.

4. All garbage deposited in the trash container must be wrapped. No boxes or any breakable, bulky or inflammable objects shall be placed in the trash container. All newspapers are to be rolled and tied before depositing them in a container. Boxes or bulky items must be flattened and carried to the first floor trash container.

5. Cooking on lanai is prohibited. Violators are subject to fines by the Board of Directors of the Association of Apartment Owners under authority granted by the Declaration and By Laws.

6. No clothes, rugs or other objects shall be hung on or from lanai railings for any purpose whatsoever so as to be in view of persons outside the building.

7. Any potted plant on lanais shall have containers placed under the pot so as to void dripping of water therefrom.

## III. INTERIOR OF APARTMENTS

1. All apartments shall have window drapes, vertical blinds, or mini-blinds of white or light beige in color as seen from the Project buildings' exterior. Other colors may be approved with the approval of the Board of Directors.

## IV. USE OF PREMISES

1. Nothing shall be allowed, conducted or kept in any apartment or common elements of the Project which would overload or impair the floors, walls or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or

invalidation of any insurance thereon maintained by or for the project.

2. No owner shall use or permit to be brought into the buildings or common areas anything deemed extra hazardous to life, limb, or property such as gasoline, kerosene, naphtha, benzine, explosives or other combustible materials of like nature. Proper storage of paint is mandatory.

3. An apartment shall not be used for entertainment after 11:00 p.m. and/or entertain twelve (12) or more guests.

#### V. CHILDREN

1. Parents have the responsibility to insure that their children conform to all rules and regulations and are properly supervised at all times.

2. Children will be cautioned against undue noise and will be properly instructed on maintaining common areas in a neat, safe, orderly fashion and on avoiding damage to the landscaping.

3. Children will be cautioned against any unsafe practice which would endanger life, limb or property. Parents will be held directly responsible for their children's behavior.

#### VI. ALTERATIONS AND ADDITIONS

1. No alterations shall be made unless previously approved in writing by the Board of Directors. Requests for additions, alterations or improvements by unit owner shall be directed in writing to the Board of Directors for approval.

2. No radio or television antenna, antennas or cable wires shall be erected or maintained outside of the apartments.

3. No awnings, shades, jealousies, or other devices shall be erected or placed on lanais or balconies so as to be visible from the exterior, unless written permission shall have been obtained from the Board of Directors.

#### VII. PARKING AREAS

##### 1. Paved Parking.

The paved parking areas are for the use of the owners, tenants and guests. The Manager may designate parking stalls for temporary employees who are employed in the Project.

##### 2. Parking Stall Use.

The following shall be observed in the use of parking

stalls:

a. An Apartment Owner shall park his vehicle in the parking stall assigned under the Declaration of Condominium Property Regime.

b. Automobiles shall be centered in parking spaces so as to prevent crowding of adjacent spaces and/or blocking of passages.

c. Violators of parking regulations shall have their cars towed away at their own expense. If the violator is a lessee or guest of an owner, the owner shall be held responsible.

d. Owners working, washing, cleaning or polishing cars on the Project premises shall clean the area thoroughly before leaving.

e. Extensive repairs of a motor vehicle, boat, surfboard or other equipment shall not be permitted on the Project premises.

f. Owner must maintain their assigned parking area to remove excess oil or fluid drippings.

### 3. Passenger Parking Areas

a. Assigned spaces are limited to use of operative passenger motor vehicles or trucks that are no greater length and width of passenger motor vehicles with current registration and safety stickers.

b. All vehicles must be registered with the Association of its agent. Unregistered, abandoned or illegally parked vehicles may be towed away by management at owners expense without advance notice.

c. There are guest parking spaces. Guests will be required to park in such guest parking spaces of the project.

d. Bicycles and mopeds and similar type vehicles are to be parked in the respective areas of the apartments.

### VIII. NOISE

1. Excessive noises of any type are prohibited at any time.

2. No workmen are allowed in the project before 7:30 a.m. or after 7:00 p.m., except in an emergency.

3. Radios, T.V.'s, stereos, etc., are to be played at reduced volume after 10:00 p.m. and early in the morning. No

radio, T.V., stereo or other electronic equipment will be played at a noise level that is annoying to neighbors at any time.

#### IX. BUILDING MODIFICATIONS

1. Structural changes within an apartment shall be permitted only in accordance with the Declaration and By Laws of the Association.

2. No awnings, shades, windbreaks, or any other similar device which is visible from the exterior of the Project buildings shall be installed without the prior approval of the Board of Directors.

3. No signs, signals or lettering shall be inscribed or exposed on any part of the Project buildings, nor shall anything be projected out of any window without the prior approval of the Board of Directors except for temporary sales and marketing signs for the Developer and its brokers.

4. No projections shall extend through any door or window opening into any corridor or beyond the exterior face of the Project buildings. Installation for room air conditioners may be submitted to the Board of Directors for their approval and must be installed in the area designated by the Board of Directors and architect.

5. No radio or TV antenna shall be erected or maintained outside the physical confines of any apartment.

6. No additions or alterations to the original design of any apartment will be permitted which are visible from the exterior of the Project buildings.

#### X. GENERAL

1. Furniture placed in common areas are for use in those specific areas and must not be moved therefrom.

2. Maintenance personnel shall not be asked to do work within the area of any apartment or asked to leave the Project premises for any reason.

3. NO SOLICITATION OR CANVASSING SHALL BE ALLOWED IN THE PROJECT AT ANY TIME. EXCEPT FOR THE PROPER MANAGEMENT OF THE PROJECT AS DIRECTED BY A MAJORITY VOTE OF THE BOARD OF DIRECTORS.

4. Advance notice must be given to the Manager when household goods or large items of furniture are to be moved in order that the elevator can be protected by pads, if necessary, and proper scheduling of their use can be made.

5. The Manager shall not be required to give anyone access to any apartment without the written permission of the apartment owner.

6. Apartment owners shall file their name, address, phone number and signature with the Manager.

7. Owners or occupants who alter or replace apartment door locks shall immediately supply the Resident Manager with keys to the altered or new locks. Such keys may be provided in a sealed letter sized envelope with the owners signature bi-secting the seal. The Resident Manager must always have emergency access to all apartments and must notify the owner when an emergency entry has been made.

8. Apartment owners shall observe and adhere to these House Rules and ensure that their lessees, licensees, and invitees observe and adhere to these House Rules. Apartment owners will be responsible for their guests' observance of all House Rules as set forth herein. In the event expenses are incurred due to violations of House Rules by lessees, licensees and invitees, the Owner shall be responsible for payment of same.

9. Owners may be charged a deposit for elevator, security gate keys and mail box keys and the amount of deposit shall be determined by the Board of Directors.

#### XI. BY LAWS USE AND CHANGE OF USE PROVISIONS

1. Article V, Section 3 of the By Laws are incorporated in these House Rules by reference and shall be observed by the owners and occupants of the Condominium

#### XII. THE VIOLATION OF ANY HOUSE RULES ADOPTED BY THE ASSOCIATION OF APARTMENT OWNERS OF THE REGENCY VILLAS AT POIPU KAI SHALL GIVE THE ASSOCIATION OR ITS AGENT THE RIGHT TO;

1. ENTER THE APARTMENT IN WHICH, OR AS TO WHICH SUCH VIOLATION OR BREACH EXISTS AND TO SUMMARILY ABATE AND REMOVE, AT THE EXPENSE OF THE DEFAULTING APARTMENT OWNER, ANY STRUCTURE, THING OR CONDITION THAT MAY EXIST THEREIN CONTRARY TO THE INTENT AND MEANING OF THE PROVISIONS HEREOF AND THE BOARD OF DIRECTORS OR THE MANAGING AGENT SHALL NOT THEREBY BE DEEMED GUILTY IN ANY MANNER OF TRESPASS; OR

2. TO ENJOIN, ABATE OR REMEDY BY APPROPRIATE LEGAL PROCEEDINGS, EITHER AT LAW OR IN EQUITY, THE CONTINUANCE OF ANY SUCH BREACH, AND ALL COSTS THEREOF, INCLUDING ATTORNEY'S FEES, SHALL BE BORNE BY THE DEFAULTING APARTMENT OWNER.

3. The Association shall have the right to assess such fees, charges, fines and penalties as it deems appropriate to ensure compliance with these Building and House Rule. Such fees will be posted or distributed to the owners, tenants and occupants and they may include the following: (i) Cleaning up a parking stall that has oil or fluid drippings or is otherwise dirty; (ii) having the Association or its Agent unlock the apartment during the hours from 6:00 p.m. in the evening until 6:00 a.m. the following morning.

Adopted in \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_,  
2002.

DEVELOPER

REGENCY DEVELOPMENT, LLC

By \_\_\_\_\_  
Nathan Hale  
Its Manager

EXHIBIT "G"

Summary of Escrow Agreement

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT "H"

DECLARATION OF COVENANTS AND RESTRICTIONS  
POIPU KAI ASSOCIATION  
SUMMARY

There is a Poipu Kai Association, a master association, which was formed through the Declaration of Covenants and Restrictions dated January 8, 1979, recorded in the Bureau of Conveyances, State of Hawaii in Book 23428, page 440 governing Lots D-18, D-22, D-1 and D-9, in the Poipu Kai Subdivision which subjected the lots to land classification and use restrictions, Poipu Kai Design Committee, Poipu Kai Association, Funds and Assessments, water, sewer, roadway and other assessments and miscellaneous provisions so the properties can be developed as a planned community (herein referred to as "CC&R"). The CC&R permitted the addition of other lots. There were through supplemental and amendments additional lots added under this CC&R.

Lots 1, 2 and 3 are portions of Lot D-22-A3, being a portion of Lot D-22A and being a portion of Lot D-22 of the "POIPU KAI SUBDIVISION". The three lots were consolidated into a Lot 1-A for which a final approval was obtained on March 28, 2002 by the Kauai Planning Commission. The consolidated lots are being developed into 14 apartments as The Regency Villas at Poipu Kai (the "Project").

Therefore any prospective buyer should be aware that in purchasing an apartment in this Project the buyer is subject to the terms and covenants of the CC&R as well as the condominium documentation of the Project. The Developer of this Project has submitted to the Poipu Kai Association and its Design Committee for the approval of the design and development of this Project. Any changes that a prospective buyer desire to make to the apartment unit will require submission to the Poipu Kai Association and the Association of Apartment Owners of The Regency Villas at Poipu Kai.

The Poipu Kai Association was incorporated as a Section 415B, Hawaii Revised Statutes, non-profit corporation, by its filing on January 12, 1979 with offices at 1775 Poipu Road, Koloa, Kauai, Hawaii at the Business Registration office, Department of Commerce and Consumer Affairs, State of Hawaii. Any inquiry relative to the Poipu Kai Association may be addressed to the Association office at 1775 Poipu Road, Koloa, Kauai, Hawaii 96756, Telephone (808) 7422229.