

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer: Michael E. Beschen and Susan M. Beschen
Address: 308 West Avenida Valencia, San Clemente, California 92672

Project Name(*): 4222 KAANA STREET CONDOMINIUM

Address: 4222 Kaana Street
Lihue, Hawaii 96766

Registration No. 5514

Effective date: September 5, 2006

Expiration date: October 5, 2007

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: The developer may not as yet have created the condominium but has filed with the (yellow) Real Estate Commission minimal information sufficient for a Preliminary Public Report. A final Public Report will be issued by the developer when complete information is filed.

FINAL: The developer has legally created a condominium and has filed complete information (white) with the Commission.
[] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

SUPPLEMENTARY: This report updates information contained in the:
(pink)
[] Preliminary Public Report dated:
[X] Final Public Report dated: January 26, 2005
[] Supplementary Public Report dated:

And [X] 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 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

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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: Michael E. Beschen and Susan M. Beschen Phone: (949) 492-4645
308 West Avenida Valencia
San Clemente, California 92672

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*: Charlotte Barefoot Phone: (808) 246-0334
Aloha Island Properties
3-3359 Kuhio Highway
Lihue, Hawaii 96766

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

General Contractor*: Leslie K. Tabuchi Phone: (808) 742-1886
5359 Malino Road
Koloa, Hawaii 96756

Condominium Managing Agent*: Self managed by the Association
of Apartment Owners

Attorney for Developer: Patrick J. Childs, Esq. Phone: (808) 245-2863
4365 Kukui Grove St., Suite 104
Lihue, HI 96766

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

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

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

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

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed				
<input checked="" type="checkbox"/>	Recorded - Bureau of Conveyances:	Document No.	2004-174548		
	Book	Page			
<input type="checkbox"/>	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]:

Amendment to Declaration of Condominium Property Regime of 4222 Kaana Street Condominium, dated March 14, 2006, and recorded as Document No. 2006-055380.

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

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed				
<input checked="" type="checkbox"/>	Recorded - Bureau of Conveyances	Condo Map No.	3828	(see Exhibit "A")	
<input type="checkbox"/>	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]:

Amendment to Declaration of Condominium Property Regime of 4222 Kaana Street Condominium (Condominium Map no. 1505), dated March 14, 2006, and recorded as Document No. 2006-055380.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed				
<input checked="" type="checkbox"/>	Recorded - Bureau of Conveyances:	Document No.	2004-174549		
		Book	Page		
<input type="checkbox"/>	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]:

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: 4222 Kaana Street Tax Map Key: (TMK): (4) 5-8-011-058:0001 (Unit 1)
Lihue, HI 96766 (4) 5-8-011-058:0002 (Unit 2)

Address TMK are expected to change because: each Unit is entitled to its own street address

Land Area: 10,099 square feet acre(s) Zoning: Residential

Fee Owner: Michael E. Beschen and Susan M. Beschen
 308 West Avenida Valencia
 San Clemente, CA 92672
 (Unit 2)

Daryl H. Date and Kimberly M. Date
 3360 Eono Street.
 Lihue, HI 96766
 (Unit 1)

Lessor: N/A

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 "C" contains further explanations.

3. Principal Construction Material:

- Concrete Hollow Tile Wood (residence)
- Other:

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted by Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other: shade structure	_____	<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: Household pets may be kept consistent with any applicable law and restrictive covenants applicable to the Project, so long as they do not become a nuisance to other owners

Number of Occupants: _____

Other: Protective Covenants, Conditions and Restrictions, a summary of which is attached 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. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
Unit 1	1	3/2	1,375	387 28	Garage Storage Room
Unit 2	1	3/2	1,223	408 152	Garage Porch & Entryway

Total number of Apartments: 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 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.

Parking Stalls:

Total Parking Stalls: 4

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (Unit 1)	1	1			4		4
(Unit 2)	2	0					

Guest

Unassigned

Extra for Purchase

Other: Units 1 and 2 have ample space for parking of at least one parking stall within their limited common element land.

Total Covered & Open: 4

4

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis court

Trash Chute/Enclosure(s)

Other: _____

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

There are no violations. Violations will not be cured.

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

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

N/A

11. Conformance to Present Zoning Code

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	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 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 interests 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 May 1, 2006, and issued by Title Guaranty of Hawaii, Inc..

Blanket Liens:

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

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

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

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

Type of Lien

Effect on Buyer's 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:

NONE

2. Appliances:

NONE

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

Unit 1 residence was completed in 2004

Unit 2 residence was completed in 2005

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):

.

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "B" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated June 28, 2004.
Exhibit "D" contains a summary of the pertinent provisions of the escrow agreement.
- Other: Specimen Apartment Deed

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all 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: Warranty Deed; Quit Claim Deed; Memorandum of Declaration of Development Covenants, Conditions and Restrictions; Amendment of Declaration of Development Covenants, Conditions and Restrictions; Deed; Right-of Entry; Certificate of Declaration of Conditions; Deed; Declaration of Restrictive Covenants; Waiver and Release Agreement (see Exhibit K attached hereto).

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. 5514 filed with the Real Estate Commission on November 1, 2004.

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:

THE FINAL PUBLIC REPORT FOR THIS PROJECT EXPIRED ON FEBRUARY 26, 2006. SALES CONTRACTS EXECUTED DURING THE PERIOD THAT THE MOST RECENT FINAL PUBLIC REPORT IS NOT IN EFFECT MAY BE RESCINDED AT THE OPTION OF THE PURCHASER AND ALL MONIES SHALL BE REFUNDED TO PURCHASER. PURCHASER'S RIGHT TO RESCIND SHALL BE VOID (30) THIRTY CALENDAR DAYS AFTER RECEIPT OF WRITTEN NOTIFICATION OF HIS RESCISSION RIGHTS FROM THE DEVELOPER OR HIS AGENT.

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially 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.

Except as limited specifically by the condominium documents and subdivision restrictive covenants (if any), all uses permitted in the residential zone is 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.

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 with the appropriate county agency for information on uses and construction in the respective zones.

Pursuant to Section ii, page three of the Declaration, "each unit has direct access to a common access element or easement or to public right(s)-of-way." In this case, Unit 1 and Unit 2 have access to Kaana Street (a public right of way) by way of the Common Element described on the Condominium Map and on page four of the Declaration.

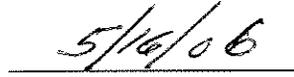
Several Declarations encumber the project as set forth in Exhibit F of this Public Report. A prospective purchaser should review these documents. The exact affect the Declarations may have on your Unit, if any, should only be determined with the assistance of a qualified attorney. The following information is general in nature:

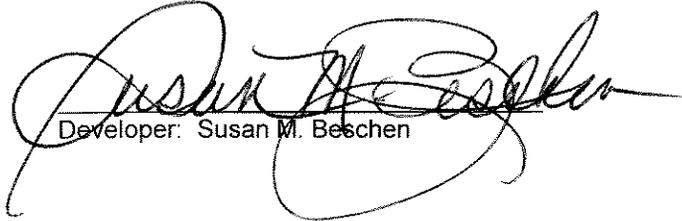
1. UNRECORDED DECLARATION OF DEVELOPMENT COVENANTS, CONDITIONS AND RESTRICTIONS
--a recorded memorandum explains that the unrecorded covenants, conditions and restrictions will affect the entire subdivision.
2. AMENDMENT OF DECLARATION OF DEVELOPMENT COVENANTS, CONDITIONS AND RESTRICTIONS ---
--the recorded document encumbers Lot C-1 of the subdivision.
3. CERTIFICATE OF DECLARATION OF CONDITIONS
-- the document contains various development restrictions.
4. DECLARATION OF RESTRICTIVE COVENANTS
--this document contains restrictive covenants that, among other things, requires a fifteen foot front yard set back from the property line for all additional dwelling units. (Please see page three of the document)
5. DECLARATION
--this document is the CPR House Rules that govern the project.

CHAPTER 672E OF THE HAWAII REVISED STATUTES CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED YOUR HOME OR FACILITY. NINETY DAYS BEFORE YOU FILE YOUR LAWSUIT OR OTHER ACTION, YOU MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE RE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW, AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT YOUR ABILITY TO FILE A LAWSUIT OR OTHER ACTION.

- 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.


Developer: Michael E. Beschen


Date


Developer: Susan M. Beschen


Date

Distribution:

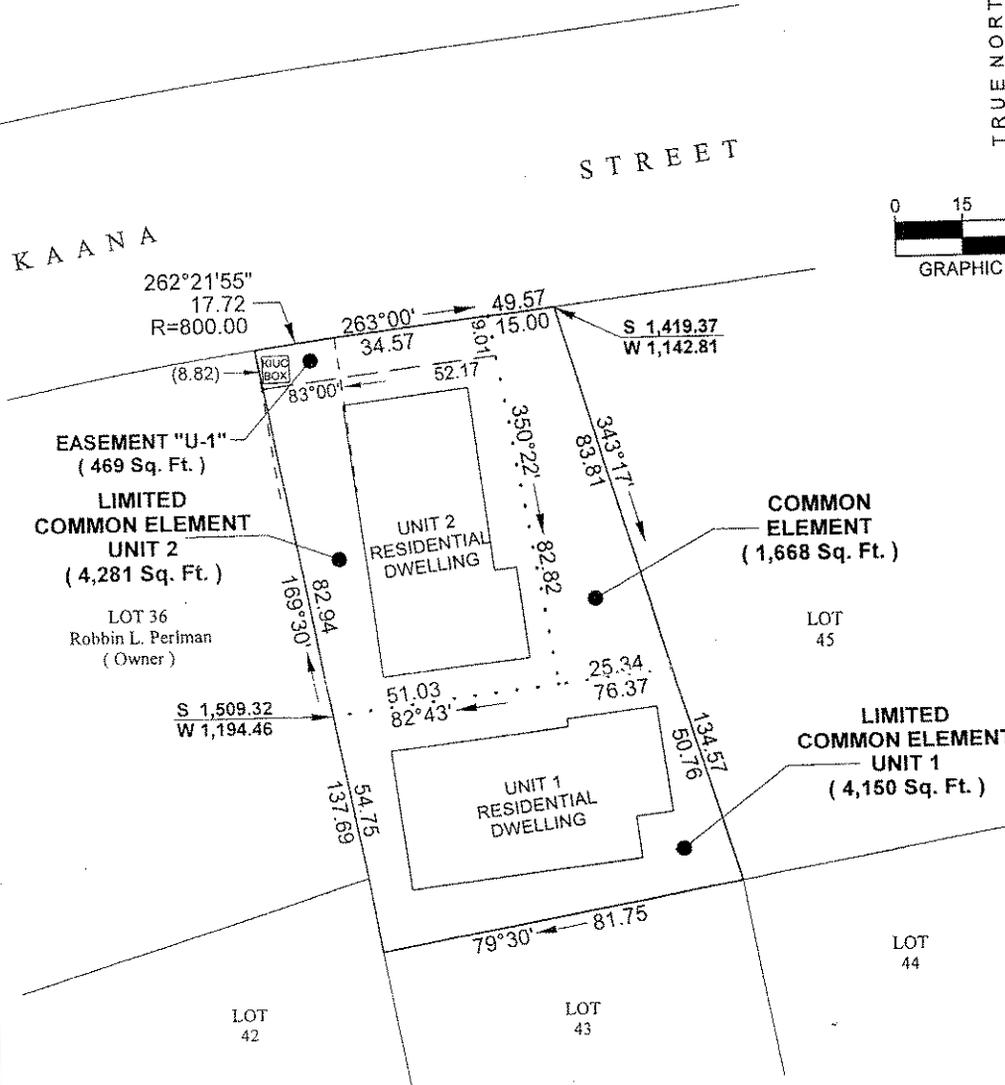
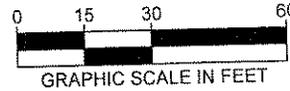
Department of Finance, COUNTY OF KAUAI

Planning Department, COUNTY OF KAUAI

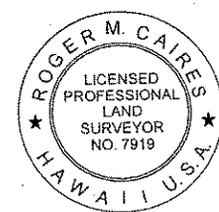
***Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner, Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.**

NOTES:

1. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.
2. Underground utilities, septic tanks, etc. were not field located except as shown.
3. The location, existence, size, depth, condition, capacity, etc. of any drainage system, sub-surface water system, cesspool/septic tank system, sewer line, or utility lines to the property, except as shown, are not a part of this map. The appropriate governmental and/or utility agencies should be contacted for this information.
4. Information on adjoining ownership was obtained at the Real Property Mapping Branch.
5. All coordinates based on Government Survey Triangulation Station "KALEPA".
6. Easement "U-1" affecting Unit 2 in favor of Unit 1 for Utility purposes. (469 Sq. Ft.)



AMENDED CONDOMINIUM MAP #3828
 FOR
 " 4222 KAANA STREET CONDOMINIUM "
 UNITS 1, 2, AND COMMON ELEMENT
 AND DESIGNATION OF EASEMENT "U-1"
 BEING LOT 46
 MOLOKOA SUBDIVISION PHASE III
 F.P. 2198
 LIHUE, KAUAI, HAWAII
 Tax Map Key: (4) 3 - 6 - 018: 058
 Area: 10,099 Sq. Ft.
 Owners: Michael E. Beschen & Susan M. Beschen



THIS MAP WAS PREPARED BY ME
 OR UNDER MY SUPERVISION.

Roger M. Cairns
 Signature
 CAIRES LAND SURVEYING
 P.O. Box 777
 Kalaheo, Kauai, Hawaii 96741

Date: January 11, 2004
 Revised December 6, 2005

EXHIBIT B

SUMMARY OF SALES CONTRACT

The 4222 KAANA STREET CONDOMINIUM Sales Contract and Receipt (the “contract”), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

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 51 4A-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 said Exhibit A.

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	1	4,150	3/2	1,375	387 garage 28 storage rm.	50%
1	2	4,281	3/2	1,233	408 garage 152 porch/entry	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 (2) 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.

EXHIBIT "D"

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC., a Hawaii corporation ("Escrow"), and MICHAEL E. BESCHEN and SUSAN M. BESCHEN, husband and wife ("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.
7. If Seller subsequently certifies in writing to Escrow that Seller has terminated the sale contract in accordance with the terms thereof, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Seller and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by this Agreement and shall be held by Escrow for the account of Seller.

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.

EXHIBIT "E"

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (a) The land in fee simple;
- (b) A common element driveway, comprising an area of 1,668 square feet, as shown on the Condominium Map for this Project;
- (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.

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 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 1 and 2 located, shown and designated on the Condominium Map and the table below.

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
1	4,150 square feet
2	4,281 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 owners.

*Land areas referenced herein are not legally subdivided lots.

4. The terms and provisions contained in the following:

INSTRUMENT : DEED

DATED : June 23, 1967

RECORDED : Liber 5715 Page 450

The foregoing includes, but is not limited to, matters relating to rights of vehicle access

5. The terms and provisions contained in the following:

INSTRUMENT : UNRECORDED DECLARATION OF DEVELOPMENT
COVENANTS, CONDITIONS AND RESTRICTIONS

DATED : December 16, 1992

A Memorandum of said Declaration is dated December 16, 1992, recorded as Document No. 92-204411. Said Declaration was amended by instrument dated June 10, 1996, recorded as Document No. 96-098048.

6. The terms and provisions contained in the following:

INSTRUMENT : DEED

DATED : December 16, 1992

RECORDED : Document No. 92-204412

The foregoing includes, but is not limited to, matters relating to agricultural activities, including sugar cane burning, on nearby lands

7. RIGHT-OF-ENTRY

TO : CITIZENS UTILITIES COMPANY, a Delaware corporation

DATED : May 16, 1994

RECORDED : Document No. 95-114230

GRANTING : a right-of-entry and easement for the purpose of building, constructing, repairing, maintaining and operating pole and wire lines, etc.

8. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION

DATED : April 25, 1996

RECORDED : Document No. 96-057945

9. The terms and provisions contained in the following:

INSTRUMENT : DEED

DATED : June 10, 1996

RECORDED : Document No. 96-098046

10. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION

DATED : October 11, 1995

RECORDED : Document No. 97-080978

11. The terms and provisions contained in the following:

INSTRUMENT : WAIVER AND RELEASE AGREEMENT

DATED : October 3, 2003

RECORDED : Document No. 2003-220165

PARTIES : By and between MICHAEL E. BESCHEN and SUSAN
M. BESCHEN, husband and wife, and BUILDING
DIVISION OF THE DEPARTMENT OF PUBLIC WORKS
OF THE COUNTY OF KAUAI

15. -AS TO ITEM I ONLY:-

(A) MORTGAGE

LOAN/ACCOUNT NO. 00010058467505005

MORTGAGOR : DARYL H. DATE and KIMBERLY M. DATE, husband
and wife

MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS,
INC., solely as nominee for COUNTYWIDE
MORTGAGE VENTURES, LLC, doing business as
WESTERN PARADISE FINANCIAL, a Delaware
limited liability company

DATED : May 16, 2005
RECORDED : Document No. 2005-100890
AMOUNT : \$368,000.00

(B) MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT
(SECURING FUTURE ADVANCES)

LOAN/ACCOUNT NO. 00010058477105005

MORTGAGOR : DARYL H. DATE and KIMBERLY M. DATE

MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS,
INC., solely as nominee for COUNTYWIDE
MORTGAGE VENTURES, LLC, doing business as
WESTERN PARADISE FINANCIAL, a Delaware
limited liability company

DATED : May 16, 2005
RECORDED : Document No. 2005-100891
AMOUNT : Revolving Credit Agreement, with a maximum
principal sum of \$92,000.00

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

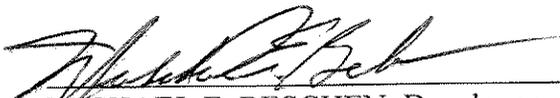
EXHIBIT "G"

DISCLOSURE ABSTRACT

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of 4222 KAANA STREET CONDOMINIUM, makes the following disclosures:

1. The Developers of the project are MICHAEL E. BESCHEN and SUSAN M. BESCHEN, husband and wife, whose mailing address is 308 West Avenida Valencia, San Clemente, California 92672, and whose telephone number is (949) 492-4645.
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 apartments shall be used for hotel or timeshare purposes. There will be no commercial use except those activities permitted by county ordinance.
5. The real estate broker for the Project is Charlotte Barefoot, of Aloha Island Properties, whose business address is 3-3359 Kuhio Highway, Lihue, Hawaii 96766, and whose telephone number is (808) 246-0334.
6. The Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. There are no depreciable common elements in the Project.
7. The Developer discloses Common Interest has been divided as shown: Units 1 and 2 are each entitled to 50% each.

In witness whereof, the Developers have executed this Disclosure Abstract this _____ day of _____, 2006.


MICHAEL E. BESCHEN, Developer


SUSAN M. BESCHEN, Developer

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 1	\$37.50		\$450.00
Unit 2	\$37.50		\$450.00

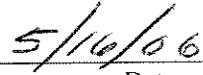
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services		
Air Conditioning		
Electricity		
<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		
Roadway	\$25.00	\$300.00
Management		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	\$50.00	\$600.00
Reserves(*)		
Taxes and Government Assessments		
Audit Fees		
Other		
TOTAL	\$75.00	\$900.00

WE, MICHAEL E. BESCHEN and SUSAN M. BESCHEN, the Developers, for "4222 KAANA STREET 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	 _____ Date
 _____ Signature	 _____ Date

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

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 I

SUMMARY OF PROTECTIVE COVENANTS AND HOUSE

RULES FOR 4222 KAANA STREET 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.

EXHIBIT J

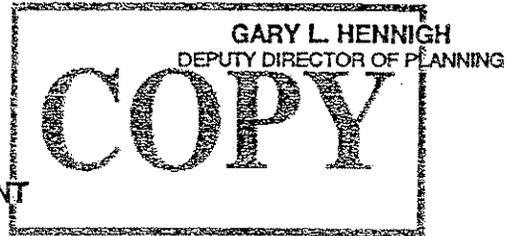
MEMORANDUM FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

BRYAN J. BAPTISTE
MAYOR



IAN K. COSTA
DIRECTOR OF PLANNING

GARY K. HEU
ADMINISTRATIVE ASSISTANT



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: January 6, 2005

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

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: 4222 KAANA STREET
Condominium Project (201)
Tax Map Key: (4) 3-6-018: 058

The developer for the above-mentioned condominium project has submitted to this department a letter stating that the common element driveway will be corrected and that the lot coverage situation will be addressed by Grasscrete on Unit 2. Therefore, this office, as an agency of the County of Kauai, having reviewed 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 architect Avery Youn to certify that the buildings on the proposed project referred to as 4222 Kaana Street 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

Senior Condominium Specialist
4222 Kaana Street Condominium
TMK: (4) 3-6-018: 058
January 6, 2005
Page 2

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. 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 (1), Hawaii Revised Statutes.

The Planning Department requests that prior to the issuance of a supplemental public report amending the project's Declaration of Condominium Property Regime and Condominium Map to reflect new structures, that this Department submits a verified statement that this project is in compliance with all zoning and building ordinances and codes or other County regulations.

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

cc: Glen Hale, Attorney at Law ✓
Michael Beschen, Project Developer

END OF EXHIBIT J

EXHIBIT K



R-949 STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED
OCT 09, 2003 08:02 AM
Doc No(s) 2003-220165



/s/ CARL T. WATANABE
REGISTRAR OF CONVEYANCES

20 1/1 Z3

LAND COURT SYSTEM

REGULAR SYSTEM

After Recordation Return By: **MAIL [XX]** Pickup []

TO: Aloha Island Properties (Type name & mailing address)
C/O Charlotte Barefoot
3-3359 Kuhio Hwy. Lihue, HI 96766

WAIVER AND RELEASE AGREEMENT
for
TMK: (4) 3 - 6 - 1 8 : 0 5 8 :

I (We),
Michael E Beschen and Susan M Beschen husband and wife

whose mailing address is (are):
308 w. Avenida Valencia
San Clemente, CA 92672

and whose residence address is:
308 w. Avenida Valencia
San Clemente, CA 92672

and our agents, successors, heirs, and assigns, hereinafter called the "OWNER", have full knowledge and am aware that the property located at Tax Map Key No. (4) 3 - 6 - 1 8 : 0 5 8 :

District Lihue, Kauai, Hawaii presently is without water or water service from the County of Kauai.

OWNER intends to build their PROJECT. The term, PROJECT includes, but is not limited to: residences, sheds, barns, garages, gazebos, pools, green houses, shade houses, ponds, guest houses, cottages, equipment maintenance buildings, office, work shops, studios, animal shelters/houses, storage shelters, retaining walls, wall fences, wind mills/generators, towers, storage tanks, wells, towers, restaurants, stores, waste water treatment facilities, factory/processing buildings, hospitals, school buildings, clinics, airport facilities, car washes, retail buildings and temples/churches _____

OWNER is presently seeking a building permit from the Building Division of the Department of Public Works of the County of Kauai for such PROJECT.

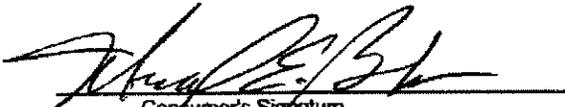
OWNER desires to commence construction of the PROJECT knowing that no County-supplied water service of any kind exists and acknowledging and accepting the fact that no County-Supplied Water service may ever exist at the location;

OWNER agrees, promises, and covenants, as follows:

1. The issuance to OWNER of a building permit by the County of Kauai for the PROJECT on the property described above will not be construed by OWNER to infer, to warrant or to guarantee that water or water service by the County will be provided to the property described above at any time in the future;
2. OWNER will not use the issuance of the building permit as a basis for any claim, action, suit, or demand of any kind whatsoever for the providing of water or water service to the OWNER by the County of Kauai, at this time or any time in the future;
3. OWNER waives any right OWNER has to institute any claim, action, suit, or demand of any kind whatsoever which could or will arise out of the absence of County-supplied water or water service to the property;
4. Prior to taking any action that affects the title to the property, OWNER will notify OWNER's agents, successors in interests, or assigns, of the entire contents of this Waiver and Release, as such agency, successorship, or assignment becomes legally effected, by having him, her, or them affix his, her, or their signatures upon a document attesting to such notice, and will provide to the Building Division of the Department of Public Works of the County of Kauai a copy of such properly executed document upon execution;

5. OWNER will indemnify and hold harmless the County of Kauai, the Department of Water, and the Board of Water Supply, from any claim, action, suit, or demand that is brought by OWNER's agents, successors in interest, or assigns, for OWNER's failure to comply with any provision of this Waiver and Release;
6. The covenants and servitudes created in this Waiver and Release are hereby declared to encumber and touch and concern the property and the beneficial rights in the property. OWNER expressly understands and agrees that the covenants and servitudes created by this Waiver and Release shall run with the land as an encumbrance on the property and shall constitute notice to all persons, natural and corporate, who may have or claim an interest in the property.
7. The validity of this Waiver and Release, its terms and conditions, and any disputes relating to this Waiver and Release shall be governed by the laws of the County of Kauai, State of Hawaii.
8. This Agreement may be executed in counterparts. Each counterpart shall be executed by one or more parties hereinbefore named and the several counterparts shall constitute one instrument to the same effect as though the signatures of all the parties are upon the same document.

APPLICANT:


Consumer's Signature

Michael E Beschen
(Please type/stamp name above)

DATED: 10/3/03


Consumer's Signature

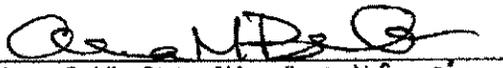
Susan M Beschen
(Please type/stamp name above)

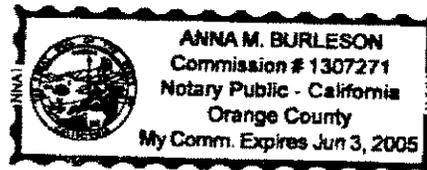
DATED: 10/3/03

California
STATE OF ~~HAWAII~~ ^{CB}) 10-03-03
Orange) ss.
COUNTY OF ~~KAUAI~~ ^{OB}) 10-03-03

On this 3rd day of October, 2003, before me personally appeared
Michael E. Beschen
 who is personally known to me
_____ whose identity I proved on the basis of _____
_____ whose identity I proved on the oath/affirmation of _____
_____, a credible witness:

who being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.


Notary Public, State of ~~Hawaii~~ ^{California}
¹⁰⁻⁰³⁻⁰³
Name of Notary: Anna M. Burleson
My Commission expires: June 3, 2005



California
STATE OF ~~HAWAII~~ ^{OB}) 10-03-03
Orange) ss.
COUNTY OF ~~KAUAI~~ ^{OB}) 10-03-03

On this 3rd day of October, 2003, before me personally appeared
Susan M. Beschen
 who is personally known to me
_____ whose identity I proved on the basis of _____
_____ whose identity I proved on the oath/affirmation of _____
_____, a credible witness:

who being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Notary Public, State of ~~Hawaii~~ ^{California}
¹⁰⁻⁰³⁻⁰³
Name of Notary: Anna M. Burleson
My Commission expires: June 3, 2005

