

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer CAROLYN FREIDA KOUCHI and SCOTT NELSON KOUCHI

Address 3141 Inouye Street, Lihue, Kauai, Hawaii 96766

Project Name(*): 4580 KULI ROAD

Address 4580 Kuli Road, Kalaheo, Kauai, Hawaii 96741

Registration No. 5620 (Partial Conversion)

Effective date: April 14, 2005

Expiration date: May 14, 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 governmental 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 expire on

(* Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - disclosure 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 NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.
2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediate adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.
3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FORGOING.

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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. The 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 of 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 spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: CAROLYN FREIDA KOUCHI and SCOTT NELSON KOUCHI Phone: (808) 639-2884
Name
3141 Inouye Street
Business Address
Lihue, Kauai, Hawaii 96766

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: Kauai Realty, Inc. Phone: (808) 245-1651
Name (Business)
2970 Kress Street
Business Address
Lihue, Kauai, Hawaii 96766

Escrow: Security Title Corporation Phone: (808) 535-6000
Name (Business)
1164 Bishop Street, Suite 1611
Business Address
Honolulu, Hawaii 96813

General Contractor: Phoenix International, Inc.* Phone: None Available
Name (Business)
3900 Ahouni Place
Business Address
Princeville, Kauai, Hawaii 96722

Condominium Managing Agent: Self Managed by the Association of Unit Owners Phone: _____
Name (Business)

Business Address

Attorney for Developer: Michael H. Sakai, Esq. Phone: (808) 531-4171
Name (Business)
201 Merchant Street, Suite 902
Business Address
Honolulu, Hawaii 96813-2977

*Developer believes that this construction company may no longer be in business.

**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. 2005-033030
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]:

First Amendment to Declaration of Condominium Property Regime dated March 16, 2005, recorded in said Bureau, as Document No. 2005-054209.

- 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. 3947
 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 manners which affect how the condominium project will be governed.

The Bylaws for this condominium re:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 2005-033031
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 percentage 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:

A summary of the reserved rights are as follows (references are to paragraphs in the Declaration):

Par. 16.0. The Developer reserved the right to file an amendment as provided by Section 514A-12, Hawaii Revised Statutes.

Developer also reserved the right to amend Deed, Bylaws or Condominium Map in order to correct any typographical or grammatical error, or to comply with State, Federal or local law.

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed period 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 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: 4580 Kuli Road Kalaheo, Kauai, Hawaii 96741 (Unit 1 - 4580-A / Unit 2 - 4580)

Tax Map Key (TMK): (4) 2-4-001:082

Address TMK is expected to change because County of Kauai may assign a new cpr number for each unit

Land Area: 1.0 [] square feet [X] acre(s) [X] Zoning: AG

Fee Owner: CAROLYN FREIDA KOUCHI and SCOTT NELSON KOUCHI
3141 Inoye Street, Lihue, Kauai, Hawaii 96766

Lessor: N/A
Name _____
Address _____

C. Buildings and Other Improvements:

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion

2. *Number of Buildings:* 2 *Floors Per Building* 2 story for Unit 1/ 1 story for Unit 2
 Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other allied building materials

4. Permitted Uses by Zoning:

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

*Subject to the terms of a Farm Dwelling Agreement dated September 26, 1991, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 91-137580 and the agricultural restrictions contained in Paragraph 8.0 of the Declaration.

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:

[X] Pets: Domestic pets are permitted

[] Number of Occupants: _____

[X] Other: There are agricultural use restrictions. See Paragraph 8.0 of the Declaration.

[] 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 1</u>	<u>1</u>	<u>3/2 1/2 (1/2)</u>	<u>2020</u>	<u>154/379/129</u>	<u>stairs/utility/garage/lanais</u>
<u>Unit 2</u>	<u>1</u>	<u>3/2</u>	<u>1132</u>	<u>369</u>	<u>entry/garage</u>

Total 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:

The boundary of each unit is the exterior finished surfaces of the units' perimeter walls, roofs foundations, windows and frames, doors, beams, post and entrys, if any.

Permitted Alterations to Apartments:

Each unit owner may alter the structure and any other improvements located within their unit's limited common land area as provided in paragraphs 7.0 and 15.0 of the Declaration of Condominium Property Regime.

Apartments Designated for Owner-Occupant Only: Not Applicable

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

7. 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 (total) (for each unit)	<u>4</u>	_____	_____	_____	_____	_____	<u>4</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for	_____	_____	_____	_____	_____	_____	_____
Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>4</u>	_____	_____	_____	_____	_____	<u>4</u>

Each Apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for use.

Each Apartment has sufficient limited common land area for parking two (2) motor vehicles.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational 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 _____

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

Unit 2 was constructed in 1992. See Architect's Inspection Report attached hereto as Exhibit F.

1. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in Exhibit B .

as follows:

2. Limited Common Elements: 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 B.*

as follows:

*NOTE: Land areas referenced in Exhibit B are not legally subdivided lots.

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 ____.

as follows:

Unit 1	50%
Unit 2	<u>50%</u>
	100%

The common interest was determined by allocating an equal percentage to both units.

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

Exhibit C describes the encumbrances against the title contained in the title report dated March 4, 2005 issued by Security Title Corporation

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 specific 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 or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	If the Developer defaults under its loan, the Lender may foreclosure on the property. A foreclosure would terminate a buyers interest in a sales contract. All deposits will be refunded if a sales contract is terminated.

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. There are no warranties, express or implied.

2. Appliances:

None. There are no warranties, express or implied.

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

Unit 2 was constructed in 1992 and Unit 1 was constructed in 2004.

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 the Developer's affiliate.
 self-managed by the Association of Apartment Owners other _____

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

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and 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 ____ contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change)

See Page 20.

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 _____

*NOTE: The Project has one water meter but the Developer has installed a submeter so that each unit will be able to pay for its own actual water usage.

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 D contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated January 25, 2005
Exhibit E contains a summary of the pertinent provisions of the escrow agreement.
- Other Declaration of Covenants, Conditions and Restrictions dated June 12, 1991

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 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 a 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 Report issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime
 - C) Bylaws of the Association of Apartment Owners
 - D) House Rules, if any.
 - E) Condominium Map
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other: Declaration of Covenants, Conditions and Restrictions dated June 12, 1991

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 law: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is part of Registration No. 5620 filed with the Real Estate Commission on March 15, 2005.

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

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C. Additional Information Not Covered Above

NOT A SUBDIVISION. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

MAINTENANCE FEES. Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. Although there is a common agricultural driveway which contains minimal improvements, the Developer believes that the owners would rather treat any repair, maintenance or replacement as a special assessment rather than collect and maintain a reserve fund. See "Reserves" below. All utilities are separately metered, or submetered. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report.

Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that the premiums for the insurance be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

RESERVES. Developer discloses that no "reserve study" was done in accordance with Section 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

AGRICULTURAL RESTRICTIONS. The units of the Project shall be occupied and used only for agricultural uses, and where permitted, as private residential dwellings by the respective owners thereof, their tenants, families, domestic servants, personal guests and tenants and for no other purposes. Residential uses currently require execution of a Farm Dwelling Agreement with the County of Kauai, as contemplated by Hawaii state law regarding use of agricultural lands for residential purposes. The law requires that the family occupying a residence on agricultural land derive income from farming activities conducted on the land. Unless otherwise specifically stated to the contrary herein each unit will be entitled to construct one farm dwelling. Each unit herein, whether currently possessing residential improvements or now or subsequently entitled to construct a residence, shall be required to engage in agricultural activity as a condition of obtaining a building permit. The actual level of agricultural activity on the project needed to qualify to construct residences is a matter determined by the County of Kauai. The requirements change from time to time, and each owner's actions on their units will or may have impact on the ability of other owners to build residences. Each owner shall have the duty to engage in agricultural activities, including a requirement of after-the-fact increases in the level of actual agricultural activity on his or her own unit, if such is required for other owners to obtain building permits. In that regard, each unit with a residence, or then desiring to construct a residence, shall have an equal burden of activity in proportion to the amount of land reasonably available for agricultural use on their respective units. If a unit with agricultural activity but no residence desires to build, and in so doing retires acreage from production, other units may have to commence or increase production, cultivation or other agricultural activity so that the owners them-effected will have fair burdens. These provisions shall apply until all units with residential construction rights have constructed residences, and thereafter, so long as agricultural use must be maintained as a condition of keeping residential improvements on the property. This means that failure to engage in or maintain farming activities may mean you have to take down your house.

Should the requirements of the Farm Dwelling Agreement and/or the underlying zoning code or state statutes mandating agricultural use be changed, the agricultural requirements of this project may be abandoned by a vote of seventy-five percent (75%) of the common interests of this Project.

WASTEWATER. Unit 1 is serviced by its own septic system and Unit 2 is serviced by a cesspool.

REAL ESTATE SALESPERSON. Scott Nelson Kouchi is a licensed Real Estate Broker/Salesperson (RB-12398). Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Scott Nelson Kouchi, is a current and active Hawaii-licensed real estate broker for the Project Broker, Kauai Realty, Inc. (RB-15839). Pursuant to section 16-99-11(c), HAR, "(n)o licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."

DECLARATION OF COVENANTS. This Project is located on Lot 5 which is one of 9 lots that are covered by a Declaration of Covenants, Conditions and Restrictions dated June 12, 1991, that was recorded in the Bureau of Conveyances as Document No. 91-079685. Prospective purchasers are encouraged and cautioned to carefully review the terms of the subject Declaration as it contains numerous and significant restrictions that affect all units in this Project. A brief summary of the subject Declaration is attached as Exhibit "H" to this Public Report.

- 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.

CAROLYN FREIDA KOUCHI and SCOTT N. KOUCHI
Name of Developer


CAROLYN FREIDA KOUCHI
Developer

1/24/05
Date


SCOTT N. KOUCHI
Developer

1/25/05
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.

EXHIBIT "A"

Description of Apartments

The Project contains the following two (2) units:

a. Unit 1 (4580-A Kuli Road). Unit 1 consists of one freehold estate consisting of one two-story residential dwelling. This unit contains a living/dining room, kitchen, three bedrooms, two and a half bathrooms, and two decks on the top floor. The ground floor contains a laundry room, half bathroom, and a garage with storage. The net living area of this unit is approximately 2,020 square feet, the lanais or deck contain approximately 129 square feet, the stairs/utility/and half bathroom on the ground floor contains approximately 154 square feet and the garage contains approximately 379 square feet.

b. Unit 2 (4580 Kuli Road). Unit 2 consists of one freehold estate consisting of one residential dwelling. This unit contains a living/dining room, kitchen, three bedrooms, 2 bathrooms and a garage with laundry area. The net living area of this unit is approximately 1,132 square feet, and the garage contains approximately 369 square feet.

NOTE: There is a height restriction and limitation on Unit 2. All improvements and landscaping located within the limited common element land area of Unit 2 may not exceed 658.8 feet Mean Sea Level. This is approximately the highest point of the roof now on Unit 2. (see Paragraph 15.0 of the Declaration)

EXHIBIT "B"

Common Elements

- a. The land in fee simple and the common driveway and easement for ingress and egress.
- b. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage, hot and cold water and like utilities which services more than one unit and any easements for such utility services. The Project has one water line and meter which is a common element. The sub-meter for the water line belongs to the unit that it is connected to.
- c. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

Limited Common Elements

The land area delineated and designated in the Condominium Map as limited common elements are limited common elements of a unit and consist of the following:

- a. Unit 1. The land area surrounding and under Unit 1 is a limited common element of Unit 1 and is for the exclusive use of Unit 1 and consists of approximately 0.415 acre. The septic and wastewater system that services Unit 1 is a limited common element of Unit 1.
- b. Unit 2. The land area surrounding and under Unit 2 is a limited common element of Unit 2 and is for the exclusive use of Unit 2 and consists of approximately 0.539 acre. The cesspool system that services Unit 2 is a limited common element of Unit 2.
- c. Any fences, walls or utility systems or lines which are located within the limited common land area and which services or benefits only one unit shall be deemed a limited common element of such unit.

EXHIBIT "C"

Encumbrances Against Title

1. For real property taxes due and owing, reference is made to the County of Kauai, Real Property Tax Office.
2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. "Excepting and reserving therefrom a right-of-way 60 feet wide across this lot for the Kauai Electric Co.'s transmission line", as set forth in Land Patent Grant No. 6956 dated November 24, 1917, to which reference is hereby made.
4. A building setback line and drainage, as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, Certificate No. 4383, dated March 28, 1991.
5. A 25-foot building setback line, as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, Certificate No. 4383, dated March 28, 1991.
6. Easement A (30 feet wide) for access and utility purposes in favor of Lots 1 through 9, as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, Certificate No. 4383, dated March 28, 1991.
7. Vehicular access restriction along Kaumualii Highway, as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, Certificate No. 4383, dated March 28, 1991.
8. Department of Water's restriction, to-wit: "Domestic water service for this lot is available from Kuli Road only. Any request for additional water meter service from Kaumualii Highway right-of-way will be dependent on the adequacy of the source, storage and transmission facilities existing at that time.", as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, Certificate No. 4383, dated March 28, 1991.
9. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Covenants, Conditions and Restrictions dated June 12, 1991, recorded in said Bureau, as Document No. 91-079685.
10. The terms and provisions, including the failure to comply with any covenants, conditions, restrictions, reservations or obligations of that certain Farm Dwelling Agreement dated September 26, 1991, made by and between Carolyn F. Kouchi, "Applicant(s)", and the County of Kauai, Planning Department, "Department", recorded in said Bureau, as Document No. 91-137580.

Subordination Agreement dated September 22, 2003, recorded in said Bureau, as Document No. 2003-258968. Re: In the event of a default by the Borrower, the County of Kauai Planning Department agrees to subordinate all claims or rights accruing under the foregoing Farm Dwelling Agreement, to First Hawaiian Bank, a Hawaii corporation, under this mortgage dated November 19, 2003, recorded in said Bureau, as Document No. 2003-258967.

11. Mortgage dated June 8, 1995, in favor of American Saving Bank, F.S.B., a federal savings bank, recorded in said Bureau, as Document No. 95-079417.

12. Grant dated November 15, 1995, in favor of Citizens Utilities Company, a Delaware corporation, recorded in said Bureau, as Document No. 96-027094.

13. Mortgage dated November 19, 2003 in favor of First Hawaiian Bank, a Hawaii corporation, recorded in said Bureau, as Document No. 2003-258967.

14. Financing Statement in favor of First Hawaiian Bank, a Hawaii corporation, recorded in said Bureau, as Document No. 2003-258969.

15. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Encroachment Agreement dated November 15, 2004, recorded in said Bureau, as Document No. 2004-241459.

16. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the Declaration of Condominium Property Regime dated January 24, 2005 recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 2005-033030.

17. Condominium Map No. 3947, recorded in the Bureau of Conveyances, State of Hawaii.

18. The covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in the By Laws of the Association Unit Owners dated January 24, 2005, recorded in said Bureau, as Document No. 2005-033031.

EXHIBIT "D"

Summary of Sales Contract

The Sales Contract (the standard form DROA and Addendum) contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.
2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.
3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, By-Laws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:
 - a. substantially and materially impairs the use and enjoyment of the apartment;
 - b. substantially and materially alters the arrangement of the rooms or usable space of an apartment or building;
 - c. renders unenforceable a purchasers' loan commitment;
 - d. increases the purchaser's share of common expenses or maintenance fees;
 - e. reduces the obligations of Developer of common expenses on unsold apartments.
5. Provides that the Developer is selling the apartments in "AS-IS WHERE-IS" condition. This means that the Developer is not making any warranties or representations with respect to the apartments and Project.
6. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.

7. If there is any conflict between the terms of this summary and the sales contract, the latter shall control.

8. Provides that the closing cost shall be paid as follows:

a. By purchaser: title insurance, drafting of any note and mortgage, purchaser notary fees, recording fees, one half of escrow fees, and also a start fee for common expenses, if any.

b. By Developer: drafting of apartment deed and Developer notary fees, conveyance taxes, preliminary title report, and one half of escrow fees.

9. Provides the following remedies, in the event of default under the Sales Contract:

by purchaser:

- a. Developer may bring an action against purchaser for breach of contract;
- b. Developer may retain initial deposit;
- c. Purchaser shall be responsible for expenses incurred.

by Developer:

- a. Purchaser may bring an action against Developer for breach of Contract;
- b. Purchaser may bring an action compelling Developer to perform under contract;
- c. Developer shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

10. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

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

11. Claims Against Contractor. The following is provided by Hawaii law which Purchaser has reviewed and accepts:

"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, repaired, or constructed 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 are 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.”

The Sales Contract contains various other provisions which purchaser should become acquainted with. If there is a conflict between the terms of this summary and the Sales Contract, the latter shall control.

EXHIBIT "E"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is SECURITY TITLE CORPORATION. Under the Escrow Agreement dated January 25, 2005, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

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

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the apartment unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. If there are any conflicts between the terms of the Escrow Agreement and this Exhibit, the former shall control.

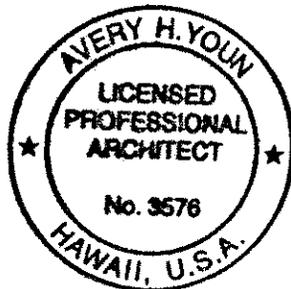
EXHIBIT F

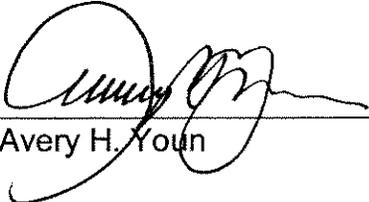
AVERY H. YOUN, ARCHITECT
2980 EWALU STREET
LIHUE, HI 96766
PH. (808) 245-9414
FAX (808) 245-5238

ARCHITECT'S CONDITION REPORT
4580 KULI ROAD CONDOMINIUM

The undersigned, being a licensed architect within the State of Hawaii and bearing Registration Number 3576, has inspected the Unit 2 Dwelling, of the 4580 KULI ROAD CONDOMINIUM project, constructed in 1992, situated at Kalaheo, Kauai, Hawaii and identified as Tax Map Key No. (4) 2-4-01: 82 and declares that 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 structure and related systems and components have an expected useful life in excess of forty-five (45) years.

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




Avery H. Youn

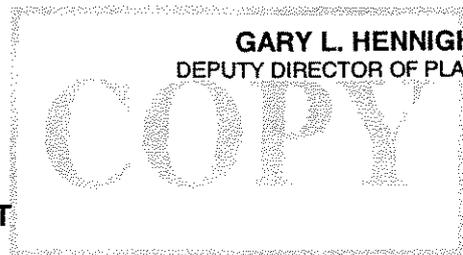
BRYAN J. BAPTISTE
MAYOR



IAN K. COSTA
DIRECTOR OF PLANNING

GARY K. HEU
ADMINISTRATIVE ASSISTANT

GARY L. HENNIGH
DEPUTY DIRECTOR OF PLANNING



**COUNTY OF KAUA'I
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 24, 2005

TO: Senior Condominium Specialist
Real Estate Commission
P & VLD/DCCA
335 Merchant Street, Room 333
Honolulu, Hawaii 96813

FROM: *Gary L. Hennigh*
Ian K. Costa, Director of Planning

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: 4580 KULI ROAD
Condominium Project (210)
Tax Map Key: (4) 2-4-001: 082

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

1. The developer has contracted architect Avery Youn to certify that the buildings on the proposed project referred to as 4580 Kuli Road Condominium Unit 1 and Unit 2 are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.

Senior Condominium Specialist
4580 Kuli Road Condominium
TMK: (4) 2-4-001: 082
January 24, 2005
Page two

2. There are no variances approved for the subject property.
3. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes and regulations.
4. There are no notices of violation of County building or zoning codes outstanding according to our records.
5. **WAIVER**
The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulations of condominiums under subsection 514 A-40, (b), and (1), Hawaii Revised Statutes.

If you have any questions, please contact Sheilah Miyake at (808) 241- 6677.

cc: Michael Sakai, Attorney at Law ✓
Carolyn Kouchi, Project Developer

EXHIBIT "H"

Summary of Declaration of Covenants

The following is a summary of the Declaration of Covenants, Conditions and Restrictions dated June 12, 1991, that was recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 91-079685. Prospective purchasers are encourage to review the subject Declaration rather than relying on this summary. If there is a conflict between the terms of this Summary and the terms of the subject Declaration, the latter controls.

SECTION I. DECLARATION OF RESTRICTIVE COVENANTS AND CONDITIONS.

1. Public Regulations. This paragraph provides that all owners are responsible for complying with all applicable Federal, State and County laws.
2. Development Standards. This paragraph contains provisions relating to what can be constructed on the lots and contains restrictions about roofing materials and the fact that geodesic dome type structures are prohibited.
3. Utility Facilities. This paragraph contains prohibitions on installing television and radio towers.
4. Temporary Structures. This paragraph prohibits house trailers, mobile homes, and other temporary buildings and other types of structures.
5. Noxious or Offensive Activities. This paragraph contains prohibitions on noxious and offensive activities.
6. Maintenance of Lots. This paragraph contains prohibitions on using any lot as a dumping ground and landfill.
7. Animals. This paragraph prohibits the raising of swine, chickens, and bees. It also permits owners to have common household pets (but not for commercial purposes).
8. Insurance. This paragraph requires all lot owners to maintain certain types of insurance coverages which includes comprehensive liability coverage in a minimum amount of \$300,000 and to name the Kuli Road Homeowner's Association as an additional insured (see item 9 below).
9. Kuli Road Homeowners' Association (the "Association"). This paragraph describes the Association which is a non-profit corporation. Every owner of a lot will be a member of the Association. The Association has the right to assess owners of lots.

NOTE: The Association collects fees of about \$100.00 each year from each lot. The Developer of the 4580 Kuli Road project does not know whether or not the Association will or intends to assess any additional fees in the future.
10. Powers of the Association. This paragraph provides that the Association shall have all powers set forth in its Articles of Incorporation and general powers provided for non-profit corporations. It also contains some specific duties and responsibilities of the Association.

11. Liability of the Association. This paragraph provides that no members of the Board of the Association shall be personally liable to any owners of lots.
12. Assessments. This paragraph contains provisions that obligates all owners to be liable for his share of expenses. It also contains other provisions relating to the establishment and imposition of assessments. Each lot in the subject development has a 1/9th proportionate share (there are a total of nine (9) lots covered by the subject Declaration and the 4580 Kuli Road project is located on lot 5).
13. State Land Use Restrictions. This paragraph contains the State Land Use Agriculture District restrictions which are also set forth in Section 205-4.5, Hawaii Revised Statutes, as amended.
14. County Land Use Restrictions. This paragraph provides that the lots have to comply with the restrictions contained in the Kauai County Code provisions relating to agricultural zoned districts.
15. Other Restrictions. This paragraph contains requirements about conferring with the Real Property Division of the Dept. of Finance, County of Kauai, prior to constructing any structures.
16. Domestic Water. This paragraph contains provisions about water availability.
17. Period of Restrictive Covenants. This paragraph states that the terms of the Declaration shall be in effect for 30 years from its original date and shall be automatically extended for successive periods of 10 years each unless a majority of all owners agree to an amendment of the same.
18. Breach. This paragraph provides that any breach of the terms of the Declaration may be enforced by the Association and other lot owners in the same subdivision.

SECTION II. EASEMENTS, RESERVATIONS AND RESTRICTIONS.

This Section contains and describes all the various easements, reservations and restrictions that each of the nine lots in the subdivision are subject to. It also reserves unto the Declarant (Russell S. Kyono) certain easements for roadway, electrical, and other utility purposes with the right to grant rights to governmental authorities in connection with such utilities.

SECTION III. GRANT OF EASEMENTS TO LOT OWNERS AND OTHERS.

This Section contains a description of the easements and grants that the Declarant has made to the various lots. It also describes how certain improvements may not be constructed on certain easements and the rights and obligations of the lots owners for such easements and any improvements located within such areas.