

## CONDOMINIUM PUBLIC REPORT

Prepared &  
Issued by:

Developer: JON H. LADENHEIM and SARA B. LADENHEIM  
Address: P.O. Box 3322, Lihue, Kauai, Hawaii 96766

Project Name(\*): 4124 PAI STREET  
Address: 4124 Pai Street, Kalaheo, Koloa, Kauai, Hawaii

Registration No. 5629

Effective date: April 13, 2005  
Expiration date: May 13, 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, in any, of the project or of purchasing an apartment in the project.

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

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

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

### Type of Report:

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

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

SUPPLEMENTARY: This report updates information contained in the:  
(pink)  
 Preliminary Public Report dated:  
 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-30 286/986/189/1190/892/0197/1098/0800/0203/0104

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report As Exhibit "G"       Not required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL NOTICE:**

1. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission, or any other governmental agency, nor does it imply that all County codes, ordinances and subdivision requirements have been complied with.
2. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Amended Condominium Map, is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted lines on the Amended Condominium Map merely represent the location of the limited common element assigned to each unit.
3. 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.

## TABLE OF CONTENTS

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

## **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: JON H. LADENHEIM and SARA B. LADENHEIM Phone: 808 332 5082  
Name\*  
P.O. Box 3322, Lihue, Kauai, Hawaii 96766,  
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\*: NONE SELECTED Phone: \_\_\_\_\_  
Name  
SEE PAGE 20  
Business Address  
\_\_\_\_\_

Escrow: Title Guaranty and Escrow Services, Inc. Phone: (808) 521-0211  
Name  
235 Queen Street  
Business Address  
Honolulu, Hawaii 96806

General Contractor\*: UNKNOWN Phone: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Condominium Managing Agent\* : To be self managed by the Association Phone: \_\_\_\_\_  
Name  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Attorney for Developer: STEVEN R. LEE Phone: (808) 822-0019  
Name  
4473 Pahe'e St., Suite L  
Business Address  
Lihue, Hawaii 96766

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

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

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

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

The Declaration for this condominium is:

<input type="checkbox"/> Proposed			
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No. 2004-096176	
		Book	Page
<input type="checkbox"/> Filed -	Land Court:	Document No.	

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

First Amendment to the Declaration of Condominium Property Regime of 4124 Pai Street and Condominium Map No. 3765, dated October 6, 2004, Recorded at the Bureau of Conveyances, State of Hawaii, as Document No. 2004-207643

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

The Condominium Map for this condominium project is:

<input type="checkbox"/> Proposed			
<input type="checkbox"/> Recorded -	Bureau of Conveyances Condo Map No.		
<input checked="" type="checkbox"/> Filed -	Land Court Condo Map No. <u>3765</u>		

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

Amended Condominium Map No. 3765, dated August 25, 2004, filed at the Bureau of Conveyances on October 8, 2004

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

The Bylaws for this condominium are:

<input type="checkbox"/> Proposed			
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No. 2004-096177	
		Book	Page
<input type="checkbox"/> Filed -	Land Court:	Document No.	

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

N/A

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\*

\*Developer reserves the Right 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 interests which must vote for or give written consent to changes:

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

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

2. Developer

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:

Developer has reserved the right to later adopt house rules

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:                     Monthly                     Quarterly  
    Semi-Annually                     Annually

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

For Sub-leaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
    Canceled                     Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

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

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

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

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:                     Monthly                     Quarterly  
    Semi-Annually                     Annually

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

[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: 4124 Pai Street, \_\_\_\_\_ Tax Map Key: (TMK): (4) 2-3-021: 002 \_\_\_\_\_  
Kalaheo, Kauai, Hawaii \_\_\_\_\_

Address  TMK is expected to change because An additional TMK and address will be assigned by the County of Kauai upon issuance of an effective date \_\_\_\_\_

Land Area: 10,599 \_\_\_\_\_  square feet  acre(s) Zoning: \_\_\_\_\_ R-4 \_\_\_\_\_



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: See Bylaws Section 5.3 (9)
- Number of Occupants: \_\_\_\_\_
- Other: \_\_\_\_\_
- 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>	1	2 / 1	780	12 240	Residence Porch Deck
<u>Unit 2</u>	1	3 / 2	1,940	440 175	Residence Garage Deck

Total number of Apartments: 2

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

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

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

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

**Apartments Designated for Owner-Occupants Only:**

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

7. Parking Stalls:

Total Parking Stalls:

	Regular		Compact		Tandem		TOTAL
	Covered	Open	Covered	Open	Covered	Open	
Assigned (for each unit)	<u>2</u>	<u>2</u>	_____	_____	_____	_____	<u>4</u>
Guest	_____	_____	_____	_____	_____	_____	
Unassigned	_____	_____	_____	_____	_____	_____	
Extra for Purchase	_____	_____	_____	_____	_____	_____	
Total Covered & Open:	<u>4</u>	_____	_____	_____	_____	_____	<u>4</u>

\*\*There is ample room for parking of two or more vehicles on each units limited common element. 2 covered parking stalls are on Unit 2; 2 open parking stalls are on Unit 1.

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

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):

The developer hereby adopts the statement of architect Robert Hotten dated January 15, 2004. The dwelling structure on Unit 1 of this Project is in satisfactory condition and the systems and components appear to be in sound condition with an expected useful life of approximately 30 years. The dwelling structure on Unit 2 of the Project is in satisfactory condition and the systems and components appear to be in sound condition with an expected useful life in excess of 30 years. There are no warranties on any structures.

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

D. Common Elements, Limited Common Elements, Common Interests:

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

described in Exhibit E.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit E.

as follows:

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

described in Exhibit C.

as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated December 7, 2004, 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 or Lien is Foreclosed Prior to Conveyance</u>
MORTGAGE	LENDER HAS PRIORITY OVER A BUYER'S RIGHTS UNDER A SALES CONTRACT, AND HAS A RIGHT TO TERMINATE SALES CONTRACT UPON FORECLOSURE OF ITS MORTGAGE BEFORE AN APARTMENT SALE IS CLOSED. IN SUCH EVENT BUYER SHALL BE ENTITLED TO A REFUND OF ALL DEPOSITS, LESS ESCROW CANCELLATION FEES.

**F. Construction Warranties:**

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

1. Building and Other Improvements:

NONE

2. Appliances:

NONE

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

Construction is complete. The dwelling structures on Units 1 and 2 were constructed in approximately 1987 and 1990, respectively.

H. **Project Phases:**

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

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



## V. MISCELLANEOUS

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

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

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit B contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 17, 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 the documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other \_\_\_\_\_

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 access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 5629 filed with the Real Estate Commission on March 9, 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:**

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine whether your expectations can be realized, you should carefully review the contents of this Report. You should also conduct your own investigations and ascertain the validity of information provided.

The prospective purchaser shall have the right to remodel or rebuild at purchaser's expense. The purchaser shall also, in such event, file the "as-built" certificate within thirty days of completion of the residence in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the residence. The County of Kauai Planning Department requires, in order to process the necessary permits for the construction of a residence, authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the Declaration and the Bylaws ("condominium documents"). Except as limited specifically by the condominium documents and house rules, all uses permitted in the residential zone are permitted.

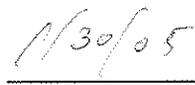
A buyer should understand that all development and use of the property shall be in compliance with County codes and ordinances, that owners in this condominium project will not necessarily receive the same County benefits as owners of approved subdivided lots, and that owners who develop their limited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

Declaration of Condominium Property Regime, Section IX, Purposes of Buildings And Restrictions as to Use, provides that the area of the footprint of the structures on Unit 1 and Unit 2 shall not be increased in size without unanimous consent. Further, Section IX of the Declaration provides that the color of paint to be used on the structures on Unit 1 and Unit 2 shall be limited to White or Neutral with trim in blue and gray, as existed on the date of the Declaration.

The units on this property are not for sale. In the event the Developer chooses to sell any of the condominium apartments, Developer shall select a real estate broker and file an Escrow Agreement and a listing agreement with the Real Estate Commission along with an amended disclosure abstract to be provided to all purchasers.

- 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.

JON H. LADENHEIM and SARA B. LADENHEIM  
Printed Name of Developer

 <hr style="width: 80%; margin: 0 auto;"/> JON H. LADENHEIM	 <hr style="width: 80%; margin: 0 auto;"/> Date
 <hr style="width: 80%; margin: 0 auto;"/> SARA B. LADENHEIM	 <hr style="width: 80%; margin: 0 auto;"/> Date

JON H. LADENHEIM and SARA B. LADENHEIM, DEVELOPER  
Printed Name & Title of Person Signing Above

Distribution:

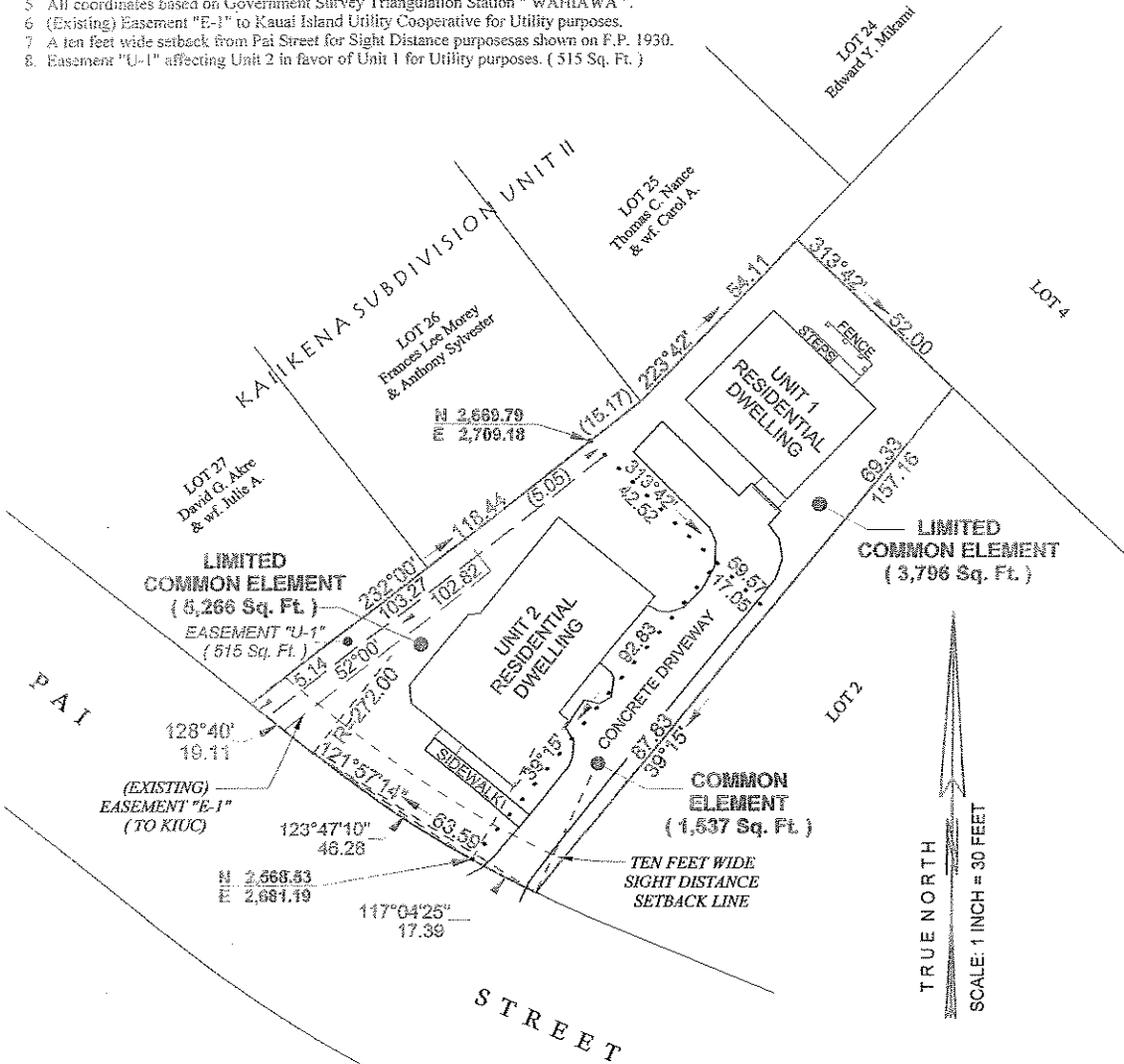
Department of Finance, COUNTY OF KAUAI

Planning Department, COUNTY OF KAUAI

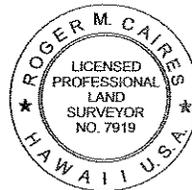
**\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner, Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.**

NOTES:

1. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.
2. Underground utilities, septic tanks, etc. were not field located except as shown.
3. The location, existence, size, depth, condition, capacity, etc. of any drainage system, sub-surface water system, cesspool/septic tank system, sewer line, or utility lines to the property, except as shown, are not a part of this map. The appropriate governmental and/or utility agencies should be contacted for this information.
4. Information on adjoining ownership was obtained from the most recently available Tax Map Book.
5. All coordinates based on Government Survey Triangulation Station "WAHLAWA".
6. (Existing) Easement "E-1" to Kauai Island Utility Cooperative for Utility purposes.
7. A ten feet wide setback from Pai Street for Sight Distance purposes as shown on F.P. 1930.
8. Easement "U-1" affecting Unit 2 in favor of Unit 1 for Utility purposes. ( 515 Sq. Ft. )



**AMENDED**  
**CONDOMINIUM MAP #3765**  
**FOR**  
**" 4124 PAI STREET "**  
**UNITS 1, 2, AND COMMON ELEMENT**  
**AND DEDICATION OF EASEMENT "U-1"**  
**BEING LOT 1**  
**KAI IKENA SUBDIVISION UNIT II**  
**F.P. 1930**  
**KALAHEO, KOLOA, KAUAI, HAWAII**  
 Tax Map Key: (4) 2 - 3 - 021: 002  
 Area: 10,599 Sq. Ft.  
 Owners: Jon H. Ladenheim & Sara B. Ladenheim  
 Husband and Wife  
 Date: August 25, 2004



THIS WORK WAS PREPARED BY ME  
OR UNDER MY SUPERVISION.

*Roger M. Cairns*

ROGER M. CAIRES  
Licensed Professional Land Surveyor  
Certificate Number 7919  
Expires 04/30/06

## EXHIBIT "B"

### SUMMARY OF SALES CONTRACT

This Project Utilized a Condominium Addendum to Sales Contract (the "Addendum") to be utilized in conjunction with a standard printed form contract provided by the Hawaii Association of Realtors. The Addendum protects the rights of the Purchasers and the handling of the funds under the Condominium Property Act (the "Act"), as well as the insuring compliance with the Act by all parties. Relevant portions of the Addendum are summarized as follows:

1. The fact that the Act controls over any portion of a contract to sell a condominium unit.
2. That an effective date for a final or supplementary public report must be in place and a receipt for the same signed by the buyer to have an effective date.
3. That all purchaser funds must be held in escrow until the law allows closing and disbursement of the funds.

The conditions precedent to release of the funds are enumerated, including in part:

- (a) That Purchaser will receive a copy of the final public report for the project.
- (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.
- (c) If there is a dual agency by a single broker, it will be disclosed in the contract.
- (d) In the event Buyer fails to perform Buyer's obligations under the Sales Contract, Seller may (a) bring an action for damages for breach of contract (b) retain the initial deposit and all additional deposits provided therein as liquidated damages, and (c) Buyer shall be responsible for any costs incurred with the Sales Contract. In the event Seller fails to perform Seller's obligations under the Sales Contract, Buyer may (a) bring an action for damages for breach of contract, (b) seek specific performance of the Sales Contract, and (c) Seller shall be responsible for any costs incurred in accordance with the Sales Contract. The foregoing shall not exclude any other remedies under the Sales Contract to either Seller or Buyer on account of the other party's default. In the event of default by a party and/or a legal action or arbitration, the prevailing party shall be entitled to recover all costs incurred including reasonable attorney's fees.

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

**EXHIBIT "C"**

**SCHEDULE OF APARTMENTS AND COMMON INTERESTS**

Qty.	Unit No.	Area of Limited Common Element* (Sq.Ft.)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	% of Common Int.
1	1	3,796	2 / 1	780 Residence	252	50%
1					12 Porch	
1					240 Deck	
1	2	5,266	3 / 2	1,940 Residence		50%
1					440 Garage	
1					174 Deck	

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. Units 1 and 2 will each burden the common elements as shown above. Therefore, the assessment of undivided interest both for common expense and for voting is 50% for Unit 1; 50% for Unit 2.

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

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

## EXHIBIT "D"

### SUMMARY OF PORTIONS OF ESCROW AGREEMENT 4124 PAI STREET

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (the "Escrow"), and JON H. LADENHEIM and SARA B. LADENHEIJM, husband and wife (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.
2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.
3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected to cancel the contract as provided by HRS Section 514-A: 62 or 63 and receive all funds paid, with an Escrow cancellation fee of \$25.00 to \$250.00; or (b) the Real Estate Commission has not issued an effective date for a Final Public Report on the project or the Seller's requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met, in which case there shall be no escrow cancellation fee. Provisions of Hawaii's Owner-Occupant law to not apply to this project.
4. Escrow will return deposited sums to the Buyer without interest, if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven-day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00 nor more than \$250.00. If Buyer defaults for more than ten days in performing the purchase contract, Buyer will forfeit all deposits as liquidated damages.
5. Escrow will arrange for and supervise the signing of all documents, which are to be signed subsequent to and contemplated by the sales contract.
6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

NOTE: Section 514A-63, Hawaii Revised Statutes, provides rescission rights to a purchaser under a binding contract if there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the project for such purchaser's use.

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

**END OF EXHIBIT "D"**

**EXHIBIT “E”**

**COMMON ELEMENTS OF THE PROJECT**

The common elements of the project are:

- (a) The common element which serves as a shared driveway for Unit 1 and Unit 2, as shown on the condominium map, and containing an area of 1,537 square feet.
- (b) the land in fee simple;
- (c) all commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone; and
- (d) any and all other future elements and facilities in common use or necessary to the Project.

**LIMITED COMMON ELEMENTS OF THE PROJECT**

Certain parts of the common elements, referred to as the “limited common elements,” have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit is that certain land area upon and around which Units 1 and 2 are located, shown and designated on the Condominium Map and the table below.

<u>Unit Number</u>	<u>Area of Limited Common Element*</u>
1	3,796 sq. ft.
2	5,266 sq. ft.

\*Land areas as referenced herein are not legally subdivided lots.

## EXHIBIT "F"

### ENCUMBRANCES AGAINST TITLE

The following encumbrances apply to all Units:

1. Real property taxes that may be due and owing
2. SETBACK (10 feet wide)  
  
PURPOSE: sight distance  
SHOWN: on File Plan No. 1930
3. RIGHT-OF-ENTRY  
  
TO: BOARD OF WATER SUPPLY, COUNTY OF KAUAI, a public  
body corporate under the Kauai County Charter  
  
DATED: June 28, 1988  
RECORDED: Liber 22255 Page 477
4. The terms and provisions, including the failure to comply with any covenants,  
conditions and reservations, contained in the following:  
  
INSTRUMENT: DECLARATION  
  
DATED: August 25, 1988  
RECORDED: Liber 22289 Page 605
5. GRANT  
  
TO: CITIZENS UTILITIES COMPANY  
  
DATED: March 28, 1989  
RECORDED: Liber 23085 Page 289  
GRANTING: a perpetual right and easement for utility purposes

Said above Grant was assigned by ASSIGNMENT OF LISTED EASEMENTS,  
dated November 1, 2002, recorded as Document No. 2002-194848, by and  
between CITIZENS COMMUNICATIONS COMPANY, formerly known as  
Citizens Utilities Company, a Delaware corporation, successor-in-interest to

KAUAI ELECTRIC COMPANY, LIMITED and KAUAI ISLAND UTILITY CO-OP, a Hawaii cooperative association.

6. MORTGAGE

LOAN/ACCOUNT NO. 000600604514

MORTGAGOR: JON H. LADENHEIM and SARA B. LADENHEIM

MORTGAGEE: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., solely as nominee for GMAC BANK, a Pennsylvania corporation.

DATED: June 23, 2003

RECORDED: Document No. 2003-132369

AMOUNT: \$400,000.00

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

INSTRUMENT: DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "4124 PAI STREET" CONDOMINIUM PROPERTY

DATED: April 13, 2004

RECORDED: Document No. 2004-096176

MAP: 3765 and any amendments thereto

Said above Declaration was amended by instrument dated October 6, 2004, recorded as Document No. 2004-207643

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

INSTRUMENT: BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED: April 13, 2004

RECORDED: Document No. 2004-096177

**END OF EXHIBIT "F"**

**EXHIBIT "G"**

**DISCLOSURE ABSTRACT**

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of 4124 PAI STREET condominium makes the following disclosures:

1. The Developers of the project are JON H. LADENHEIM and SARA B. LADENHEIM, P.O. Box 3322, Lihue, Hawaii 96766), telephone (808) 332-5091.

2. See Exhibit "H" to the Final Public Report for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles.

3. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition

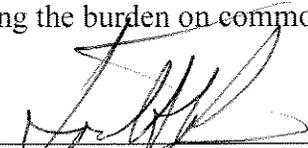
4. All of the apartments of the project are to be used for permitted residential purposes only. No apartments shall be used for hotel or timeshare purposes. There will be no commercial use except those activities permitted by county ordinance.

5. The developer has not selected a real estate broker for the sales of the apartments in the Project. In the event the Developer chooses to use a real estate broker for the sale of an apartment prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this public report.

6. The Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. There are no depreciable common elements in the Project.

7. There are certain limitations regarding any increase in size of the structures and the paint colors to be used on both Units 1 and 2ū.

8. The Developer discloses Common Interest has been divided equally as shown: Unit 1 – 50% and Unit 2 – 50%, reflecting the burden on common elements by the five units.

  
\_\_\_\_\_  
JON H. LADENHEIM, Developer

11/30/05  
Date

  
\_\_\_\_\_  
SARA B. LADENHEIM, Developer

11/30/05  
Date

---

RECEIPT

The undersigned has received a copy of the foregoing Disclosure Abstract this \_\_\_\_ day of \_\_\_\_\_, 2004.

Purchaser(s): \_\_\_\_\_

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
Unit 1	\$75.00                      \$900.00
Unit 2	\$75.00                      \$900.00

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

**Estimate of Maintenance Fee Disbursements:**

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning		
Electricity		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection		
Telephone		
Water and Sewer	\$100.00	\$1,200.00

Maintenance, Repairs and Supplies

Building		
Grounds	\$ 50.00	\$ 600.00

Management

Management Fee  
Payroll and Payroll Taxes  
Office Expenses

Insurance

Reserves(\*)

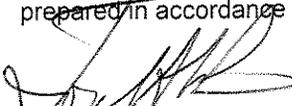
Taxes and Government Assessments

Audit Fees

Other

TOTAL	\$150.00	\$1,800.00
-------	----------	------------

We, Jon H. Ladenheim and Sara B. Ladenheim, Developers for the 4124 PAI STREET condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
\_\_\_\_\_  
JON H. LADENHEIM

  
\_\_\_\_\_  
SARA B. LADENHEIM

1/30/05  
\_\_\_\_\_  
Date

1/30/05  
\_\_\_\_\_  
Date

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

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

**BRYAN J. BAPTISTE**  
MAYOR



**IAN K. COSTA**  
DIRECTOR OF PLANNING

**GARY K. HEU**  
ADMINISTRATIVE ASSISTANT

**GARY L. HENNIGH**  
DEPUTY DIRECTOR OF PLANNING

COPY

**COUNTY OF KAUAI  
PLANNING DEPARTMENT**

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

TELEPHONE: 808.241.6677  
FAX: 808.241.6699

**DATE:** March 15, 2005

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

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

**SUBJECT:** Certification of Inspection of Existing Buildings

**Project Name:** 4124 PAI STREET  
Condominium Project (212)  
**Tax Map Key:** (4) 2-3-021: 002

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 Robert Hotten to certify that the buildings on the proposed project referred to as 4124 Pai Street Condominium Unit 1 and Unit 2 are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.

3/14/05

Senior Condominium Specialist  
Kuahiwi Omao Condominium  
TMK: (4) 2-3-021: 002  
March 15, 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 violations 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: Robert Grinpas, Attorney at Law  
Jon Ladenheim, Project Developer

5

Recordation requested by:

88-123169

STATE OF HAWAII  
BUREAU OF CONVEYANCES  
RECEIVED FOR RECORD

After recordation, return to:

JAMES DESIGN SHOPPE OF HAWAII, LTD  
P.O. Box 287  
KAAHAE #1 96741

1988 AUG 26 PM 1:00

LIBER/P/ 22289 / 605  
ARCHIE K. VIELA, REGISTRAR

I hereby certify that this is a true and correct copy of the records of the Bureau of Conveyances.

Return by Mail ( ) Pickup (X)

State of Hawaii  
Bureau of Conveyances  
Registrar, Land Court

DECLARATION OF COVENANTS AND RESTRICTIONS

JAMES DESIGN SHOPPE OF HAWAII, LTD., a Hawaii corporation, hereinafter called "Owner", is the owner of those certain parcels of land situated at Kalaheo, Koloa, Island of Kauai, State of Hawaii, described as follows:

Lots 1 to 44, inclusive, as shown on File Plan 1930, filed in the Bureau of Conveyances of the State of Hawaii.

Owner desires to establish covenants and restrictions relative to the use of said land in order to create a proper subdivision for residential purposes.

THEREFORE, Owner hereby declares that each of said lots shall be subject to the following covenants and restrictions:

1. Each lot shall be used for residential purposes only.

2. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become a nuisance or cause unreasonable disturbance or annoyance to other occupants of lots in the neighborhood.

3. No animals or fowls of any kind shall be raised, bred or kept on any lot, except that a reasonable number of dogs, cats, or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose.

4. No structure of a temporary character, trailer, quonset hut, tent, shack, garage, barn, or other outbuilding shall be used on any lot at any time as a permanent residence.

5. No used or secondhand material shall be used or incorporated in the construction or any improvements on any lot, nor shall there be placed or maintained upon any lot any buildings which were moved from another location.

6. No building shall exceed two (2) stories in height. The single family dwelling shall contain a floor area (exclusive of basements, open porches, lanais, patios, garages and carports), of not less than 1,200 square feet.

7. No part of any lot shall be filled, excavated or otherwise altered as to grade in such manner as to affect drainage of any adjoining lot.

8. No deed, mortgage or lease affecting any lot shall be made or delivered unless such deed, mortgage or lease shall contain expressly or by reference to this document the same covenants and restrictions set forth herein and unless such deed, mortgage or lease shall be made expressly subject thereto.

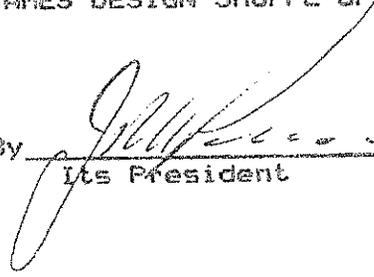
9. No mineral surfaced asphalt roll roofing or corrugated metal roofs will be permitted within the subdivision. Any garages or carports must be equipped with a garage door.

10. No lot shall be used as a junk yard or auto graveyard. No trucks or house trailers of any kind shall be permitted to be parked on any roadway within the subdivision for a period of more than four (4) hours, unless the same is present in the actual construction or repair of buildings located on the land and no truck shall be parked overnight on any roadways within the subdivision. For the purpose of this paragraph, the word "truck" shall be deemed to mean truck in excess of 3/4th ton.

11. That for any violation or threatened violation of any of said covenants, an owner of any of said lots shown on said File Plan shall have a remedy against the offending party by action for damages, suit for injunction, mandatory or restraining, or any other remedy, without prejudice to the right of any other owner or owners to adopt or pursue the same or any other remedy thereafter for the same breach or failure. In any such suit, the prevailing party shall be entitled to collect from the losing party all reasonable fees and costs incurred by such prevailing party.

IN WITNESS WHEREOF, the Owner has executed these presents as of the 25 day of August, 1988.

JAMES DESIGN SHOPPE OF HAWAII, LTD.

By   
Its President

STATE OF HAWAII )  
 ) ss.  
COUNTY OF KAUAI )

On this 25<sup>th</sup> day of August, 1988, before me appeared JAMES M. PARSONSON, to me personally known, who, being by me duly sworn, did say he is the President of JAMES DESIGN SHOPPE OF HAWAII, LTD., a Hawaii corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and said JAMES M. PARSONSON acknowledged said instrument to be the free act and deed of said corporation.

*D. J. [Signature]*  
Notary Public, State of Hawaii  
My commission expires: 6-15-9

X