

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer: RANDY RODGERS
Address: Post Office Box 223202, Princeville, HI 96722

Project Name(*): LINDSEY CONDOMINIUM
Address: 6670 Puupilo Place, Kapaa, Hawaii

Registration 5194

Effective date: November 10, 2003
Expiration date: December 10, 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, in 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.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.
FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

- [x] Required and attached to this report (attached hereto as Exhibit "G") [] Not required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

- [x] No prior reports have been issued by the developer.
[] Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. There are County restrictions on the number of dwelling units, or other structures, which may be built upon the property. Therefore, unless the purchaser is purchasing an existing dwelling, there is no assurance that the purchaser will be able to build a dwelling unit on the property. There also is no assurance that the purchaser will be able to convert an existing non-residential structure to residential use. The purchaser should consult with the appropriate County agencies to determine whether the purchaser may build a dwelling unit, or any other type of structure.

1. There is presently ONE RESIDENTIAL STRUCTURE on the project.
2. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission, or any other governmental agency, nor does it imply that all County codes, ordinances and subdivision requirements have been complied with.
3. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted or dash lines on the Condominium Map generally represent the location of the limited common element or easements assigned to each unit.
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 owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads and driveways.
5. At present there is a county public water system available from the public road adjacent to this Project. The individual units are not connected, at present, to the public water system. Those desiring to construct improvements on such units will be required to connect to County water at their own expense.

THIS 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: RANDY RODGERS Phone: 808-822-2316
Name* (Business)
P. O. Box 223202
Business Address
Princeville HI 96722

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: N/A — For Sale by Owner Phone:
Name (Business)
Business Address

Escrow: Title Guaranty Escrow Services, Inc. Phone: 808-521-0211
Name (Business)
235 Queen Street, First Floor
Business Address
Honolulu, Hawaii 96813

General Contractor*: Randy R. Rodgers Phone: 808-826-9567
Name (Business)
P. O. Box 223202
Business Address
Princeville, Hawaii 96722

Condominium Managing Agent: Self-Managed by the Association of Phone:
Name (Business)
Apartment Owners
Business Address

Attorney for Developer: Glen T. Hale Phone: 808-245-4100
Name (Business)
2970 Kele Street Suite 110
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:

Proposed

Recorded - Bureau of Conveyances: Document No. 2003-135731

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. 3608

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. 2003-135732

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
 (a summary is attached as Exhibit "I")

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 interests 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>75%</u>
House Rules	----	<u>75%</u>

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

2. **Developer**

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

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

The Developer reserves the right to amend the Declaration to reflect the completion of construction of Units A and B and to submit an Amended Engineer's Certification upon the completion of said constructions. Said amendments will not require the approval of the Association.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanation regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

[] 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: 6670 Puupilo Place, Kapaa, Hawaii 96746 Tax Map Key: (TMK): (4) 4-2-022-054

[x] Address [] TMK is expected to change because each future residence will receive its own address.

Land Area: 22,763 [x] square feet [] acre(s) Zoning: R-2

Fee Owner: Randy Rodgers and Cheryl C. Rodgers Freda L. Yeomans
 Name
Post Office Box 223202 Post Office Box 223291
 Address
Princeville, HI 96722 Princeville, HI 96722

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: Two (2) Floors Per Building One (1)
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	<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 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: applicable to the project so long as they do not become a nuisance to the other owners.
- Number of Occupants: _____
Protective Covenants, Conditions and Restrictions, a summary of which is attached
- Other: hereto as Exhibit "I".
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

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

<u>Apt. No.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>1</u>	<u>3/3</u>	<u>1,363</u>	<u>643</u>	<u>deck and garage</u>
<u>B</u>	<u>1</u>	<u>3/3</u>	<u>1,485</u>	<u>641</u>	<u>deck and garage</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total number of Apartments: two (2)

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

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

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

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

Apartments Designated for Owner-Occupants Only:

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

7. Parking Stalls:

Total Parking Stalls: 2

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u> </u>	<u>1*</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>2</u>
Guest	<u> </u>						
Unassigned	<u> </u>						
Extra for Purchase	<u> </u>						
* Although not identified on the CPR map.							
Other: <u>Units A and B have ample space for at least one parking stall within their limited common element land areas.</u>							
Total Covered & Open:	<u>2</u>		<u>-0-</u>		<u>-0-</u>		<u>2</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 lawfully at one time but which does not now conform to present zoning requirements:

	Conforming	Non-Conforming	Illegal
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 Interests:

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

- described in Exhibit E .
 as follows:

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

There are no limited common elements in this project.

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

described in Exhibit E.

as follows:

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

described in Exhibit C.

as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated July 29, 2003 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	A lender has priority over a Buyer's rights under a Sales Contract and has a right to terminate a sales contract upon foreclosure of its mortgage before an apartment sale is closed. If foreclosed, Buyer's deposit shall be refunded (less any escrow cancellation fees) and the sales contract between Seller and Buyer shall be cancelled.

F. Construction Warranties:

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

1. Building and Other Improvements: None

2. Appliances: None

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

Construction of Unit A was completed on July 15, 2003.

Construction on Unit B has not begun. The Developer's statement is attached as Exhibit L to the Public Report. The estimated date of completion for Unit B is eight months from the initial draw of funds. (Please refer to Exhibit L for the estimated Statement of Costs, program financing information, construction contract, and performance bond.)

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): N/A

IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliated is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report is:

not affiliated with the Developer the Developer or the Developer's affiliate.
 self-managed by the Association of Apartment Owners other _____

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit H contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

None Electricity (_____ Common Elements only _____ Common Elements & Apartments)
 Gas (_____ Common Elements only _____ Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate commission include but are not limited to:

- Notice to Owner Occupants
- Specimen sales Contract
Exhibit B contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated July 22, 2003 .
Exhibit D 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 the 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 given 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 Protective Covenants and House Rules; Right-of-Way Agreement; Right-of-Entry; Conveyance of Water Facility; Right-of-Entry; Declaration of Easements, Covenants, and Restrictions; Deed; and Co-Tenancy Agreement

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the Developer's sales agent, if any. 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. 5194 filed with the Real Estate Commission on September 17, 2003.

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:**

This is a condominium project, not a subdivision. Units purchased are not on subdivided lots. If a residence is not already built, you will be required to comply with zoning code to be allowed to construct a residence on your limited common element. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially the Exhibit to this report which is a summary of the recorded restrictive covenants for the subdivision within which this project is located. Among other things, the restrictive covenants govern land use, building type and materials, possession of animals, and cultivation of crops. You should also conduct your own investigations and ascertain the validity of information provided.

A residential improvement is located on Unit A of the project. The developer intends to build a residential improvement on Unit B of the project. The structure can be replaced by or remodeled as allowed by law and project documents. The prospective purchaser shall have the right to undertake such work at purchaser's expense. The purchaser shall also, in such event, file the "as-built" certificate within thirty days of completion of the residence in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the residence. The County of Kauai Planning Department, in order to process the necessary permits for the construction of any other structure, requires authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the Declaration and the Bylaws ("condominium documents").

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

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

The developer has submitted a performance bond issued by a material house (non-licensed surety). As such, the developer is subject to the following conditions:

1. All funds received for purchasers of apartments shall be placed in an escrow account established with the project's escrow agent;
2. The purchasers' funds in escrow shall not be disbursed to pay for construction costs or other expenses for the development of the condominium project until the apartment to be conveyed is completed and the closing of the sale of the apartment occurs; and
3. If closing is to occur prior to the expiration of the applicable mechanics lien period, then the developer shall be required to:
 - a. Provide the purchaser with an owner's title insurance policy with a mechanics' lien endorsement, protecting the purchaser against all future mechanics' and materialmen's liens; and
 - b. Provide the Real Estate Commission with a release by the general contractor of the contractor's lien rights.

See Exhibit I of this public report which discloses, among other things, that each unit owner will be required to have a state-approved wastewater treatment system.

Unit A will have access to Puupilo Place through the common element.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

RANDY RODGERS

Name of Developer

By: 
Duly Authorized Signatory*

7-30-03

Date

RANDY RODGERS, Developer and Co-Owner

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

EXHIBIT B

SUMMARY OF SALES CONTRACT

The **LINDSEY CONDOMINIUM** Sales Contract and Receipt (the "contract"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to other terms.
2. The closing date for the purchase.
3. Whether, at the time of execution of the contract, an effective date for a final public report has been issued.
4. The terms and conditions of the sale which include, among other provisions, the following:
 - (a) That Purchaser will receive a copy of the final public report for the project.
 - (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.
 - (c) Seller has a right to extend the closing date by 31 days or by 31 days after the public report effective date is issued, whichever is later.
 - (d) After issuance of the Final Public Report effective date and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Purchaser shall not have the right to rescind the contract.
 - (e) Purchaser has received a copy of the Escrow Agreement.
 - (f) If Purchaser defaults, Seller may cancel the contract or bring legal action against Purchaser to force sale, obtain money damages, or retain Purchaser's deposit money held in escrow.
 - (g) The unit the Purchaser is purchasing is shown on the condominium map attached as Exhibit A to the Sales Contract and Receipt; Purchaser will have the right to cancel if the Unit is different from that shown on Exhibit A attached to the Sales Contract and Receipt.

- (h) That a deed conveying clear title will be given at closing, subject to certain obligations.
- (i) The Purchaser agrees to give future easements if reasonably required for the project.
- (j) Except for unexpired builder's statutory warranties and assignable appliance warranties, the Purchaser will accept the Unit "AS-IS". Purchaser assumes all risks regarding any potential hazardous materials on the condo property or property adjoining or in the vicinity, including liability for suits by third parties. Seller is, however, unaware of any such conditions on the property.
- (k) The payment of commissions, if any, is set out in the contract.
- (l) Time is of the essence of the obligations of Purchaser under the contract.

SPECIAL NOTICE:

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

END OF EXHIBIT B

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Quantity	Unit No.	Area of Limited Common Element* (Sq. Ft.)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	% of Common Int.
1	A	14,792	3/3	1,363	433 garage 210 deck	50%
1	B	6,698	3/3	1,485	458 garage 183 deck	50%

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. There are two units, each of which will burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 50% for each unit.

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

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

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (hereinafter referred to as "Escrow"), and RANDY RODGERS and CHERYL C. RODGERS, husband and wife, and FRED A. YEOMANS, unmarried (hereinafter jointly referred to as "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.
2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.
3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected within seven days of signing the sales contract to cancel and receive all funds paid, without deduction; or (b) the Real Estate Commission has not issued a Final Public Report on the project or the requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met.
4. Escrow will return deposited sums to the Buyer without interest if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven-day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00.
5. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract.
6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

SPECIAL NOTICE:

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

END OF EXHIBIT D

EXHIBIT E

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (a) The land in fee simple;
- (b) The common element designated on the Condominium Map for access and utilities with an area of 1,273 square feet;
- (c) All commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone; and
- (d) Any and all other future elements and facilities in common use or necessary to the existence, maintenance and safety of the Project.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Condominium Property Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of any condominium unit(s) which are filed of record.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements," have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements so set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit is that certain land area upon and around which Units A and B are located, shown and designated on the Condominium Map and the table below.

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
A	14,792 square feet
B	6,698 square feet

Except for liability created by negligence or intentional acts, all costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant. Utilities will be connected at the expense of individual unit owners.

*Note: Land areas referenced herein are not legally subdivided lots. Also, See Note at bottom of Exhibit C.

END OF EXHIBIT E

RECORDED: Document No. 2001-093883
PARTIES: JINTA, LLC, a Hawaii limited liability company,
"Owner", and BOARD OF WATER SUPPLY,
COUNTY OF KAUAI, "Board"

7. RIGHT-OF-ENTRY

TO: CITIZENS COMMUNICATIONS COMPANY,
a Delaware corporation, and VERIZON HAWAII, INC.

DATED: May 18, 2001
RECORDED: Document No. 2001-109833
GRANTING: a right-of-way for utility purposes, as shown on the
map attached thereto

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

INSTRUMENT: DECLARATION OF EASEMENTS, COVENANTS, AND
RESTRICTIONS

DATED: April 19, 2001
RECORDED: Document No. 2001-124839

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

INSTRUMENT: DEED

DATED: January 24, 2002
RECORDED: Document No. 2002-016118

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

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

INSTRUMENT: CO-TENANCY AGREEMENT

DATED: June 6, 2003
RECORDED: 2003-135730

PARTIES: RANDY RODGERS and CHERYL C. RODGERS,
husband and wife, and FREDA L. YEOMANS, unmarried

11. 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 LINDSEY CONDOMINIUM
CONDOMINIUM PROJECT

DATED: June 6, 2003
RECORDED: Document No. 2003-135731
MAP: 3608 and any amendments thereto

12. 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: June 6, 2003
RECORDED: Document No. 2003-135732

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

INSTRUMENT: DECLARATION OF PROTECTIVE COVENANTS AND
HOUSE RULES OF LYNDSEY CONDOMINIUM

DATED: June 6, 2003
RECORDED: Document No. 2003-135733

14. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.

END OF EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR LINDSEY CONDOMINIUM

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

1. The Developer of the project is Randy Rodgers, P. O. Box 223202, Princeville, Hawaii 96722.
2. See Exhibit H to the Final Public Report for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles.
3. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition.
4. All of the apartments of the project are to be used for residential purposes only. No units shall be used for hotel or timeshare purposes. There will be no commercial use except those activities permitted by County Ordinance.
5. There is no real estate broker for the Project. The Developer intends to sell the units himself and does not intend to use a real estate broker.
6. The Developer has not conducted a reserve study in accordance with 514A-83.6, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. There are no depreciable common elements in the Project.
7. This project includes one existing structure being converted to condominium ownership and a new building which will be constructed in the future.
8. The developer, pursuant to an agreement with co-tenants, intends to construct a residence on Unit B. The developer reserves the right to amend the Declaration upon completion of the Unit B residence.

In witness whereof, the Developer has executed this Disclosure Abstract this 30th day of July, 2003.



RANDY RODGERS

RECEIPT

The undersigned has received a copy of the foregoing Disclosure Abstract with Exhibit H this ___ day of _____, 200__.

Purchaser(s):

END OF EXHIBIT G

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

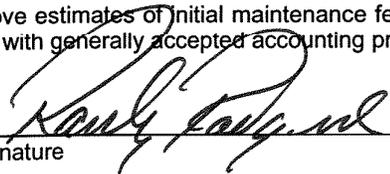
<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
Unit A	\$25.00 \$300.00
Unit B	\$25.00 \$300.00

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly Fee x 12 months = Yearly Total</u>	
Utilities and Services		
Air Conditioning	\$	\$
Electricity		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection		
Telephone		
Water and Sewer		
Maintenance, Repairs and Supplies		
Building		
Grounds	25.00	300.00
Management		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	25.00	300.00
Reserves(*)		
Taxes and Government Assessments		
Audit Fees		
Other	_____	_____
TOTAL:	\$50.00	\$600.00

I, RANDY RODGERS, as developer for the LINDSEY CONDOMINIUM condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



 Signature

 7-30-03
 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 Section 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. See Exhibit G of this public report.

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

END OF EXHIBIT H

EXHIBIT I

SUMMARY OF PROTECTIVE COVENANTS AND HOUSE RULES FOR LINDSEY CONDOMINIUM

This is a summary of the recorded Declaration of Protective Covenants and House Rules ("House Rules") for the condominium Project. This is not meant to completely recite the actual provisions of the House Rules, nor to cover every issue in which a purchaser might have interest. The prospective purchaser is urged to obtain a full copy of the House Rules from the condominium Developer prior to entering into an agreement to purchase a unit in this Project.

Building Permits: Any owner desiring to construct improvements on a unit will have to comply with County of Kauai building and zoning codes.

Water and Utilities: Each unit owner will be required to connect water, electricity and telephone to his/her improvements at his/her own cost and expense.

Wastewater Treatment: Each unit will be required to have its own state-approved wastewater treatment system located within its own limited common element area.

Construction: There are limits on materials and types of construction.

Pets/Noise in General: There are restrictions on types and numbers of animals as well as the levels of noise and dust permissible within the Project.

Common Area Land: The Association shall determine and control the common area land, if any.

Noxious Activities: There are restrictions regarding the spraying of chemicals and pesticides.

Common Element Expenses and Enforcement: The Association shall provide for common area expenses necessary to maintain the project in acceptable condition.

Repeal or Modification: These Covenants may be modified by an affirmative vote of the holders of 75% of the common interests in the Project.

Arbitration: Disputes concerning any unit owner, the Association, its Board, Managing Agent or the condominium documents shall be submitted to arbitration.

END OF EXHIBIT I

EXHIBIT J

MEMORANDUM FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

BRYAN J. BAPTISTE
Mayor



IAN K. COSTA
Director of Planning

SHEILAH N. MIYAKE
Deputy Director of Planning

**COUNTY OF KAUAI
PLANNING DEPARTMENT**

Kapule Building
4444 Rice Street Suite A473
Lihu'e, Hawai'i, 96766-1326

TELEPHONE: 808.241.6677
FAX: 808.241.6699

DATE: October 1, 2003

TO: Senior Condominium Specialist
Real Estate Commission
P & VLD/DCCA
250 South King Street, Suite 702
Honolulu, Hawaii 96813

FROM: Sheilah N. Miyake, Deputy Planning Director 

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: LINDSEY Condominium Project (108)
Tax Map Key: (4) 4-2-022: 054

The attorney for the above-mentioned condominium project has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, (Section 514 A-40 (b), (1), Hawaii Revised Statutes, subject to the disclosures and waivers (item "5" below) specified herein, we certify the following:

1. The developer has contracted engineer Peter Taylor to certify that the buildings on the proposed project referred to as Lindsey Condominium Unit 1 and Unit 2 are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.
2. There are no variances approved for the subject property.
3. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes and regulations.
4. There are no notices of violation of County building or zoning codes outstanding according to our records.

Senior Condominium Specialist
Lindsey Condominium
TMK: (4) 4-2-022: 054
Page 2
October 1, 2003

5. WAIVER

The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulations of condominiums under subsection 514 A-40, (b), and (l), Hawaii Revised Statutes.

If you have any questions, please contact me at 241-6677.

cc: →Glen T. Hale, Attorney at Law
Randy Rodgers, Project Developer

END OF EXHIBIT J

EXHIBIT K

**DEVELOPER'S STATEMENT OF INTEREST
AS GENERAL CONTRACTOR**

The Developer, Randy Rodgers, hereby states that he is also the Owner of Rodgers Construction, a licensed Hawaii Contractor. Rodgers Construction built the residence located on Unit A and an agreement is in place whereby Rodgers Construction will furnish labor and provide resources necessary to construct the residence on Unit B.

Dated: July 30, 2003.

Developer



RANDY RODGERS

END OF EXHIBIT K

DEVELOPER'S STATEMENT

Pursuant to Hawaii Revised Statutes 514A-40(a), the Developer of Lindsey Condominium project makes the following verified statement:

(1) Statement of Costs

<u>Description</u>	<u>Amount</u>	<u>Paid/Unpaid</u>
Land Payments	0.00	N/A
Lease Payments	0.00	N/A
Real Property Taxes	362.34	Paid
Construction Costs	\$143,091.00	Unpaid
Architect	\$1,000.00	Paid
Engineering	0.00	N/A
Attorney's Fees	\$500.00	Unpaid
Financing Costs		Provided by Kauai Mortgage
Provision for contingency		Provided by Kauai Mortgage

- (2) Time of Completion – Eight months from initial draw
- (3) Statement of Program Financing (attached as Exhibit 1) – Provided by Kauai Mortgage
- (4) Construction Contract (attached as Exhibit 2)
- (5) Performance Bond (attached as Exhibit 3)

Developer:

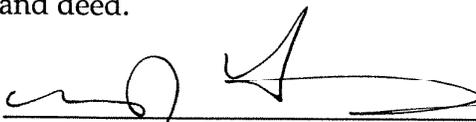


 RANDY RODGERS

STATE OF HAWAII)
) SS:
 COUNTY OF KAUAI)

On this 15th day of September, 2003, before me personally appeared RANDY RODGERS, to me known to be the person described in (or proved to me on the basis of satisfactory evidence) and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

L.S.



 Notary Public, State of Hawaii
 Print Name: Martha J. Teves
 My commission expires: August 6, 2005

EXHIBIT 1

KAUAI MORTGAGE Co., INC.

September 5, 2003

"Serving all islands"

Ms. Freda Yeomans
P. O. Box 223291
Princeville, Hawaii 96722

Re: Pre-qualification Letter

Property: 6670 Puu Pilo Place, CPR 02, Kapaa, Hawaii 96746

Dear Ms. Yeomans:

Thank you for selecting us for your home financing needs. We look forward to being your partner in this loan process and are committed to making your home financing experience as timely and efficient as possible.

The preliminary information indicates that you are likely to meet the qualification guidelines For the following financing option:

**Loan Program: Conventional – Construction/Permanent Owner-Occupant
Home LOan**

Interest Rate: Prevailing Rates

Loan Amount: \$150,000.

We welcome the opportunity to work with you in pursuing an appropriate financing solution, a process which will involve the gathering and submission of additional credit and property documentation before we can obtain final loan approval.

Please do not hesitate to call us in regard to any of your home financing questions. We appreciate the opportunity to work with you.

Sincerely,

Kauai Mortgage Co.



Ben Beniga
Loan Officer

cc: Glen T. Hale

EAST KAUAI PROFESSIONAL BLDG.
4-1579 KUHIO HWY., SUITE 208
KAPAA, HI 96746

TEL (808) 822-1167
FAX (808) 822-1189

EXHIBIT 2

Construction Contract

THIS AGREEMENT by and between Freda L. Yeomans
hereinafter referred to as "Owner", and Rodgers Construction, hereinafter referred to as
"Contractor".

WITNESSETH:

That for and in consideration of the payments hereinafter mentioned, Contractor hereby covenants and agrees with Owner to furnish and pay for all material, and all labor, equipment, water, power, and all other items necessary for the completion of:

One each single family dwellings located at: 6670 Putpilo Place, Kapaa, HI 96746 TMK: (4) 4-2-022-054, Lot 12
(Hereinafter known as the Premises)

In accordance with the Plans and Specifications which are identified by the signatures of the parties hereto, and to complete the same within 180 working days from date authorized to commence, subject, however, to strikes, riots, fires, inavailability of materials, extreme stress of weather, acts of God or the public enemies, or other conditions beyond the control of Contractor. Owner is responsible for obtaining the building permit prior to start date.

For and in consideration of the covenants, undertakings and agreements of Contractor herein set forth, and upon the full and faithful performance thereof by Contractor, Owner hereby agrees to pay Contractor the sum of:

One hundred forty three thousand and ninety one and 00/100-----Dollars

(\$ 143,091.00) in lawful money, such payments to be made as follows:
\$ 25,756.38 When materials are delivered, and the work has started.
\$ 25,756.38 With completion of foundation.
\$ 25,756.38 With completion of wall framing
\$ 25,756.38 With completion of roof.
\$ 25,756.38 With drywall hung and nailed.
\$ 14,309.10 Upon completion and before occupancy; subject, however, to such additions thereto or deductions there from as may be mutually agreed upon in writing during the process of work.

Owner shall complete all necessary financial agreements in connection therewith in not more than 180 days from the date hereof and, upon such completion, shall promptly notify Contractor of the fact and furnish confirmation of same from Owner's lender to Contractor's Surety. Contractor shall commence construction within 30 days after said foregoing notice. In the event Owner fails to complete satisfactory financial arrangements within said period of 180 days from the date hereof, it is expressly agreed that this contract shall be void.

General Conditions

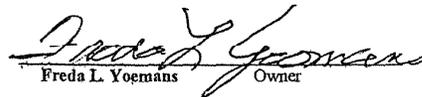
- 1. THE CONTRACT:** This instrument, together with the Plans, Specifications, and any supplemental instruments, which are identified by the signatures of the Owner and the Contractor, shall comprise the Contract. Said documents are complementary and whatever is specified in any one document shall be binding as if specified in all. In case of any conflict between the Plans and Specifications, the Specifications shall control.
- 2. BOND:** Before commencing work, Contractor shall furnish a Uniform Performance Bond, Assignment of Contract, and Agreement Bond in an equal amount to one hundred per cent (100%) of the contract price.
- 3. MATERIALS AND WORKMANSHIP:** Unless otherwise specified, all materials shall be new as specified, and both workmanship and materials shall be of good quality. All structural lumber will be pressure treated.
- 4. PERMITS:** Permits and licenses necessary for the prosecution of the work shall be secured and paid for by the Contractor. The Contractor shall comply with all laws and regulations bearing on the conduct of the work.
- 5. SURVEY:** The Owner shall furnish a survey of the property adequate for the proper performance of the work.
- 6. SERVICE CONNECTIONS:** The Owner shall apply and pay all deposits required for all service connections such as electric power, water, gas, telephone, and other utilities and meters for the work. Temporary service connections not incorporated in the work but necessary for the operation of tools or equipment for the work shall be made and paid for by the Contractor. The Contractor shall remove all such temporary connections at his expense. The Contractor shall reimburse the owner the cost of all water, electric power, and gas, consumed in the actual performance of the work.
- 7. INSPECTIONS:** The Contractor shall permit and facilitate Inspection of the work at all times by the owner, lender, and their agents, and government authorities.
- 8. TERMINATION OF CONTRACT BY OWNER:** Should the contractor neglect to prosecute the work properly, or fail to perform any provision of the Contract, the Owner, after ten (10) days' written notice to the Contractor and Surety may, without prejudice to any other remedy he may have, make good the deficiencies and may deduct the cost thereof from the payment then or thereafter due the contractor, and if the unpaid balance of the contract price exceeds the expense of finishing the work, such excess shall be paid to the Contractor, but if such expense exceeds such unpaid balance, the Contractor shall pay the difference to the Owner.
- 9. TERMINATION OF CONTRACT BY CONTRACTOR:** Should the work be stopped by any public authority for a period of sixty days or more, through no fault of the Contractor, or should the work be stopped through the act or neglect of the Owner for a period of ten (10) days, or should the Owner fail to pay the Contractor any payment within ten (10) days after it is due, then the Contractor upon ten (10) days' written notice to the Owner, may stop work or terminate the contract and recover from the Owner payment for all work executed and any loss sustained and reasonable profit and damages.

10. **FIRE INSURANCE:** Owner shall maintain insurance against loss or damage by fire, including extended coverage, from the commencement of and during the progress of work, to cover all work incorporated in the building and all materials on or about the premises to the extent of one hundred percent (100%) of the insurable value thereof.
11. **LIABILITY AND WORKMAN'S COMPENSATION INSURANCE:** The Contractor shall maintain such insurance with adequate limits as will protect him from claims under workman's compensation acts, and from claims for damages because of bodily injury, including death, which may arise both out of and during operations under this contract, whether such operations be by himself or by any subcontractor or anyone directly or indirectly employed by either of them.
12. **OTHER INSURANCE BY OWNER:** The Owner shall be responsible for and at his option may maintain such insurance as will protect him from his contingent liability to others for damages because of bodily injury including death, which may arise from operations under this contract, and he may also maintain insurance on his behalf against liability for damages which the Contractor is required to insure under any provision of this contract
13. **CHANGES BY OWNER:** The Owner may order changes in the work; provided, however, that the Owner and the Contractor agree to the cost to be charged therefore. All such orders and adjustments shall be in writing, and no claim by the Contractor for extra cost shall be made unless the work performed, which is the basis for the extra cost, is ordered by the Owner in writing prior to the performance of the work. All Changes will be in writing and approved by Aloha Lumber Company.
14. **PAYMENTS:** Payments shall be made as herein above provided. The making and acceptance of the final payment shall constitute a waiver of all claims by the Owner, other than those arising from unsettled liens of from faulty work or defective materials, written notice of which are given the Contractor within a period of one (1) year thereafter, and of all claims by the Contractor except any previously made in writing and still unsettled.
15. **OCCUPANCY:** Occupancy of the Premises by the Owner or those claiming under or through the Owner shall constitute acceptance of the Premises by the owner and a waiver of all claims by the owner against Aloha Lumber, entitling Aloha Lumber to the final payment. Occupancy means, but is no limited to, moving any furnishings into the Premises, use of electrical appliances and plumbing facilities in the Premises, sleeping in the Premises, eating meals in the Premises, and or any other activities demonstrating use and possession of the Premises by the owner.
16. **REGULATIONS GOVERNING WORK:** All ordinances of the City and County of Kauai Building Department the rules and regulations of the State Board of Health and the Safety Division of the State Labor and Industrial Relations Department govern every phase of this work and are considered an integral part of this contract.
17. **CLEANING:** At the completion of the work the contractor shall remove all lumber cuttings, trash, and other debris from within and about the structure and his tools and equipment and surplus materials from the site. All glass shall be cleaned. All hardware, electric fixtures, tile, and counter tops and moulding shall be clean and free from paint, plaster, or dirt. Each subcontractor shall clean up his portion of the work but the Contractor shall be responsible for the directing of all cleaning required of the subcontractor.
18. **DISPUTES:** All disputes arising hereunder shall be submitted to the licensed architect, if any superintending said construction, and if none, then to the material company which may be surety on the bond; provided, however, that the architect's decision or the decision of the material company, as the case may be, shall be subject to arbitration if notice thereof is given by either party in writing within ten (10) days of the date of the decision. If there shall be no architect or material house, then all decisions shall be submitted to arbitration. In the event of arbitration, one arbitrator selected by the parties hereto shall determine the dispute, and failing agreement as to the selection of an arbitrator, three disinterested arbitrators (who shall be licensed general contractors, architects, or structural engineers) shall determine the dispute, one to be appointed by each party hereto, if either party fails to name his arbitrator within ten (10) days after notice in writing of the appointment of the first arbitrator, the first arbitrator may name the second arbitrator. The two thus chosen, in either manner, shall name the third arbitrator. If they cannot agree within ten (10) days, either may request any judge of the Circuit Court of Hawaii within which the premises are situated to name the third arbitrator. The majority decision of the arbitrators shall be final and binding upon the parties hereto. Each party shall pay one half of the costs of the arbitrator's fees and each party shall pay all other costs incurred by such party.
19. **COST OF COLLECTION:** In case suit is instituted on this Contract, the prevailing party shall receive from the adverse party reasonable attorney's fees, or, if this Contract is placed in the hands of a licensed collector by the Contractor or surety for collection, the Owner agrees to pay twenty-five percent (25%) of the amount then unpaid hereon as and for a collection fee, and / or attorney's fees.

This Contract is binding upon and inures to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

The parties agree that this agreement is governed by the laws of the State of Hawaii and that jurisdiction over any claims arising out of the performance of this agreement or the breach thereof shall be exclusively in the district or circuit court of the fifth circuit, State of Hawaii. Any rule of law notwithstanding, the parties hereby waive any objection they may have to the foregoing and submit themselves personally to the jurisdiction of the foregoing courts.

DATED: Kauai, Hawaii, this 28th day of July 2003


Freda L. Yormans Owner


Rodgers Construction Contractor

EXHIBIT 3

UNIFORM PERFORMANCE BOND
ASSIGNMENT OF CONTRACT,
AND AGREEMENT BOND

Know All Men By These Presents:

THAT Rodgers Construction
as
Principal, and Aloha Lumber Company a Hawaii

Corporation, as Surety, are held and firmly bound unto Freda L. Yeomans hereinafter called owner, and Finance Factors, Whereinafter called mortgagee, In the sum of One hundred forty three thousand and ninety one and 00/100 (\$ 143,091.00) Dollars (same being 100% of the contract price between Principal and owner herein after mentioned), for which payment well and truly to be made, Principal and surety hereby bind themselves, their respective heirs, executors, administrators, successors and assigns, jointly and severally, by these presents,

WHEREAS, Principal, as contractor, has entered into a written contract with owner, on approved printed form No. A-1 dated July 28, 2003 for the construction of:

A single family dwelling located at: 6670 Puupilo Place, Kapaa, HI 96746 (4) 4-2-022-054, Lot 12

which Contract, including the plans, specifications and general conditions thereof, is by reference made part hereof;

NOW, THEREFORE, the condition of this bond is such that if Principal shall in all things well and truly keep, observe and perform the covenants, conditions and agreements of said Contract, and at the time and in the manner and form therein specified, and shall deliver the said work to owner or mortgagee or to the heirs, administrators and assigns of owner or mortgagee fully completed, free from all liens and claims, and such delivery shall be without further cost, expense or charge to owner or mortgagee, than said contract price of \$ 143,091.00 and shall hold and save owner and Mortgagee and their heirs, administrators and assigns of Owner and Mortgagee harmless from all liens, suits, actions or damages of every nature and kind arising or caused from or on account of any failure on the part of principal faithfully to perform the covenants and agreements of the said Contract; then this bond shall be void; otherwise, it shall be and remain in full force and effect.

PROVIDED, HOWEVER, that the Surety shall not be liable under this Bond unless all payments are made to Surety in accordance with the terms of said contract as to payments, and the Owner shall perform under said Contract at the time and in the manner therein set forth, and promptly notify Surety in writing of any substantial deletion from, addition to or to modification of the plans and specifications as may be agreed to.

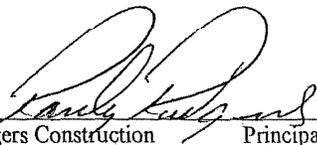
PROVIDED, FURTHER, that this Bond shall not cover any costs, claims, liens, actions, suits or damages arising by reason of any additions or extras to said contract unless such additions or extras are approved in writing by Surety, nor shall this Bond cover any loss or damage resulting from strikes, riots, fire Acts of God or public enemies or the cost of repair or reconstruction of any work or materials damaged or destroyed by any such causes.

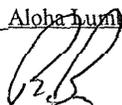
PROVIDED, FURTHER, that this Bond shall be null and void upon the expiration of the statutory period for filing mechanics and materialmen's liens if no notice or claim of such be filed within said period, but if such are duly filed within said period, then only with respect to said notices or claims which are duly filed, the obligations of this Bond shall remain in full force and effect until the same are satisfied and removed by Principal or surety or terminate because of failure of the claimant to file suit to enforce same within the statutory period, and if such suit be properly filed then until the same are satisfied or otherwise disposed of by the court action.

This Bond shall inure to the benefit of Owner and the heirs, executors and administrators of Owner, and also to any Mortgagee named herein and any grantee vendee or assignee of Owner or Mortgagee of the premises described in said contract, but no right of action shall accrue upon or by the reason hereof, to or for the use or benefit of any other party.

In the event the Principal is in default under said contract, Surety will within twenty (20) days of determination of such default, take over and assume completion of said contract and become entitled to the payment of the balance of the contract price.

DATED: Kauai, Hawaii, this 28 day of July, 2003.


Rodgers Construction Principal

Aloha Lumber Company
by 
Its President, Randy Boyer

by _____
Its

Any deletions or changes, in language on this Performance Bond, void the entire bond.

ASSIGNMENT AND POWER OF ATTORNEY

In consideration of the execution of the foregoing Bond by Surety, Principal does hereby sell, assign, transfer and set over unto Surety, its successors and assigns, all moneys now due and payable or that may hereafter become due and payable under said Contract, together with all moneys now due and payable or that may hereafter become due and payable to Principal for extra work and / or extra material now or at any time hereafter furnished by Principal pursuant to the terms of said Contract and/ or any alteration or modification thereof.

And for the consideration aforesaid, Principal does hereby constitute and appoint Surety attorney in fact for Principal, with full power, either in its own name or that of Principal, to demand, sue for, collect, receive, give effectual receipts and discharges for, and commence, file and prosecute to final judgement all legal proceedings necessary to enforce payment of all or any part of the said moneys whereinabove assigned; and to do all other acts as are reserved to or permitted to Principal under the contract and specifications, including but not limited to obtaining payment of funds due upon final acceptance of the improvement, publishing notice of completion and settling disputes, and Principal further agrees to reimburse Surety for any expenses incurred in the foregoing or for any funds paid under compromise settlement.

IN WITNESS WHEREOF, Principal has executed these presents this 28th day of July 2003.

Rodgers Construction
Rodgers Construction - Principal

AGREEMENT

AND, in consideration of the foregoing Bond, and pursuant to the foregoing assignment, Owner states that Owner has not set-offs, counterclaims, or other defenses of any nature whatsoever presently available against Principal and that no payments have been made to date on the assigned Contract and Owner agrees to make all payments due under said Contract to Surety and authorizes and directs the Mortgagee of Owner, if any, (and said Mortgagee hereby agrees to observe and perform such authorization and direction) to make all payments direct to Surety from funds available by Mortgage loan of \$ _____ to finance said Contract and additional funds on deposit from Owner with Mortgagee, all as set forth in said Contract; and the Mortgagee acknowledges that it has sufficient funds from Owner and from said Mortgagee loan to defray said Contract price in full; and Owner agrees that Mortgagee shall have no duty or obligation to look to the application of such payments by Surety of such sums from time to time, Mortgagee shall be released and discharged of and from all liability and responsibility in respect thereto.

Any inspection of the construction made by Mortgagee shall be for its Owners interest and benefit and Surety and Owner will not rely thereon but will make their own inspections during the course of construction.

This agreement shall not alter, amend, modify or affect the rights and interests of Mortgagee under the note and Mortgagee relating to said loan, and shall not be in limitation thereof but shall be in addition thereto.

A waiver by Mortgagee of any breach or breaches hereof shall not be deemed, nor shall the same constitute, a waiver of any subsequent breach or breaches on the part of Surety or Owner.

Surety covenants and agrees with Mortgagee that if any final judgement or final judgements not in excess of 100% of said contract price should be obtained in any suit brought to enforce any lien for labor and or materials used in the prosecution of the work on said improvements, and said final judgement or final judgements are not discharged by Surety within fifteen (15) days thereafter, Surety shall at the request of Mortgagee take as assignment of said Mortgagee, and pay to Mortgagee the Principal, or the remaining balance thereof and accrued interest, advanced by Mortgagee, and shall thereafter assume and perform all covenants and obligations of Mortgagee to Owner remaining to be performed, and Mortgagee shall upon the assignment of said mortgage and the indorsement without recourse of the promissory note secured thereby to Surety be released and discharged of and from all liability and responsibility to Owner, Surety and Principal.

Owner further constitutes and appoints Surety the true and lawful attorney, for Owner and in Owner's name to publish and file the notice of completion of contract as set forth in Section 193-42 of the Revised Laws of Hawaii 1955, as amended, upon certification by Owner of satisfactory completion as evidence of Owner's signature (and if there be more than one Owner, then by the signature of any one of the Owners) upon the final payment due Principal under said Contract.

DATED: Kauai, Hawaii, this, 28th day of July, 2003

Freda L. Yeomans
Freda L. Yeomans Owner

Owner

Owner

By Aloha Lumber Company
Its President: Randy Boyer

By Finance Factors - Mortgagee

By _____
Surety

NOTICE RIDER TO BOND

TO BE ATTACHED TO, AND TO BE A PART OF THE BOND ISSUED BY ALOHA LUMBER COMPANY, INC. (Hereinafter referred to as "ALC"), 4-1525 Kuhio Hwy, Kapaa, HI, 96746 as surety Dated: July 28, 2003.

Project: A single family dwelling located at: 6670 Puupilo Place, Kapaa, HI 96746
TMK: (4) 4-2-022-054, Lot 12

I. DELAY DAMAGES

In consideration for the issuance by ALC, of the Payment and Performance Bond ("Bond") dated July 28, 2003, covering the above project Freda L. Yeomans (hereinafter Referred to as "Owners") does hereby agree that ALC shall not be liable to the Owners for any damages, including liquidated damages, due to delay in constructing said project beyond the time provided for in the contract dated, July 28, 2003 between the Owners and Rodgers Construction, (Hereinafter referred to as "contractor").

It is expressly understood and agreed that this agreement does not in any way affect the rights of the Mortgagee named under said bond, nor any rights that the undersigned may have against the Contractor, to recover damages for delay in construction.

II. CHANGE ORDER NOTICE

In further consideration for the issuance by ALC of the Bond, the Owners shall within (10) ten calendar days, notify ALC of any and all agreements with the contractor for all changes, deletions, additions, extras or deviations from the Construction Contract documents (which includes the plans and specifications), whether or not the change results in a written Change Order. If any change, deletions, additions, extra or deviation results in a written Change Order, the Owners agree to provide ALC with a copy of said Change Order within five (5) calendar days after its execution.

It is expressly agreed that if the Owners fail to notify ALC of any changes, deletions, additions, extras or deviations from the Construction Contract documents or provide any written Change Order, that said change, deletion addition, extra, deviation or Change Order, and the resulting effect that the change, deletion, addition, extra, deviation, or Change Order has on the project shall be excluded from coverage under the Bond and ALC shall be discharged from any liability arising from the change, deletion, addition, extra, deviation, or Change Order and its resulting effect on the Project.

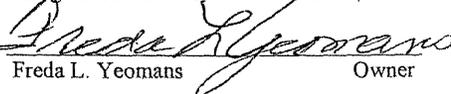
III. NOTICE OF COMPLETION

ALC has agreed to issue the Bond described above upon the additional condition that the Owners notify ALC of any claim or claims for the Contractor's nonperformance or defective performance of the Construction Contract that the Owners may have against ALC under the terms of the Bond within forty-five (45) days following the date of completion of the Improvements (as defined in Hawaii Revised Statutes 507-43, hereinafter referred to as the "Date of Completion"), and the Owners failure to notify ALC as set forth above will render the Bond null and void with respect to ALC's obligation to the Owners for such claim or claims, all as set forth in Van Dusen vs. G. S. Shim Contracting, Inc., et al.
4 Haw. App. 261, 664 P.2d 753 (1983).

Now therefore, in further consideration of ALC's issuance of the Bond, the Owners agree that the Owners will provide ALC with written notice, within forty-five (45) days after the Date of Completion, at its address specified above, of any and all claims for the Contractor's nonperformance or defective performance of the Construction Contract that the Owners may have against ALC under the terms of the Bond by setting forth in such a notice the nature and location of each such claim (e.g. "door bell missing-living room" or "tile loose-kitchen"), and the Owners further agree that if the Owners fail to give ALC written notice of any such claim or claims with the time set forth in this paragraph and pursuant to the procedures set forth in this paragraph, ALC's obligations to the Owners under the Bond with respect to such claim or claims will be null and void upon the expiration of forty-five (45) days following the Date of Completion.

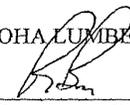
THE UNDERSIGNED PARTIES, ACKNOWLEDGE THAT THESE AGREEMENTS HAVE BEEN READ, UNDERSTOOD, AND HAVE RECEIVED A SIGNED COPY OF THIS DOCUMENT.


Rodgers Construction Contractor


Freda L. Yeomans Owner

Owner

ALOHA LUMBER COMPANY, INC.

by: 
Its President, Randy Boyer

END OF EXHIBIT "L"