CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Andrew Fitts
Address: P.O. Box 74, Kilauea, Hawaii 96754

Project Name: MOLOAA GATEWAY
Address: 6722 Koolau Road
Island of Kauai, HI.

Registration No. 5251

Effective date: February 20, 2004
Expiration date: March 20, 2005

Preparation of this Report:

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

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

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

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

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

Tyne of Report:

_____ PRELIMINARY: (yellow)	The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
XX FINAL: (white)	The developer has legally created a condominium and has filed complete information with the Commission. (x) No prior reports have been issued. ( ) This report supersedes all prior public reports. ( ) This report must be read together with ----------
_____ SUPPLEMENTARY: (pink)	This report updates information contained in the: ( ) Preliminary Public Report dated: ---------- ( ) Final Public Report dated: ---------- ( ) Supplementary Public Report dated: ----------
And	( ) Supersedes all prior public reports. ( ) Must be read together with ---------- ( ) This report reactivates the ---------- public report(s) which expired on ----------

(*) exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request. Form: RECO-30286/986/189/1190/8910197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

( ) Required and attached to this report (X) 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. It does not involve the sale of individual subdivided lots. The land beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element's land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS OR OTHER STRUCTURES WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, ULESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT HE PURCHASER WILL E ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. **PRIOR TO PURCHASE, THE PROSPECTIVE PURCHASER IS ADVISED TO REVIEW THIS CONDMINIUM PROJECT WITH THE RESPECTIVE KAUAI COUNTY PLANNING OFFICES TO RECEIVE THE MOST RECENT DIRECTIVES CONCERNING DEVELOPMENT, REPLACEMENT, EXPANSION, OR CONSTRUCTION OF ANY TYPE OF STRUCTURE FOR THIS CONDOMINIUM PROJECT IN THE FUTURE.**

There are presently five screen houses or agricultural sheds on the property each of which may be defined as an "apartment" or "unit" under the Condominium Property Act.

This project is within a State Land Use Agricultural District. Please see Page 20 of this report for special requirements for residential dwellings within these districts.

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

Facilities and improvements normally associated with County approved subdivisions, such as fire protection devises, 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 be available for interior roads and driveway.
All owners and users of the individual condominium units (apartments are automatically members of the Association of apartment Owners of the Project and are subject to the Bylaws of that association, the Declaration of Condominium Property Regime, any House Rules and other existing or adopted Project Documents.
The land may be subject to rollback real property taxes. The failure of an owner to observe restrictions on the use of the land may cancel the County dedication and special real property taxes assessment. Please refer to the Director of Finance, County of Kauai for further information.
THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

TABLE OF CONTENTS

			Page
Preparation of this Report			1
Expiration Date of Reports			1
Type of Report			1
Disclosure Abstract			2
Summary of Changes from Earlier Public Reports			2
Table of Contents			3
General Information on Condominiums			4
Operation of the Condominium Project			4
1.	PERSONS CONNECTED WITH THE PROJECT		5
	Developer		
	Attorney for Developer		
	General Contractor		
	Real Estate Broker		
	Escrow Company		
	Condominium Managing Agent		
11.	CREATION OF THE CONDOMINIUM', CONDOMINIUM DOCUMENTS		
	A.	Declaration	6
	B.	Condominium Map (File Plan)	6
	C.	Bylaws	6
	D.	House Rules	7
	E.	Changes to Condominium Documents	7
111.	THE CONDOMINIUM PROJECT		
	A.	Interest to be Conveyed to Buyer	8
	B.	Underlying Land	9
	C.	Buildings and Other Improvements	10
	D.	Common Elements, Limited Common Elements, Common Interest	13
	E.	Encumbrances Against Title	14
	F.	Construction Warranties	15
	G.	Status of Construction	16
	H.	Project Phases	16
IV.	CONDOMINIUM MANAGEMENT		
	A.	Management of the Common Elements	17
	B.	Estimate of Initial Maintenance Fees	17
	C.	Utility Charges for Apartments	17
V.	MISCELLANEOUS		
	A.	Sales Documents Filed with the Real Estate Commission	18
	B,	Buyer's Right to Cancel Sales Contract	18
	C.	Additional Information Not Covered Above	20
	D.	Signature of Developer	21

EXHIBIT A: Description of Buildings; Description of Units
EXHIBIT B: Alterations to Apartments
EXHIBIT C: Common Elements
EXHIBIT D: Limited Common Elements
EXHIBIT E: Common Interest
EXHIBIT F: Encumbrances
EXHIBIT G: Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements
EXHIBIT H: Summary of Sales Contract
EXHIBIT I: Summary of Escrow Agreement

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 impotent 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 pacification 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 impotent 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. Andrew Fitts (Name) Phone. (808) 828-0910 (Business)

Post Office Box 74, Kilauea, Kauai, Hawaii 96754
Business Address

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*: Waioli Properties (Name) Phone 808-822-0222 (Business)
1353 Kuhio Highway Kapaa, HI. 96746
Business Address

Escrow: First Hawaii Title Corporation (Name) Phone 808-826-6812 (Business)
P.O. Box 507 Hanalei, HI. 96714
Business Address

General Contractor*: Paul Freese (Name) Phone. 808-828-0910 (Business)
P.O. Box 74, Kilauea, HI. 96754
Business Address

Condominium Managing Agent*: Self-managed by the Association Of Apartment Owners. (Name) Phone: n/a (Business)

Business Address

Attorney for Developer: Phil Williams, Esq. (Name) Phone. (808) 291-4954 (Business)
559 Moaniala Street
Honolulu, Hawaii 96821
Business Address

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

11. 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
[X] Recorded - Bureau of Conveyances: Document No. 2003-174626
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
[X] Recorded - Bureau of Conveyances Condo Map No. 3629
[ ] Filed - Land Court Condo Map No. -- ----------

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 pokers 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
[X] Recorded - Bureau of Conveyances: Document No. 2003-174627
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 [X] Developer does not plan to adopt House Rules

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

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

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

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

2. Developer:

[X] 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:

111. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[X] 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 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

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 cancelled 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 J 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 eject 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 Moloaa Road
Island of Kauai, HI. Tax Map Key (TMK)(4)4-9-11-5

[ ] Address [X] TMK is expected to change because new tax map key numbers to be assigned by county

Land Area: 24.26 [ ] square feet [X] acre(s) Zoning: Agriculture

Fee Owner: Andrew Fitts, Betty Ciuchta, Mark Boiser, Evelyn Boiser
P. O. Box 74, Kilauea, Hawaii 96754

Lessor: N/A
Name

C. **Buildings and Other Improvements:**

1. [X] New Buildings
   [ ] Conversion of Existing Building(s)
   [ ] Both New Building(s) and Conversion

2. Number of Buildings: 5 Floors Per Building: 1

   [A] Exhibit --------- contains further explanations.

3. Principal Construction Material:

   [ ] Concrete [ ] Hollow Tile [ ] Wood

   [x] Other –Steel posts with agricultural shade cloth wrapped around posts – shade cloth roof

4. Uses Permitted by Zoning:

		No. of Ants.	Use Permitted By Zoning	
[ ]	Residential		[ ] Yes	[ ] No
[ ]	Commercial		[ ] Yes	[ ] No
[ ]	Mix Res/Comm		[ ] Yes	[ ] No
[ ]	Hotel		[ ] Yes	[ ] No
[ ]	Timeshare		[ ] Yes	[ ] No
[ ]	Ohana		[ ] Yes	[ ] No
[ ]	Industrial		[ ] Yes	[ ] No
[X]	Agricultural		[X] Yes	[ ] No
[ ]	Recreational		[ ] Yes	[ ] No
[X]	Other shade sheds	-5-	[X] Yes	[ ] No

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

5. Special Use Restrictions:

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

[ ] Pets: ----------

[ ] Number of Occupants: ----------

[ ] Other: ----------

[X] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

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

Apt. Type	Quantity (Identify)	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	
Units 1-5					
Shade Sheds	5				1.73

Total Number of Apartments: 5

*** 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: EXHIBIT A

Permitted Alterations to Apartments: EXHIBIT B

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

7. Parking Stalls:

Total Parking Stalls: __10_____

	Regular Covered Open	Compact Covered Open	Tandem Covered Open	TOTAL
Assigned (for each unit)	_____2 _____	_____ _____	_____ _____	10
Guest	_____ _____	_____ _____	_____ _____	_____
Unassigned	_____ _____	_____ _____	_____ _____	_____
Extra for Purchase	_____ _____	_____ _____	_____ _____	_____
Other:	_____ _____	_____ _____	_____ _____	_____
Total Covered & Open:	_____ 10____	_____ ___0__	_____ ___0__	____10_

Each apartment will have the exclusive use of at least __2____ 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 [X] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute/Enclosure(s)

[ ] Other:_____

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

[X] 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. [X] No variances to zoning code have been granted.

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	___X_____	_____	_____
Structures	___X_____	_____	_____
Lot	___X_____	_____	_____

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

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

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

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

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

[X] described in Exhibit__C__.

[ ] 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.

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

[X] described in Exhibit_D___.

[ ] as follows:

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

[X] described in Exhibit __E__.

[ ] 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 propels 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 October 17, 2003 and issued by Title Guarantee of Hawaii, Inc.

Blanket Liens:

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

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

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

Blanket liens (except for improvement district or utility assessments) must be released before the I 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.

Type of Lien	Effect on Buyers Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

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:

   N/A

2. Appliances:

   N/A

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

Units, 1, 2, 3, 4 and 5, Shade Sheds, were completed in 2003

H. **Project Phases:**

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

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

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 Anent: When the developer or the developer's affiliate 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
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or Developer's affiliate
[ ] 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 __G___ 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:

[X] 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

[X] Specimen sales contract
Exhibit __H__ contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated October, 2003
Exhibit ___J__ 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 (Chanter 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 Resort or Supplementary Resort 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 Chance: Binding contracts with the Developer may be rescinded by the buyer if:

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii s Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other _____.

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. The Condominium Property Regime Law (chapter 514A, HRS) and the Administrative Rules, (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. __5251_____filed with the Real Estate Commission On __December 5, 2003_____.

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

[ ] YELLOW paper stock [X] WHITE paper stock [ ] PINK paper stock

C. **Additional Information Not Covered Above**

The use of hazardous materials is restricted except as provided under Article XII of the Declaration and any hazardous material laws.

The construction on any dwelling or guest house is subject to the restrictions imposed by the County of Kauai

Restrictions on the use of the property are outlined in Article XII of the Declaration and Article VII of the Bylaws.

This is a condominium project and not a subdivision and Units purchased are not subdivided lots
In order to construct a dwelling the purchaser may be required to execute a Farm Dwelling Agreement as required by the County of Kauai and engage in agricultural activities as defined by the County of Kauai.

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 Project will not necessarily receive the same County services as owners of approved subdivided lots; that owners who develop their limited common element later than others may find that land use and zoning changes or insufficient utility capacities may limit, restrict ,or prevent an expected land use.

1. The Buyer is not eligible to obtain water from the County of Kauai, Department of Water. A private water well is located on or adjacent to the property. A water system utilizing a 190 foot well with a 2500 gallon storage tank currently exist that serves Units 1,2 and 3. Units 4 and 5 must drill a private water well for use of those Units.

   Purchaser should be aware that there is no public sewer system available, which requires the project to comply with the requirements of chapter 11-62, HAR, "Wastewater Systems." The purchasers of each unit would bear the cost of designing and installing the wastewater system as part of their construction costs. The County of Kauai may allow the first unit applying for such a permit to use a cesspool; the second would require a septic system. Any prospective purchaser should verify requirements with the County of Kauai and seek design and installation estimates prior to proceeding.

   Attached as an exhibit is a sample Farm Dwelling Agreement required by the County of Kauai to construct a residence on the property.

   The open zone designation for the property allows for the construction of a single family detached dwelling. The density requirements of this zoning designation will not materially impact the buyers ability to construct a farm dwelling.

   The land may be subject to rollback taxes. The failure of an owner to observe restrictions on the use of the land may cancel the County dedication and special real property tax assessment. Please refer to the Director of Finance, County of Kauai for further information.

Residential Dwellings within State Land Use Agricultural District: Purchasers should be aware that the State Land Use Commission issued a Declaratory Ruling in December, 1994, regarding the construction of residential dwellings on properties located within the State Land Use Agricultural District. In response to said ruling, the Kauai County Planning Department is requiring applicants for building permits on such lands to acknowledge receipt of a "Farm Dwelling Notice". This Farm Dwelling Notice reads as follows:

FARM DWELLING NOTICE

To: Applicants for Building Permits on Land in State Land Use Agricultural District.

This is to inform you that chapter 205, Hawaii Revised Statutes, does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".

Farm Dwelling is defined in Chapter 205-4.5(a)(4) as "a single family dwelling located on and used in connection with a far, including clusters of singe-family dwellings permitted within agricultural parks developed by the State or

where agricultural activity provides income to the family occupying the dwelling."

Penalty for violation of Section 205-4.5, Hawaii Revised Statutes is a fine of not more than $5,000.00. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues such person is subject to a citation for a new and separate violation. There shall be a fine of not more than $5,000.00 for any additional violation.

I acknowledge that I have read the above and
been given a copy

_____
Signature of Applicant

_____
Signature of Witness

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.

ANDREW FITTS
Printed Name of Developer

By: _____ December 5, 2003
Duly Authorized Signatory Date

Andrew Fitts developer
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance County of Kauai

Planning Department County of Kauai

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

EXHIBIT "A"

DESCRIPTION OF BUILDINGS

The Project consists of five (5) agricultural shade sheds. All sheds are principally steel post, wood and screen construction, with a roof and do not contain a basement. Each building (herein called "unit") is shown on the Condominium Map.

DESCRIPTION OF UNITS:

Units 1 through 5 are located as shown on the Condominium Map. Each Unit contains an area of 1.73 square feet.

The approximate net floor areas of each unit as set forth above is measured from the interior surface of the unit perimeter walls and includes all of the walls and partitions within its perimeter walls.

NOTE: THE FLOOR AREAS SHOWN ARE APPROXIMATE ONLY. THE DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR UNIT.

EXHIBIT "B"

ALTERATIONS TO APARTMENTS

Section XVI. of the Declaration provides that:

1. Provided that the unit owner satisfies the applicable terms and conditions of the Project Documents and obtains all of the necessary governmental permits, each unit owner shall have the right at his sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owner of any other unit or any other persons or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his unit or portions thereof or upon or within the Yard Areas or other limited common elements or easements appurtenant to his unit (collectively, the foregoing are referred to as "alterations"). Each unit owner shall have the right without the consent or joinder of any other person to amend this declaration and the Condominium Map to accomplish any such alterations. If required by the Act, promptly upon completion of such alterations the owner of the altered unit shall duly record such amendment to this declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as built. All existing unit owners and all future unit owners and their mortgagees, by accepting an interest in a unit, consent to all such alterations and agree to give and shall be deemed to have given the owner of the altered unit a power of attorney to execute an amendment to the declaration solely for the purpose of describing the alterations to such unit in the declaration so that the owner of the altered unit shall hereafter have a power of attorney from all the other unit owners to execute such amendment to the declaration. This power of attorney shall be deemed coupled with each owner's interest in his unit (including his common interest) and shall be irrevocable. If, despite the provisions of this paragraph, any governmental agency shall require some or all of the owners of units in the Project (other than the unit owner applying for the governmental permit) to sign the necessary governmental permit application or related documents, then all of the other unit owners shall be required to sign any such permit applications or related documents as may be necessary to allow a unit owner to obtain the governmental permit authorized by this paragraph.

2. Any alteration of the plans of a unit pursuant to this Section shall be subject to the following conditions:

(a) All such alterations shall conform with all applicable governmental regulations, laws and ordinances.

(b) Such alterations may decrease or increase the size of the affected unit, provided that no alteration shall extend or place the unit outside of the limits of the Yard Area appurtenant to such unit.

(c) All such alterations shall be at the sole expense of the unit owner making the change and shall be made within eighteen months of the commencement thereof and

in a manner that will not unreasonably interfere with the other unit owner's use of his unit or Yard Area.

(d) The owner of the altered unit shall have the right to utilize, relocate, realign and/or develop additional, central and appurtenant installations for services to the unit affected by such alteration for electricity, sewer and other utilities and services. When necessary, the owner of the altered unit may add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith. Provided, however, that no work done pursuant to this paragraph shall cause an) unreasonable interruption in the service of such utilities to any other part of the Project, nor shall it unreasonably interfere with any other unit owner's use or enjoyment of his unit or Yard Area.

3. Each and every conveyance, lease and mortgage or other lien made or created or any unit and all common interests, limited common elements, and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a unit shall reserve to all unit owners the rights set forth in this paragraph.

*SPECIAL NOTATION: When applying for zoning permits with the Planning Department of the County of Kauai, 75% of the owners of the project may be required to sign the permit forms. In such case, all unit owners shall be required to sign such permit applications and related documents as may be necessary for any unit owner to obtain such permits.

The issuance of an effective date for the Condominium Public Report should not be construed to mean that all governmental laws, ordinances and regulations have been complied with and all subsequent development and use shall comply with applicable governmental laws, ordinances and regulations. Additionally, the creation of the Condominium Property Regime does not mean that the land has met the subdivision requirements of the County. As such, certain facilities/improvements normally associated with County approved subdivisions may not be necessarily included as part of this Project.

EXHIBIT "C'

COMMON ELEMENTS

The common elements of the project shall specifically include, but are not limited to, the following:

1. The Property described in Exhibit "A" attached to the Declaration in fee simple.

2. All central and appurtenant installations for common services, including utilities.

3. Any and all apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, use, maintenance or safety, or normally in common use.

4. All common driveways or common easements for access and/or utilities to the Property.

EXHIBIT "D"

LIMITED COMMON ELEMENT

Certain units shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. Private Yards. The yard upon which each unit is located, as shown on the Condominium Map, is appurtenant to and for the exclusive use of such unit, as follows:

UNIT NO.	Yard (approx. land area)
1	9.13 acres
2	2.05 acres
3	4.39 acres
4	6.52 acres
5	1.88 acres

Unit Area 1: Yard Area 1 consists of the land area under and surrounding Unit 1, contains approximately 9.13 acres as designated on the Condominium Map, and is reserved for the exclusive use of Unit 1 for the support of the building and other improvements comprising Unit 1, and for the purposes described in the Project Documents.

Unit Area 2: Yard Area 2 consists of the land area under and surrounding Unit 2, contains approximately 2.05 acres as designated on the Condominium Map, and is reserved for the exclusive use of Unit 2 for the support of the building and other improvements comprising Unit 2 and for the purposes described in the Project Documents.

Unit Area 3. Yard Area 3 consists of the land area under and surrounding Unit 3, contains approximately 4.39 acres as designated on the Condominium Map, and is reserved for the exclusive use of Unit 3 for the support of the building and other improvements comprising Unit 3 and for the purposes described in the Project Documents.

Unit Area 4. Yard Area 4 consists of the land area under and surrounding Unit 4, contains approximately 6.52 acres as designated on the Condominium Map, and is reserved for the exclusive use of Unit 4 for the support of the building and other improvements comprising Unit 4 and for the purposes described in the Project Documents.

Unit Area 5. Yard Area 5 consists of the land area under and surrounding Unit 5, contains approximately 1.88 acres as designated on the Condominium Map, and is reserved for the exclusive use of Unit 5 for the support of the building and other improvements comprising Unit 5 and for the purposes described in the Project Documents.

EXHIBIT "E"

COMMON INTEREST

The undivided interest in the Common Elements appurtenant to each apartment shall be as described below. Each apartment shall have said fractional interest in all common profits and expenses of the Project and for all other purposes, including voting on all matter requiring action by the apartment owners.

Apartment Number	Fractional Undivided Interest
1	20%
2	20%
3	20%
4	20%
5	20%

EXHIBIT "F"

ENCUMBRANCES AGAINST TITTLE

1. Any taxes that may be due and owing and tax liens that may exist, refer to Director of Finance, County of Kauai.

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

3. Claims arising out of customary or traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes as provided for in the Hawaii Constitution or the Hawaii Revised Statutes, as amended.

4. Any unrecorded leases, subleases, and/or tenancy agreements demising a portion of the land herein described, and any encumbrances affecting same.

5. The effects, if any, of the location of the Moloaa-Stream traversing a portion of the land herein described.

6. The effects, if any, of a ditch traversing a portion of the land herein described as shown on Survey Map prepared by Dennis M. Esaki, Licensed Professional Land Surveyor Certificate No. 4383 dated December, 1999.

7. Portion of easement "2", 10 (10) feet wide, for right of way purposes in favor of the owners of lots J, K, and L as shown on survey map prepared by Dennis M. Esaki, Licensed Professional Land Surveyor, Certificate No. 4383 dated December, 1999.

8. A Waiver and Release dated February 12, 2003 and recorded as Document No. 2003-076734.

9. The terms and provisions including the failure to comply with any covenants, conditions and reservations contained in a Declaration of Protective Covenants and Co-Tenancy Agreement dated July 6, 2000 and recorded in the Bureau of Conveyances as Document No. 2000-905215.

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in a Declaration of Condominium Property Regime dated October 24, 2002 and recorded as Document No. 2003-174626 and Map No. 3629.

11. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Bylaws of the Association of Apartment Owners dated October 24, 2002 and recorded as Document No. 2003-174627.

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

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee x 12 months =	Yearly Total
Apartment A	$129.67 X 12 =	$1556.00
Apartment B	$129.67 X 12 =	$1556.00
Apartment C	$129.67 X 12 =	$1556.00
Apartment D	$129.67 X 12 =	$1556.00
Apartment E	$129.67 X 12 =	$1556.00

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

Estimate of Maintenance Fee Disbursements:

	Monthly Fee	x 12 months =	Yearly Total
Utilities and Services			
Air Conditioning			
Electricity			
[ ]common elements only			
[ ]common elements and apartments			
Elevator			
Gas			
[ ]common elements only			
[ ]common elements and apartments			
Refuse Collection			
Telephone			
Water and Sewer			
Maintenance, Repairs and Supplies			
Building			
Grounds-common driveway	$100.00	X 12	$1200.
Management			
Management Fee			
Payroll and Payroll Taxes			
Office Expenses			
Insurance	$100.00	X 12	$1200.
Reserves(*)			
Taxes and Government Assessments			$5,380.
Audit Fees			
Other			
TOTAL			$7780.

I, Andrew Fitts, as agent and developer for Moloaa Gateway 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

DECEMBER 5 2003
Date

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

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

EXHIBIT "H"

SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

The Deposit Receipt and Sales Contract, including the terms and conditions attached thereto (hereinafter collectively called the "Sales Contract") contain the price and other terms and conditions under which a purchaser will agree to buy a unit in the Project. Among other things, the Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.

(b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Sales Contract.

(c) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.

(d) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(e) Requirements relating to the purchaser's financing of the purchase of a unit.

(f) That the unit and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(g) That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.

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

(i) That the purchaser will not receive interest on deposits made under the Sales Contract.

(j) If the buyer shall default:

(1) The contract may, at the seller's option, be terminated by written notice to the buyer; and

(2) Any sums paid by the buyer shall belong to the seller as liquidated damages (up to a maximum of 20% of the total purchase price); and

(3) The seller may pursue any other remedy, including specific performance, permitted by law or equity. All costs, including reasonable attorneys' fees, incurred by reason of default by the buyer shall be borne by the buyer.

Further, if the buyer shall default in making any payment when due, a late charge of one percent (1%) per month shall accrue from the due date until such payment, together with such late charge, is paid, or at any time prior to the time that such payment and late charge is paid in full, the seller may, at its option, terminate this contract as provided in paragraphs (1) through (3) above.

(k) If the seller should default the buyer may pursue any available remedy, including specific performance, permitted by law or equity. All costs, including reasonable attorneys' fees, incurred by reason of default by the seller shall be borne by the seller.

The Sales Contract contains various other important provisions relating to the purchase of a unit in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen sales Contract on file with the Real Estate Commission.

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

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

(a) Escrow will let the purchaser know when payments are due.

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

(c) The purchaser is entitled to a refund if the purchaser or seller cancels the Sales Contract in accordance with its cancellation provisions, or if the purchaser terminates its reservation before the Sales Contract is binding. However, Escrow may deduct from the refund cancellation fees in accordance with the Sales Contract.

In the event of a default by the purchaser, the funds paid by the purchaser shall belong to the seller as liquidated damages (up to a maximum of twenty percent (20%) of the total purchase price).

The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.

(d) The purchaser's funds that are placed in trust prior to closing may be used by the seller after (1) the purchaser has (i) been provided with a final public report; (ii) executed a receipt and notice and has waived his right to cancel or thirty (30) days have elapsed since the purchaser has been provided with the final public report and receipt and notice of right to cancel; and (2) the seller notifies escrow in writing that since (i) and (ii) have happened, the Sales Contract is binding; and (3) the seller's attorney advises escrow that the Sales Contract is binding and the requirements of Hawaii Revised Statutes, Section 514A-39, -63 and -65 have been met.

(e) Escrow may not disburse any buyer's funds in the construction of the project until completion of the project and the expiration of the mechanic's and material man's lien period. Escrow may disburse prior to completion of the project and expiration of the applicable lien period if the Developers would furnish each purchaser an Owners Title Insurance with an endorsement against any future liens placed on the apartments or project as a result of the development, plus providing the Real Estate Commission a release of the General Contractor's lien rights.