CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: JAMES McDERMOTT
Address: P.O. Box 2208, Kapaa, Kauai, Hawaii 96746

Project Name(*): EA ROAD ESTATES
Address: 4983 Ea Road, Kapaa, Kauai, Hawaii 96746

Registration No. 5741 (Partial Conversion)
Effective date: July 29, 2005
Expiration date: August 29, 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: (yellow) — The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A final Public Report will be issued by the developer when complete information is filed.

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

_____ SUPPLEMENTARY: (pink) — This report updates information contained in the:
[ ] Preliminary Public Report dated:
[ ] Final Public Report dated:
[ ] Supplementary Public Report dated:

And
[ ] Supersedes all prior public reports
[ ] Must be read together with
[ ] This report reactivates the _____ public report(s) which expired on _____.

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] 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.

[X] 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.

4. Developer and Fee Owner JAMES McDERMOTT is a licensed Real Estate Broker (RB-61129) licensed with the State of Hawaii.

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: Memorandum from the County of Kauai Planning Department dated July 14, 2005.

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: JAMES McDERMOTT
Name*
P.O. Box 2208
Business Address
Kapaa, Hawaii 96746

Phone: (808) 651-7589

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*: PROSSER REALTY, INC.
Name
P.O. Box 367
4379 Rice Street
Business Address
Lihue, Hawaii 96766

Phone: (808) 245-4711
Lic. No. RB-8340

Escrow: TITLE GUARANTY OF HAWAII
Name
235 Queen Street
Business Address
Honolulu, Hawaii 96813

Phone: (808) 521-0211

General Contractor*: TOM BRYAN CONSTRUCTION, INC.
Name
P.O. Box 1321
2242 Iuela Street
Business Address
Kilauea, Hawaii 96754

Phone: (808) 828-0848
Lic. No. CT-25775

Condominium Managing Agent*: SELF-MANAGED BY ASSOCIATION OF
Name
APARTMENT OWNERS
Business Address

Phone:

Attorney for Developer: STEVEN R. LEE
Name
4473 Pahe`e Street, Suite L
Business Address
Lihue, Hawaii 96766

Phone: (808) 246-1101

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

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 2005-101542
Book Page
[ ] Filed - Land Court: Document No.

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

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

The Condominium Map for this condominium project is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances Condo Map No. 4003
[ ] Filed - Land Court Condo Map No.

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

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

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 2005-101543
Book Page
[ ] Filed - Land Court: Document No.

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

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

The House Rules for this condominium are:

[ ] Proposed [ ] Adopted [X] Developer does not plan to adopt House Rules

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

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

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

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

2. Developer:

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

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

III. THE CONDOMINIUM PROJECT

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

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

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

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

Exhibit _____ contains further 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: 4983 Ea Road
Kapaa, Kauai, Hawaii 96746

Tax Map Key: (TMK): (4) 4-5-017-010

[X] Address [X] TMK is expected to change because County of Kauai will assign separate address to Unit 2, and separate TMK designations for each unit.

Land Area: 14,150 [X] square feet [ ] acre(s) Zoning: R-4

Fee Owner: JAMES McDERMOTT
Name
P.O. Box 2208
Address
Kapaa, Hawaii 96746

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 3 Floors Per Building: 1

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [ ] Concrete [ ] Hollow Tile [X] Wood

   [ ] Other: _____

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted by Zoning	
[X] Residential	2	[X] Yes	[ ] No
[ ] Commercial		[ ] Yes	[ ] No
[ ] Mix Residential/Commercial		[ ] Yes	[ ] No
[ ] Hotel		[ ] Yes	[ ] No
[ ] Timeshare		[ ] Yes	[ ] No
[ ] Ohana		[ ] Yes	[ ] No
[ ] Industrial		[ ] Yes	[ ] No
[ ] Agricultural		[ ] Yes	[ ] No
[ ] Other: _____		[X] Yes	[ ] No

Is/Are this/ these use(s) specifically permitted by the project's Declaration or Bylaws?

[X] Yes [ ] No

5. Special Use Restrictions:

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

[X] Pets: See Bylaws Section 5.3(9) Household pets in reasonable quantity okay.

[ ] Number of Occupants: _____

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	Bed/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identify
1	1	3 / 2	1,812	---	Residence
	1	---	---	556	Covered Lanai
	1	---	---	24	Entrance Deck
	1	---	---	144	Storage Shed
2	1	2 / 2	785	---	Residence
	1	---	---	128	Covered Lanai
	1	---	---	380	Covered 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: 4**

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)		2					4
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	4						4

**There is ample room for parking of two or more vehicles on each unit's limited common element.

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:

[X] 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:

[X] There are no violations. [ ] Violations will not be cured.

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

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

Reports by Peter N. Taylor, PE, PLS, dated May 10, 2005 state that the buildings and related systems/components on Units 1 and 2 have a probable expected useful life in excess of ten (10) years.

11. Conformance to Present Zoning Code:

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

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

D. **Common Elements, Limited Common Elements, Common 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:

[X] 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.

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

[X] 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:

[X] 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 June 20, 2005 and issued by Title Guaranty of Hawaii

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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
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:**

The residence on Unit 1 was completed in July 2005. The existing storage shed on Unit 1 was constructed in approximately 1995 and the existing residence on Unit 2 was constructed in 1950.

H. **Project Phases:**

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

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

IV. CONDOMINIUM MANAGEMENT

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

Initial Condominium Managing Agent: When the developer or the developer's affiliated is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium-managing agent for this project, named on page five (5) of this report is:

[ ] not affiliated with the Developer
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate
[ ] Other: _____

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

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

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

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

C. **Utility Charges for Apartments:**

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

[ ] None [ ] Electricity ___ Common Elements only ___ Common Elements & Apartments

[ ] Gas ___ Common Elements only ___ Common Elements & Apartments

[ ] Water [X] Sewer* [ ] Television Cable

[ ] Other: *The units share wastewater treatment.

V. MISCELLANEOUS

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

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

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract
Exhibit B contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated May 16, 2005
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 be the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

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

This Public Report is a part of Registration No. 5741 filed with the Real Estate Commission on June 29, 2005.

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

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

C. **Additional Information Not Covered Above:**

Purchasers should be aware that there is no public sewer system available, which requires the project to comply with the requirements of Chapter 11-62, HAR, "Wastewater Systems". The apartments will share the cost of designing and installing the wastewater system as part of their common expenses. The wastewater system will serve both units, and each unit will pay half of normal maintenance and repair costs, plus all costs of damage they cause individually. The County of Kauai may allow the first apartment/unit applying for such a permit to use a cesspool; the second would require a septic system. Any prospective purchaser should verify requirements with the County of Kauai and seek design and installation estimates prior to proceeding with the wastewater system.

Purchasers should also be aware that the developer is a licensed Hawaii Real Estate sales person (License No. RB-61129) and is affiliated with the project broker, Prosser Realty, Inc.

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.

JAMES McDERMOTT
Printed Name of Developer

By: _____ May 2, 2005
Duly Authorized Signatory* Date

JAMES McDERMOTT, DEVELOPER
Printed Name & Title of Person Signing Above

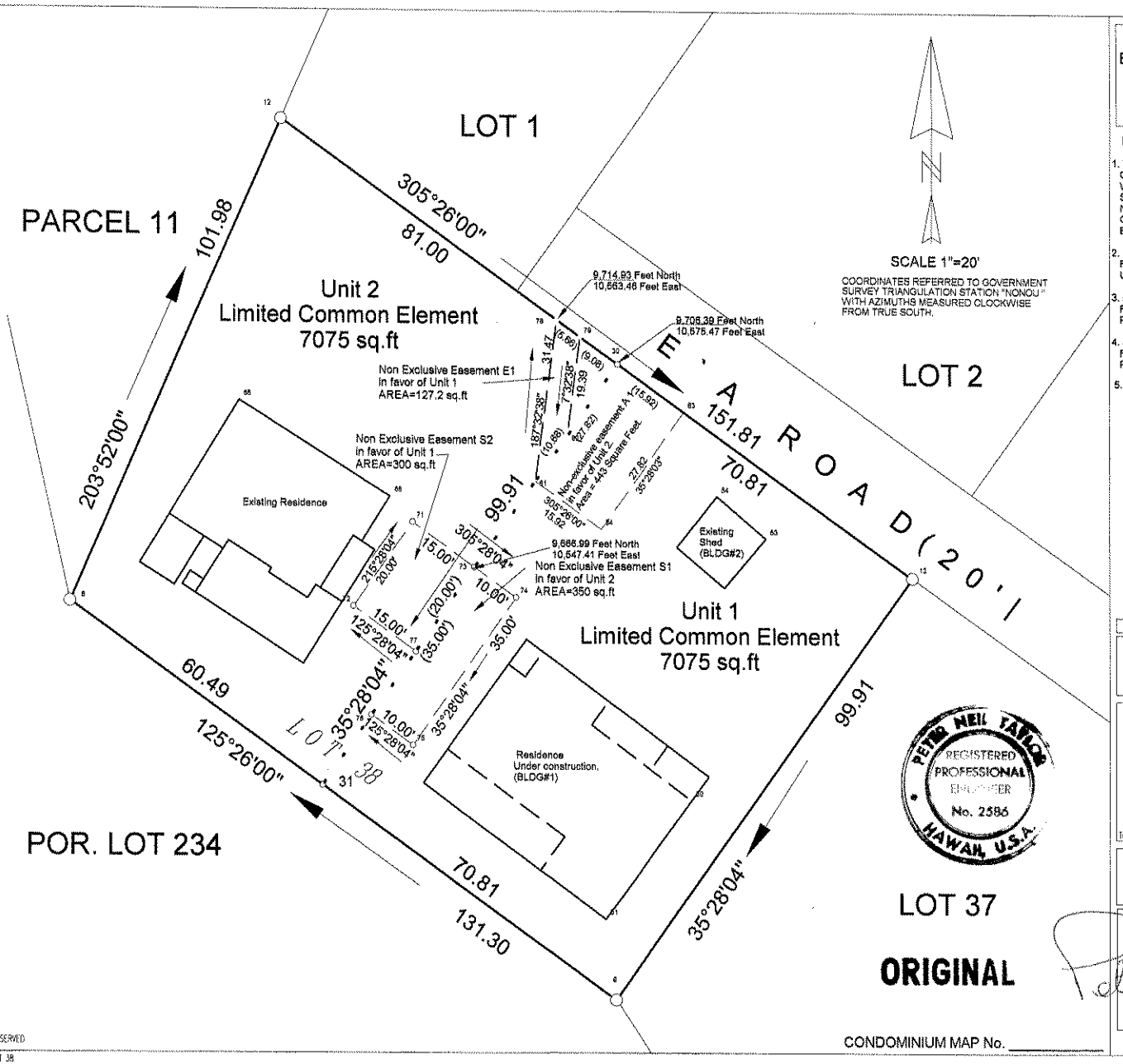
Distribution:

Department of Finance, COUNTY OF KAUAI

Planning Department, COUNTY OF KAUAI

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

EXHIBIT "A"



PETER TAYLOR
ENGINEER & LAND SURVEYOR INC
4370 KUKUI GROVE ST. SUITE 208
LIHUE, KAUAI, HAWAII 96766
PH: 808 245-9154, FAX: 808 245-8028
EMAIL: pnl@aloha.net

NOTES:

1. THE LOCATION, EXISTENCE, SIZE, DEPTH, CONDITION, CAPACITY OF ANY DRAINAGE SYSTEMS, SUBSURFACE WATER SYSTEM, CESSPOOL/SEPTIC TANK SYSTEM, SEWER LINE, AND UTILTIY LINES ON THE PROPERTY IS NOT PART OF THE MAP. THE APPROPRIATE GOVERNMENTAL AND/OR UTILITY AGENCIES SHOULD BE CONTACTED FOR THIS INFORMATION.
2. NON-EXCLUSIVE EASEMENT E1 AFFECTING UNIT 2 IN FAVOR OF UNIT 1 IS FOR UNDERGROUND ELECTRICAL UTILITY PURPOSES.
3. NON-EXCLUSIVE EASEMENT S1 AFFECTING UNIT 1 IN FAVOR OF UNIT 2 IS FOR SEWER AND RELATED PURPOSES
4. NON-EXCLUSIVE EASEMENT S2 AFFECTING UNIT 2 IN FAVOR OF UNIT 1 IS FOR SEWER AND RELATED PURPOSES
5. NON-EXCLUSIVE EASEMENT A-1 AFFECTING UNIT 1 IN FAVOR OF UNIT 2 IS FOR VEHICULAR and PEDESTRIAN ACCESS PURPOSES ONLY. SPECIFICALLY EXCLUDED IS VEHICULAR PARKING.

FILE NAME:\2005\MCDERMOTT-1\FINAL1.DWG DATE:5/09/2005

OWNER:
JAMES MCDERMOTT
P.O BOX 2208
KAPAA, HI 96746

SITE PLAN OF

"E'A ROAD ESTATES"
Unit 1 and Unit 2
Being a Portion of Grant 7961
to Joseph Freitas Bettencourt
and a Portion of Lot 234
Kapaa Homesteads 4th Series
Kapaa, Kawaihau, Kauai, Hawaii

TOTAL AREA OF LOT: 14,150 sq.ft

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.

THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION

DATE: 05/10/05

DRAWING 1 OF 1

PROJECT No. 05-065

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TAX MAP KEY: (4th Division) 4-5-17 PARCEL 10 LOT 38

CONDOMINIUM MAP No. _____

EXHIBIT "B"

SUMMARY OF SALES CONTRACT

This Project utilized a Condominium Addendum to Sales Contract (the "Addendum") to be used 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. That the Purchaser will be deemed to have had an opportunity to read the Final Public Report(s) within forty-eight (48) hours after receiving them, unless specifically indicated otherwise. Both Seller and Purchaser have the right to cancel the Contract at any time prior to the date when the Contract becomes effective. Seller and Purchaser also have the right to cancel the Contract at any other time explicitly stated by the Act.

   c. 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.

   d. If there is a dual agency by a single broker, it will be disclosed in the contract.

   e. If the Purchaser shall default:

      i. The contract may, at the Seller's option, be terminated by written notice to the Purchaser; and

      ii. Any sums paid by the Purchaser shall belong to the Seller as liquidated damages (up to a maximum of 20% of the total purchaser price); and

      iii. The Seller may pursue any other remedy, including specific performance, permitted by law or equity. All costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

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

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*	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	Percentage of Common Int.
1	1	7,075 sq. ft.	3 / 2	1,812	---	50%
1	2	7,075 sq. ft	2 / 2	785	---	50%

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 equally. Therefore, the assessment of undivided interest both for common expense and for voting is 50% for each unit.

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

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

EXHIBIT "D"

SUMMARY OF PORTIONS OF ESCROW AGREEMENT
EA ROAD ESTATES

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (the "Escrow"), and JAMES McDERMOTT, a single man, (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 land in fee simple;

(b) non-exclusive Easement E1 affecting Unit 2 in favor of Unit 1 is for underground electrical utility purposes;

(c) non-exclusive Easement S1 affecting Unit 1 in favor of Unit 2 is for sewer and related purposes;

(d) non-exclusive Easement S2 affecting Unit 2 in favor of Unit 1 is for sewer and related purposes;

(e) non-exclusive Easement A-1 affecting Unit 1 in favor of Unit 2 is for vehicular and pedestrian access purposes only. Specifically excluded is vehicular parking;

(f) 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

(g) 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.

Unit Number	Area of Limited Common Element
1	7,075 sq. ft.
2	7,075 sq. ft.

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

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. All real property taxes that may be due and owing.

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

   INSTRUMENT : ROAD WIDENING RESERVE AGREEMENT

   DATED : June 10, 2004
   RECORDED : Document No. 2004-129455
   PARTIES : JAMES McDERMOTT, single, "Applicant", and THE COUNTY OF KAUAI PLANNING DEPARTMENT, "Department"

3. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

   MORTGAGOR : JAMES McDERMOTT, single

   MORTGAGEE : U.S. FINANCIAL MORTGAGE CORP., a Hawaii corporation

   DATED : January 5, 2005
   RECORDED : Document No. 2005-007824
   AMOUNT : $588,000.00

4. 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 "EA ROAD ESTATES" CONDOMINIUM PROJECT

   DATED: May 2, 2005
   RECORDED: Document No. 2005-010542
   MAP: 4003

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

   INSTRUMENT: BYLAWS OF ASSOCIATION OF APARTMENT OWNERS

   DATED: May 2, 2005
   RECORDED: Document No. 2005-010543

EXHIBIT "G"

DISCLOSURE ABSTRACT

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of EA ROAD ESTATES condominium makes the following disclosures:

1. The Developer of the project is JAMES McDERMOTT, P.O. Box 2208, Kapaa, Hawaii 96746, telephone (808) 651-7589.

2. There are no maintenance fees for this project.

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 real estate agent for the project is PROSSER REALTY, INC., P.O. Box 367, Lihue, Hawaii 96746, telephone number is (808) 639-8516. The designated agent/broker is PETER A. TEGAN.

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

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

JAMES McDERMOTT, Developer

5-11-05
Date

EXHIBIT "H"

BRYAN J. BAPTISTE
MAYOR

GARY K. HEU
ADMINISTRATIVE ASSISTANT

IAN K. COSTA
DIRECTOR OF PLANNING

MYLES S. HIRONAKA
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUA'I
PLANNING DEPARTMENT
4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHU'E, KAUA'I, HAWAI'I 96766-1326

TELEPHONE: (808) 241-6677 FAX: (808) 241-6699

DATE: July 14, 2005

TO: Cynthia M.L. Yee, Esq.
Senior Condominium Specialist
Real Estate Commission - P & VLD/DCCA
335 Merchant Street, Room 333
Honolulu, Hawaii 96813

FROM: Ian K. Costa, Director of Planning

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: EA ROAD ESTATES
Condominium Project (269)
Tax Map Key: (4) 4-5-017: 010

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 have contracted engineer Peter Taylor to certify that the buildings on the proposed project referred to as Ea Road Estates 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.

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: Steven Lee, Attorney at Law
James McDermott, Project Developer