

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Kekaha Investments, LLC
Address: 2406 Kipuka Street, Koloa, Kauai, Hawaii 96756

Project Name (*): KEKAHA KAI
Address: 7990 Ujili Road (Unit A), Kekaha, Kauai, Hawaii 96752, 4527 Akekeke Road (Unit B), Kekaha, Kauai, Hawaii 96752

Registration No. 5601 (conversion)

Effective date: April 21, 2005
Expiration date: May 21, 2006

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

X 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 586-2643 to submit your request. Form: RECO-30 286/1986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area 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 land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

2. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and *emergency traffic, drainage facilities, etc.*, may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Kekaha Investments, LLC Phone: (808) 742-7879
Name* (Business)
2406 Kipuka Street, Koloa, Kauai, Hawaii 96756
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):

Ramona J. Biho Realty, Inc. Defined Benefit Pension Plan, Coreen S. Sarabia, and Anthony F. Sarabia, Members

Real Estate Broker*: Ramona J. Biho Realty, Inc. Phone: (808) 742-7879
Name (Business)
2406 Kipuka Street, Koloa, Hawaii 96756
Business Address

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 241-4387
Name (Business)
235 Queen Street, Honolulu, Hawaii 96813
Business Address

General Contractor: N/A Phone: _____
Name (Business)

Business Address

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

Business Address

Attorney for Developer: Bays Deaver Lung Rose & Baba Phone: (808) 523-9000
Name (Business)
1099 Alakea Street, 16 Flr, Honolulu, HI 96813
Business Address

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

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2004-246121
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3897
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2004-246122
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

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

2. Developer:

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

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

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: 7990 Ulili Road (Unit A), Kekaha, Kauai, Hawaii 96752, 4527 Akekeke Road (Unit B), Kekaha, Kauai, Hawaii 96752 Tax Map Key (TMK): (4) 1-3-001-079

Address TMK is expected to change because individual CPR numbers will be assigned to each unit.

Land Area: 12,000 square feet acre(s) Zoning: Residential

Fee Owner: Kekaha Investments, LLC
 Name
2406 Kipuka Street, Koloa, Hawaii 96756
 Address

Lessor: N/A
 Name
 Address

C. **Buildings and Other Improvements:**

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building: 1
 Exhibit contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other
4. Uses Permitted by Zoning:

		<u>No. of Apts.</u>	<u>Use Permitted by Zoning</u>	
<input checked="" type="checkbox"/>	Residential	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

5. Special Use Restrictions:

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

Pets: With the exception of aquarium fish, no animals of any kind shall be raised, bred or kept in the Project, except that not more than one dog of less than 20 inches in height at the shoulder, or one cat, or other single household pet needing no access to the outside, approved and licensed by the Board or Managing Agent, may be brought on the Project and suitably housed in an apartment.

Number of Occupants: N/A

Other: The Condominium Map delineates a "No-Build Area," reserved for potential location of a septic system for use by both units. The owner of Unit B shall at no time erect or allow erection of any building, structure or any kind of improvement on or any part of the No Build Area. Only lawn grass, flowers, shrubs or trees without aggressive root systems shall be planted in or near the No Build Area.

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>
<u>Unit A</u>	<u>1</u>	<u>3/1</u>	<u>896</u>	<u>385</u>	<u>carport/etc.</u>
<u>Unit B</u>	<u>1</u>	<u>3/1</u>	<u>896</u>	<u>385</u>	<u>carport/etc.</u>

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:

[See attached, page 11a]

Permitted Alterations to Apartments:

[See attached, page 11b]

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 514A102, HRS; or include the information here in this public report and in the announcement (see attachment 11 a). Developer has N/A elected to provide the information in a published announcement or advertisement.

Condominium Public Report

C. Buildings and Other Improvements, Page 11:

Boundaries of Each Apartment:

Unit A consists of a detached one-story dwelling with concrete foundation, with no basement, consisting of 6 rooms (including 3 bedrooms, 1 living room, 1 kitchen, and 1 bathroom, containing a net interior living area of approximately 896 square feet, a 330 square feet covered carport/laundry/utility and 55 square feet covered entry, and all future improvements which may be constructed on the limited common elements appurtenant to Unit A.

Unit B consists of a detached one-story dwelling with concrete foundation, with no basement, consisting of 6 rooms (including 3 bedrooms, 1 living room, 1 kitchen, and 1 bathroom, containing a net interior living area of approximately 896 square feet, a 330 square feet covered carport/laundry/utility and 55 square feet covered entry, and all future improvements which may be constructed on the limited common elements appurtenant to Unit B.

Condominium Public Report

Permitted Alterations to Apartments (page 11):

Individual unit owners may remodel, expand or otherwise alter their unit, provided it is permitted by and done in complete accordance with all applicable ordinances, codes, rules regulations or other requirements in force at the time of said construction and the Declaration, the Bylaws or any restrictive covenants of record to which the Project is subject. Pursuant hereto, said alterations shall not require the consent or permission of the other unit owner or the Association; provided, however, that any newly constructed improvements shall maintain a minimum setback of five (5) feet from all property lines (but not including the individual limited common element land area perimeter boundaries); and provided further that said newly constructed improvements do not alter the essential nature and character of the Project, and do not unreasonably interfere with the other unit owner's enjoyment of his or her unit. As provided in Article III above, no improvements shall be made on the No Build Area. All alterations shall be made at the expense of the unit owner making said alterations, and shall be expeditiously made and in a manner that will not unreasonably interfere with the other unit owner's use of his or her land area.

7. Parking Stalls:

Total Parking Stalls: 2

	Regular		Compact		Tandem		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>1</u>	_____	_____	_____	_____	_____	<u>1</u>
Guest	_____	_____	_____	_____	_____	_____	<u>N/A</u>
Unassigned	_____	_____	_____	_____	_____	_____	<u>N/A</u>
Extra for Purchase	_____	_____	_____	_____	_____	_____	<u>N/A</u>
Other	_____	_____	_____	_____	_____	_____	<u>N/A</u>
Total Covered & Open:	<u>2</u>	_____	_____	_____	_____	_____	<u>2</u>

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

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

There are no violations.

Violations will not be cured.

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

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

See Exhibit "E"

11. Conformance to Present Zoning Code

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

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

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

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

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

Limitations may include restrictions on extending, enlarging, or continuing the nonconformity, and restrictions on altering and repairing structures. In some cases, a nonconforming 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. Please see page 20.

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

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

- described in Exhibit _____
 as follows: [See attached, page 13a]

** The structures were constructed in 1959, prior to the adoption of the County of Kauai Comprehensive Zoning Ordinance. Accordingly, any alterations or repairs or replacements of the structures would be required to comply with the current requirements of the Ordinance.

Condominium Public Report

D. Common Elements, Limited Common Elements, Common Interest, Page 13:

(a) The land in fee simple;

(b) Access and utility easements; and all future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including electricity, gas, water, sewage, irrigation, telephone and cable; and

(c) Any and all other elements and facilities in common use or necessary to the existence, upkeep and safety of the Project.

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

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:

[]described in Exhibit_____

[X] as follows: Certain parts of the common elements (the "limited common elements") are hereby designated and set aside for the exclusive use of certain units, and such units shall have appurtenant thereto, exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

That certain land area upon and around which Units A and B are located, shown and designated on the Condominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective unit.

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
A	5,638 square feet
B	6,362 square feet*

* That portion of the Area of Limited Common Element for Unit B designated on the Condominium Map as the "No Build Area" shall be reserved for the possible location of a septic tank or similar facility to service both Units A and B if and when such a tank or similar facility becomes necessary as determined by the owners of Units A and B or otherwise required by any governmental agency. Such facility shall then become a common element and the cost of installation and maintenance of any such tank or similar facility shall be a common expense.

That portion of the chain link fence located on the area of limited common element, shown and designated on the Condominium Map, is deemed a part of the limited common element appurtenant to and for the exclusive use of such unit.

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.

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

[]described in Exhibit_____

[X] as follows: Each unit shall have appurtenant thereto a percentage of interest (the "common interest") in the common elements of the Project, for all purposes including voting, according to the following amounts:

<u>Unit Number</u>	<u>Common Interest</u>
Unit A	50%
Unit B	50%

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

Exhibit A describes the encumbrances against the title contained in the title report dated February 9, 2005 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Buyer's interest will be terminated and Buyer may be entitled to a refund of deposit, less escrow cancellation fees not to exceed \$250.

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: All units will be sold "AS IS" and no warranties are applicable.

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

Units A and B were built in 1959.

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):

IV. CONDOMINIUM MANAGEMENT

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

Initial Condominium Managing Agent: When the developer or the developer's 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 the Developer or Developer's affiliate
 self-managed by the Association of Apartment Owners Other: _____

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

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

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

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

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

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

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

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit C contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated October 19, 2004_____.

Exhibit D contains a summary of the pertinent provisions of the escrow agreement.

Other _____

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all 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 N/A

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. 5601 filed with the Real Estate Commission on February 1, 2005.

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**

Disclosure regarding selection of Real Estate Broker

The Developer plans to sell the apartments in the project, but is not prepared to make any current offerings of sale.

When the Developer begins selling or offers to sell, the developer will use the real estate broker indicated in Section I on page 5 for the sale of an apartment.

Disclosure regarding nonconforming structures

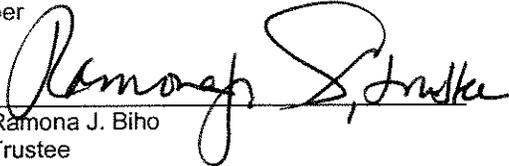
Prospective purchasers are advised that the structures are considered legal, nonconforming because the structures were constructed in 1959, prior to the adoption of the current County of Kauai Comprehensive Zoning Ordinance (the "CZO"). Under the CZO, ordinary maintenance and repairs may be made to any nonconforming structures, provided that no structural alterations are made, the structures are not enlarged, and cost of work does not exceed twenty percent (20%) of the replacement cost of the structures in any one (1) year. The CZO further provides that nonconforming structures that are damaged or destroyed may not be reconstructed other than in accordance with the provisions of the CZO unless the cost of reconstruction does not exceed fifty percent (50%) of the replacement cost of the structures prior to the damage having occurred, exclusive of foundations. Where reconstruction is permissible, reconstruction shall be completed within one (1) year from the date of damage or destruction and the building as reconstructed shall have no greater floor area than it had prior to being damaged. Where reconstruction is prohibited, the remaining portion of the nonconforming structures shall be removed or brought into conformity with the requirements of the CZO. Prospective purchasers are advised to consult with their attorney.

- 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.

KEKAHA INVESTMENTS, LLC

By: 
 Coreen Sarabia
 Member

By: Ramona J. Biho Realty, Inc. Defined Benefit Pension Plan,
 Member

By: 
 Ramona J. Biho
 Trustee

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"

ENCUMBRANCES AGAINST TITLE

1. Any taxes that may be due and owing. For additional information please contact the County of Kauai Department of Finance.
2. Mortgage dated September 12, 2003 between Kekaha Investments, LLC, Mortgagor, and Safety Loan Company, Ltd., Mortgagee, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-200165.

End of Exhibit "A"

EXHIBIT "B"

**ESTIMATE OF INITIAL MAINTENANCE FEES AND
ESTIMATE OF MAINTENANCE FEES DISBURSEMENTS**

Maintenance fees are intended to cover the Common Expenses of the Project (i.e., the expenses attributable to the maintenance and operation of the "general" common elements of the Project). Maintenance fees shall be charged to each owner based upon said owner's common interest.

	<u>Monthly</u>	<u>Annual</u>
Utilities and Services	\$0	\$0
Electricity (common elements only)		
Water		
Refuses Collection		
Water and Sewer		
Maintenance, Repairs, and Supplies	0	0
Grounds		
Management	0	0
Office Expenses		
Insurance	0	0
Reserves*	0	0
Taxes and Government Assessments	0	0
Professional Services – Legal and Audit	0	0
Annual Meeting Expense	0	0
Other	0	0
Amenities	0	0
TOTAL	\$0	\$0

We, as members of the Developer for the Kekaha Kai condominium project, hereby certify that the above estimates of initial maintenance fee assessments and disbursements were prepared in accordance with generally accepted accounting principles.



Coreen Sarabia
Title: Member

12/21 2004
Date

Ramona J. Biho Realty, Inc. Defined Benefit Pension
Plan, Member



Ramona J. Biho
Trustee

12/21 2004

THE AMOUNTS SET FORTH IN THIS EXHIBIT ARE ESTIMATES ONLY AND MAY CHANGE. SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY THE DEVELOPER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES.

*** RESERVE ASSESSMENT**

.DEVELOPER DISCLOSEES THAT NO RESERVE STUDY WAS DONE IN ACORDANCE WITH CHAPTER 514A-83.6, HAWAII REVISED STATUTES, AND REPLACE RESERVE RULES, SUB-CHAPTER 6, TITLE 16, CHAPTER 107, HAWAIIADMINISTRATIVE RULES, AS AMENDED.

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

EXHIBIT "C"

SALES CONTRACT SUMMARY

The specimen Sales Contract (the "Sales Contract") contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price in three (3) payments the last of which shall be paid to the escrow agent, subject to other terms, within thirty (30) days after the second payment is due.

2. The purchase price does not include the closing costs, prorations and additional costs provided in other sections of the contract.

3. The terms and conditions of the sale, which include, among other provisions, the following:

a. Purchaser has received the Declaration of Condominium Property Regime, the By-Laws of the Association of Apartment Owners, the Design Guidelines, the Public Report(s) of the Real Estate Commission, the form of Apartment Deed, and the Escrow Agreement and acknowledges that he has had adequate opportunity to read those documents and to examine the project plans and accepts them with such changes and modifications as the project architect may deem necessary.

b. Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement.

c. If Purchaser is paying the Purchase Price with Purchaser's own funds, Purchaser will submit to Seller evidence of his ability to pay within ten (10) days after the date Seller executes the contract.

d. Risk of loss to the apartment will be borne by Seller until the date of closing as defined in the contract. Purchaser will not be entitled to possession of the apartment until the date of closing.

e. Purchaser will inspect the unit and sign an inspection sheet to be furnished by Seller, or Purchaser will appoint the inspecting architect or engineer for the project.

f. Until the Apartment Deed conveying title is delivered to Purchaser, the Seller may exercise all of the powers of the Association and of the Purchaser as a member thereof,

g. Following Purchaser's waiver of its right to cancel under Hawaii Revised Statutes §514A-62, Purchaser shall have the right to rescind the contract

only if there is a material change in the project which directly, substantially and adversely affects the use or value of Purchaser's unit or appurtenant limited common elements subject to waiver by the Purchaser pursuant to the terms set forth in the contract and Hawaii Revised Statutes §514A-63.

h. Time is of the essence of the obligations of Purchaser under the contract.

i. Seller may terminate the contract if Purchaser dies prior to the time Purchaser has fully complied with all of the terms of the contract.

j. The contract shall not be construed as a present transfer of any interest in the property but it is an agreement to transfer in the future.

k. The Purchaser waives, relinquishes and subordinates the priority or superiority of any lien or other legal or equitable interest arising under the agreement in favor of the lien or charge on the project or the security interest of the Lender, including but not limited to any lien, mortgage, or other charge securing a loan secured by the land and any and all advances therefor, whether contractual or voluntary, until the final closing and delivery by Seller of an Apartment Deed to the Purchaser.

* * * * *

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

EXHIBIT "D"

ESCROW AGREEMENT SUMMARY

The Escrow Agreement establishes how the Purchaser's funds are to be held in escrow as well as the disbursements of such funds.

Among other provisions, the Escrow Agreement includes the following:

1. Escrow shall deposit all funds received and held in escrow in interest bearing accounts in federally-insured lending institutions. Any interest earned on such funds shall accrue to the credit of the Developer in accordance with the provisions of the Sales Contract.

2. Subject to such deductions as may be provided in the Sales Contract and the escrow cancellation fee, the Purchaser shall be entitled to a return of his funds, without interest, and Escrow shall pay such funds to such Purchaser if one of the following has occurred:

a. The Developer and the Purchaser notify Escrow to return to the Purchaser the funds of the Purchaser then being held by Escrow; or

b. The Developer notifies Escrow of the Developer's exercise of the option to cancel the Sales Contract pursuant to the right of cancellation stated in the Sales Contract or otherwise available to the Developer; or

c. The Purchaser exercises the Purchaser's right to rescind the Sales Contract pursuant to Sections 514A-62 or 514A-63 of the Condominium Property Act.

3. Escrow shall make no disbursements of any Purchaser's funds, except by way of refunds, until (a) the Purchaser's Sales Contract has been accepted by Seller ("Developer"), and (b) the Purchaser's Sales Contract has "become effective" and that the requirements of Sections 514A-62 and 514A-63 of the Condominium Property Act have been made.

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

EXHIBIT "E"

DECLARANT'S STATEMENT REGARDING PRESENT CONDITION

Pursuant to Section 514A-40 of the Hawaii Revised Statutes, Declarant, Kekaha Investments, LLC hereby states that based upon the attached inspection and report of Avery H. Youn, independent registered architect in the State of Hawaii:

The units were built in 1959. Given the age of the structures, the exterior roof, foundation, visible electrical and plumbing systems appear to be in satisfactory condition.

DECLARANT MAKES NO REPRESENTATIONS WHATSOEVER WITH RESPECT TO THE USEFUL LIFE OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE PROJECT.

KEKAHA INVESTMENTS, LLC, a Hawaii
limited liability company

By: Coreen Sarabia
Coreen Sarabia
Member

By: Ramona J. Biho Realty, Inc. Defined Benefit
Pension Plan, Member

By: Ramona J. Biho
Ramona J. Biho
Trustee

AVERY H. YOUN, ARCHITECT
2980 EWALU STREET
LIHUE, HI 96766
PH. (808) 245-9414
FAX (808) 245-5238

ARCHITECT'S CONDITION REPORT
KEKAHA KAI CONDOMINIUM

The undersigned, being a licensed architect within the State of Hawaii and bearing Registration Number 3576, has inspected the unit A dwelling and unit B dwelling, of the KEKAHA KAI CONDOMINIUM project and declares as follows:

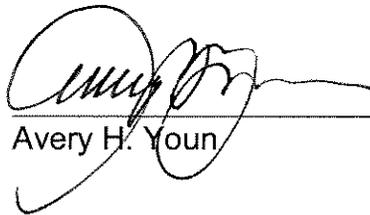
Unit A dwelling constructed in 1959
Unit B dwelling constructed in 1959

The structures are situated at Koloa, Kauai, Hawaii and identified as Tax Map Key No. (4) 1-3-01: 79

The inspection included the exterior roof, foundation, visible electrical and plumbing systems, and I find that the systems and components of the structure, including visible structural, electrical and plumbing, appear to be in satisfactory and sound condition for the stated age thereof. The structures and related systems and components have an expected useful life in excess of fifteen (15) years for both unit A and unit B.

DATED: Lihue, Kauai, Hawaii Nov. 4th, 2004.




Avery H. Youn