

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Carl F. Pirscher and Makiko Pirscher
Address 6303 NE 138th Place, Kirkland, WA.98034

Project Name (*): Kamalani Condominium
Address: 1134 Pu'u Road, Kalaheo, Kauai, HI.96741

Registration No. 5752

Effective date: September 12, 2005
Expiration date: October 12, 2006

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

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

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

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

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 ATTENTION: This is a CONDOMINIUM PROJECT, not a subdivision. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO RESIDENTIAL USE. The Purchaser should consult with the appropriate County Agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.

1. There are presently TWO (2) SHADE STRUCTURES ON THE PROPERTY which may be individually defined as an "apartment" under the condominium property act.
2. This public report does NOT constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
3. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: CARL F. PIRSCHER and
MAKIKO PIRSCHER Phone: 206 368 9668 ext. 107
 Name* _____
6303 NE 138th Place _____
 Business Address _____
KIRKLAND, WA.98034 _____

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*: Makai Properties, LLC Phone: 808 338 0369
 Name _____
1941 Poipu Rd, Koloa, HI.96756-0905 _____
 Business Address _____

Escrow Security Title Corporation Phone: 808 245 6975
 Name _____
4370 Kukui Grove St, Ste 209, Lihue, HI.96766 _____
 Business Address _____

General Contractor*: Bittner Construction, LLC Phone: 808 822 4053
 Name _____
PO Box 456 Anahola, HI.96703 _____
 Business Address _____

Condominium Managing Agent*: Self-managed by the Association of Apartment Owners Phone: _____
 Name _____
 Business Address _____

Attorney for Developer: Helene Taylor Phone: 808 245 9601
 Name _____
4370 Kukui Grove St, Ste 208, Lihue, HI.96766 _____
 Business Address _____

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

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

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

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

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No.	<u>2005-071149</u>
			Book	<u> </u> Page <u> </u>
<input type="checkbox"/>	Filed -	Land Court:	Document No.	<u> </u>

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:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No.	<u>3980</u>	
<input type="checkbox"/>	Filed -	Land Court Condo Map No.	<u> </u>	

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:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No.	<u>2005-071150</u>
			Book	<u> </u> Page <u> </u>
<input type="checkbox"/>	Filed -	Land Court:	Document No.	<u> </u>

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

	Minimum Set by Law	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>100%</u>
Bylaws	65%	<u>100%</u>
House Rules	---	<u>N/A</u>

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

2. **Developer:**

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

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

The Developer reserves the right to change the Declaration and Condominium Map as provided for in the Declaration, see Paragraph 15 of Declaration

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: 1134 Pu'u Road, Kalaheo, HI.96741 Tax Map Key (TMK): (4) 2-3-05-19

Address TMK is expected to change because CPR numbers will be added to the current TMK number

Land Area: 5.107 square feet acre(s) Zoning: AGRICULTURE

Fee Owner: CARL F. PIRSCHER and
MAKIKO PIRSCHER
 Name
6303 NE 138th Place
 Address
KIRKLAND, WA. 98034

Lessor: N/A
 Name
 Address

C. **Buildings and Other Improvements:**

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

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

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

* NOTE: There are only two apartments in the Project. At the effective date of this report, each of the two apartments consists of a legal shade structure which cannot be occupied for residential purposes. Each structure, may, however, be converted to Agricultural use (which is a permitted use under the applicable zoning) pursuant to Section 12 of the Declaration, which is summarized in Exhibit J attached hereto.

The subject property is within the State Land Use Agricultural District and is zoned Agricultural by the County of Kauai. "Farm Dwelling" and other structures appropriate to agricultural usage are permitted, subject to certain guidelines. See the disclosures on Page 20 of this Final Public Report and Exhibit "K" Farm Dwelling requirements.

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: Animals and pets are limited as provided in the Bylaws, (see Section 8.6(7) of Bylaws)
- 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 A</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>16 sq.ft.</u>	<u>Shade structure</u>
<u>Unit B</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>16 sq.ft.</u>	<u>Shade structure</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment:

Each unit includes, but is not limited to the footings or slab on which it is constructed, the exterior walls and roof, all interior walls, floors, ceilings, columns and partitions and the finished surfaces thereof, the doors and door frames, windows and window frames, the air space within the perimeters of the unit. Each unit shall not include any pipes, shafts, wires, conduits or other utility or service lines running through such units which are utilized for or serve more than one unit, the same being deemed common elements as hereinafter provided.

Permitted Alterations to Apartments:

As specified in paragraph 12 of the Declaration, refer to page 11a for details.

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 not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls:	<u>4</u>				
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>		
	<u>Covered</u>	<u>Covered</u>	<u>Covered</u>	<u>TOTAL</u>	
	<u>Open</u>	<u>Open</u>	<u>Open</u>		
Assigned (for each unit)	<u>4</u>	_____	_____		<u>4</u>
Guest	_____	_____	_____		_____
Unassigned	_____	_____	_____		_____
Extra for Purchase	_____	_____	_____		_____
Other: _____	_____	_____	_____		_____
Total Covered & Open:	<u>4</u>	<u>0</u>	<u>0</u>		<u>4</u>

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: _____

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

There are no violations.

Violations will not be cured.

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

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

N/A

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

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

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

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

described in Exhibit _____.

as follows:

Each unit shall have appurtenant thereto an undivided one half (1/2) interest (50%) in all common elements of the property, and the same proportionate share in all common profits and common expenses of the property (except as may be otherwise provided in the Bylaws) and for all other purposes, including voting. The fractional common interest for each unit is determined by assigning a 1/2 fractional interest to each of the two (2) units irrespective of the actual land areas contained in the limited common elements appurtenant to each unit.

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

Exhibit "F" describes the encumbrances against the title contained in the title report dated July 19, 2005 and issued by Title Guaranty of Hawaii Inc.

Blanket Liens:

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

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

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 Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before an apartment sale is closed. Should the lender terminate Buyer's sales contract Buyer shall be entitled to a refund of all deposits, less escrow cancellation fee.

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: Units are sold "as is"

2. Appliances:

None

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

The construction of the CPR Structures on Unit A and Unit B was completed May 3, 2005

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 affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

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

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

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

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

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

Exhibit "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 Sewer Television Cable
 Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "B" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated May 5, 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 documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

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. 5752 filed with the Real Estate Commission on July 28, 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**

1. The Developer has not conducted a reserve study in accordance with S 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 197, Hawaii Administrative Rules, as amended.
2. The use of hazardous material is restricted except as provided in the Declaration and all hazardous materials laws.
3. Except as otherwise provided in the Declaration, the common interest and easements appurtenant to each condominium unit shall have a permanent character and shall not be altered without the approval of all the unit owner(s) affected, expressed in a duly recorded amendment to the Declaration, which amendment shall contain the consent thereto by the holders of all mortgages of any affected unit which are filed of record. The common interest and easements shall not be separated from the unit to which they appertain and shall be deemed to be conveyed, leased, or encumbered with such unit even though such interest or easement may not be mentioned or described expressly in the instrument of transfer.
4. The subject property is zoned Agriculture which allows only one residence, an Additional Dwelling Unit (ADU) application was made to the County of Kauai and approved April 2004 for an additional dwelling unit, see Exhibit "L"

- 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.

CARL F. PIRSCHER and MAKIKO PIRSCHER

 Printed Name of Developer

By:  

By: _____ 4.20.05
 Duly Authorized Signatory* Date

CARL F. PIRSCHER and MAKIKO PIRSCHER

 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 B

SUMMARY OF SALES CONTRACT AND RESERVATION AGREEMENT

The KAMALANI CONDOMINIUM Sales Contract and Reservation Agreement, including the terms and conditions attached thereto as Article II (the "contract"), contains, the price and other terms and conditions under which a Buyer will agree to buy a unit in the Project. Among other provisions, (which may be modified or otherwise limited by provisions not summarized), the contract states:

1. The purchase price, method of payment of the purchase price to the escrow agent and any additional sums that must be paid in connection with the purchase of the unit.
2. Whether, at the time of execution of the contract, an effective date for a final public report has been issued.
3. That the Buyer has received and read a public report, whether preliminary or final for the Project prior to signing the contract.
4. That the Developer makes no representations regarding the rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.
5. Buyer agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement.
6. Seller may extend the closing date by 31 days or 31 days beyond the date of receipt by Seller of the Final Public Report on this project, whichever is later.
7. Requirements relating to the Buyer's financing of the purchase of a unit.
8. That the unit and the Project are subject to various other legal documents that the Buyer should examine and that the Developer may change these documents under certain circumstances.
9. Buyer will be acquiring the unit subject to all encumbrances, restrictions, covenants and conditions on the Project.
10. That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.
11. That a deed conveying clear title will be given at closing, subject to certain obligations.

12. The Buyer agrees to give future easements if reasonably required for the project.

13. The Buyer will accept the Unit "AS-IS", including, but not limited to, the assumption of all risks regarding any potential hazardous materials on the property or property adjoining or in the vicinity, including liability for suits by third parties. Seller is, however, unaware of any such materials, chemicals or conditions on the property.

14. If the Buyer defaults:

- a. The contract may, at the Seller's option, be terminated by written notice to the Buyer; and
- b. Any sums paid by the Buyer shall belong to the Seller as liquidated damages (up to a maximum of 20% of the total purchase price); and
- c. The Buyer may pursue any other remedy, including specific performance, permitted by law or equity. All costs including reasonable attorneys' fees, incurred by reason of default by the Buyer shall be borne by the Buyer.

Furthermore, if the Buyer 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 the contract.

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

END OF EXHIBIT B

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS FOR KAMALANI CONDOMINIUM

Qty	Apt. No.	Area of Limited Common Element	No. of BR/BATH	Approx. Net Living Area (Sq.Ft.)	Approx. Carport/Laun CPR Structures Area (Sq.Ft.)	% of Common Interest
1	A	1.950 Acres	0/0	0	16	50%
1	B	3.107 Acres	0/0	0	16	50%

Unit A, located as shown on the Condominium Map, consists of a CPR structure. It is made up of 16 square feet of shade area and is constructed of metal fence posts with a shade cloth roof, three shade cloth walls and an earthen floor. Unit A is located on a 1.950 Acres limited common element.

Unit B, located as shown on the Condominium Map consists of a CPR structure. It is made up of 16 square feet of shade area and is constructed of metal fence posts with a shade cloth roof, three shade cloth walls and an earthen floor. Unit B is located on a 3.107 Acres limited common element.

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 his unit, alter or add to it in any manner he deems desirable, so long as it is permitted by law and the Declaration of Protective Covenants and Building Rules. 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. See Exhibit I for cautionary comments from the County of Kauai Planning Department.

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement (“Agreement”) between **Security Title Corporation**, (the “Escrow”) and , **Carl F. Pirscher** and **Makiko Pirscher** (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. If the Buyer is an owner-occupant, the buyer shall deliver an affidavit in the approved form, 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 not release from the trust fund and disburse Buyer’s funds at closing, unless: (a) the Real Estate commission has issued a Final Report on the Project and the Buyer has acknowledged receipt of the same, (b) Seller has delivered a written opinion to Escrow stating that Sections 514A-62, 514A-63 or 521-38, Hawaii Revised Statutes, as amended, if applicable, have been complied with, (c) Seller has given escrow a written waiver of any option reserved in any sales contract to cancel said sales contract, (d) Seller has delivered to Escrow, a certificate from Seller’s architect stating that the project is in compliance with the Federal Fair Housing Amendments Act of 1988, (e) If it is intended that the sale of a unit will be made to Buyers as owner-occupants, the required affidavits of the buyers must be reaffirmed and delivered to Escrow with proof of the date of receipt by the buyer of the final public report, upon receipt of the final public report by the Buyer or no later than closing of escrow for the unit.
4. Escrow will return deposited sums to the buyer without interest if: (a) Seller and buyer give Escrow written notice to return the funds to Buyer, (b) If there is a right to cancellation and refund of moneys under the sales contract or otherwise and Seller has notified Escrow of his/her exercise of said right, (c) If Buyer’s funds were obtained prior to the issuance of the Final Report and Buyer has exercised buyer’s right to cancel the contract, (d) The Buyer has exercised the Buyer’s right to rescind the contract under Section 514A-63, Hawaii Revised Statutes, as amended or (e) The Seller of Buyer has requested in writing, that the funds be returned to Buyer and one of the following has occurred: (I) No sales contract has been offered to the prospective owner-

occupant within six months of the issuance of the first public report or public lottery or (ii) the prospective owner-occupant has requested to be removed from the final reservation list, or (iii) the prospective owner-occupant has elected not to execute the sales contract or (iv) the prospective owner-occupant has not obtained adequate financing within the required period of time. Thereafter, in the event of a cancellation as a matter of agreement of right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00.

5. If Buyer does not claim any returned funds within sixty (60) days after receiving adequate notice, Escrow shall deposit the funds into a special account, in a bank under the name of Seller as trustee for the benefit of such purchaser. Escrow's duties with respect to such funds shall thereafter be released.
6. Escrow will arrange for and supervise the signing of all documents that are to be signed subsequent to and contemplated by the sales contract and shall promptly and diligently close the transaction.
7. Seller may close any or all sales at different times and Escrow agrees to cooperate with Seller to facilitate its performance of such partial closings.
8. If all documents necessary to effect each sales transaction are accurate and in no way defective, Escrow shall, within five (5) business days (exclusive of the day of closing) file and record the documents necessary to effect the transfer of legal title to the purchaser. If the documents are defective, Escrow shall file the documents within five (5) business days after learning that the reason that prevented their filing or recording no longer exists.
9. If purchaser fails to make the required payments to Escrow in a timely manner, Escrow shall notify Seller of purchaser's failure. If the contract has been terminated, Seller shall provide, in writing, certification of such termination. Upon written request by Seller thereafter, Escrow shall return all funds to Seller, less the cancellation fee, along with any partially executed documents. The buyer's funds shall be treated as liquidated damages and shall be returned to Seller as herein specified.
10. Escrow is relieved from all liability for acting in accordance with the terms herein, unless otherwise notified to the contrary by the Seller of purchaser. If any dispute involving Escrow should arise, Escrow may take no action but instead may await settlement by the appropriate legal proceeding or may file a suit for adjudication and shall thereafter be fully released and discharged from further obligations with respect to the moneys deposited. Seller and purchaser shall indemnify and hold Escrow harmless.

11. Where a material house bond guarantees completion of construction of improvement of unit(s), no sale of any such unit shall be closed until 45 days after publication of notice of completion of all construction on any affected unit(s) unless: (a) cash sums equivalent to the bond is retained in escrow for the 45 day period, (b) an indemnity and title policy are executed by a title company to the purchaser, and (c) a surety bond is posted with the Real Estate commission.
12. The Escrow Agreement shall be binding and may only be terminated by either party upon fifteen (15) days written notice to the other. This Agreement shall be interpreted under Hawaii Law, which shall control in all instances.
13. Escrow shall provide Seller with semi-monthly report covering the status of each sales contract in escrow and if certification is received, bill each purchaser for payments due under the sales contract.
14. As Escrow's compensation for its performance under this Agreement, Escrow will receive \$___¹ 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.

SPECIAL NOTE: 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 OF DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

END OF EXHIBIT D

¹ **Per Security Title Corporation Rate Schedule and purchase price of Unit

EXHIBIT E

Common Elements of the Project

The common elements of the project are:

- (a) Land in fee simple;
- (b) The vehicular and utility easement;
- (c) All future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;
- (d) Any and all other elements and facilities in common use or necessary to the existence, upkeep and safety of the Project.

Limited Common Elements of the Project

Certain parts of the common elements, herein referred to as the "limited common elements" are hereby designated and set aside for the exclusive use of one or more units, and such unit(s) shall have appurtenant thereto-exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved as follows:

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

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
A	1.950 Acres
B	3.107 Acres

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant.

END OF EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes your attention is directed to the Director of Finance, County of Kauai.

2. MORTGAGE

LOAN/ACCOUNT NO. 2116545

MORTGAGOR: CARL FREDRICK PIRSCHER and MAKIKO PIRSCHER, husband and wife

MORTGAGEE: BANK OF HAWAII, a Hawaii corporation

DATED: April 23, 2004

RECORDED: Document No. 2004-083205

2. SETBACK

PURPOSE: drainageway and building

SHOWN: on File Plan No.2363

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

INSTRUMENT: DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KUKUIOLONO SUBDIVISION

DATED: April 23, 2004

RECORDED: Document No. 2004-083203

4. Limited Warranty Deed with Reservations, Covenants, Conditions and Restrictions

GRANTOR: BANK OF HAWAII, a Hawaii corporation, successor by merger to Hawaiian Trust Company, Limited, as Trustee under that certain indenture made by and between Walter D. McBryde and said Hawaiian Trust Company, Limited, dated August 20, 1918, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 498 at Page 488, as amended

GRANTEE: CARL FREDRICK PIRSCHER and MAKIKO
PIRSCHER, husband and wife, as Tenants by the Entirety

DATED: ----(acknowledged April 23, 2004)
RECORDED: Document No. 2004-083204

5. 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 KAMALANI CONDOMINIUM PROJECT

DATED: March 15, 2005
RECORDED: Document No. 2005-071149
MAP 3980 and any amendments thereto

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT
OWNERS

DATED : March 15, 2005
RECORDED : Document No. 2005-071150

END OF EXHIBIT F

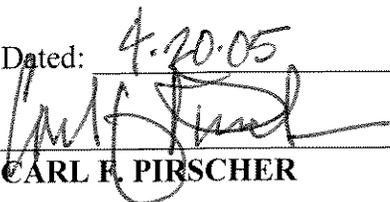
EXHIBIT G

**DISCLOSURE ABSTRACT FOR
KAMALANI CONDOMINIUM**

Pursuant to Hawaii Revised Statutes, Section 514A-61, the developer of **KAMALANI CONDOMINIUM** makes the following disclosures:

1. The developer of the project is **CARL F. PIRSCHER and MAKIKO PIRSCHER**, husband and wife, whose mailing address is 6303 NE 138th Place, Kirkland, WA.98034.
2. See Exhibit H for the projected annual maintenance fees. The developer hereby certifies that the estimations have been based on generally accepted accounting principles.
3. No warranty will apply to any individual. There are two existing CPR shade structures on the property, no warranty will be made regarding these buildings.
4. No condominium units will be used for both hotel and residential use.
5. There will be no commercial use except those activities permitted by the Kauai County Comprehensive Zoning Ordinance.
6. Mandatory reserves assessment and collection in effect beginning 1994 budget year. Developer discloses that no reserve study was done in accordance with Chapter 514A-83.6 HRS, and replacement reserves rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Dated: 4.20.05



CARL F. PIRSCHER



MAKIKO PIRSCHER

RECEIPT

The undersigned has received a copy of the foregoing disclosure abstract with Exhibit H this ___ day of _____.

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 A **	\$128.65 \$1,544.00
Unit B **	\$128.65 \$1,544.00

** County of Kauai Property Tax

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 x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

common elements and apartments

Elevator

Gas

common elements only

common elements and apartments

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Insurance

Reserves(*)

Taxes and Government Assessments

Unit A

\$128.65

\$1,544.00

Unit B

\$128.65

\$1,544.00

Audit Fees

Other

TOTAL

\$3,088.00

We, CARL F. PIRSCHER and MAKIKO PIRSCHER the developer for the KAMALANI 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.



CARL F. PIRSCHER

4.20.05

Date



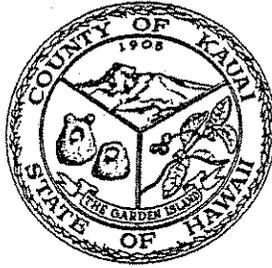
MAKIKO PIRSCHER

4/20/05

Date

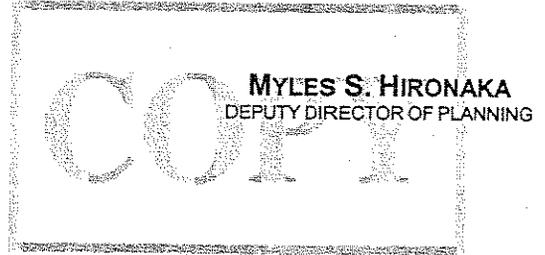
(*) mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve 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



COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHU'E, KAUAI, HAWAII 96766-1326

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

DATE: June 6, 2005

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

RECEIVED JUN 10 2005

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: KAMALANI
Condominium Project (240)
Tax Map Key: (4) 2-3-005: 019

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 engineer Peter Taylor to certify that the buildings on the proposed project referred to as Kamalani Condominium Unit A and Unit B are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.

Senior Condominium Specialist
Kamalani Condominium
TMK: (4) 2-3-005: 019
June 6, 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: Helene Taylor, Attorney at Law
Carl Pirscher, Project Developer

END OF EXHIBIT I

EXHIBIT J
SUMMARY OF ALTERATIONS OF INDIVIDUAL CONDOMINIUM UNITS

Provided that a condominium unit owner satisfies the applicable terms and Conditions of the project documents and obtains all of the necessary governmental permits, each unit owner shall have the right at his sole option at any time, as provided by the Declaration of this Condominium Property Regime (hereinafter "the Declaration"), and without the consent and/or approval of the owner of any other unit or any other persons or entity to construct, reconstruct, repair, maintain, improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his unit or portions thereof or upon or with the limited common elements or easements appurtenant to his or her unit (collectively, the foregoing are referred to as "alterations"). Each unit owner who makes such alterations shall have the right without the consent or joinder of any other person to amend the Declaration and the Condominium Map to accomplish any such alterations. If required by the State law, County requirements or Local ordinance, promptly upon completion of such alterations, the owner shall duly record an amendment to the Declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as built.

All existing unit owners and all future unit owners and their mortgagors by accepting an interest in a unit, consent to all such alterations and agree to give and shall be deemed to have given the owner altering his or her unit, a power of attorney to execute an amendment to the declaration solely for the purpose of describing the alterations to such unit in the declaration. The power of attorney shall be deemed coupled with each owner's interest in his unit, including his common interest, and shall be irrevocable. If, despite the provisions of paragraph 12 of the Declaration, any governmental agency shall require some or all of the owners of units in the Project to sign the necessary government permit application or related documents, then all of the other unit owners shall be required to sign any such permit applications or related documents (including authorizations allowing the owner to sign such governmental permits on behalf of such other owners) as may be necessary to allow the owner to obtain all such governmental permits necessary to make the alterations authorized in paragraph 12 of the Declaration. Any such unit owner who wrongfully refuses to sign such permits or provide the owner with the necessary authorizations, shall be liable to the owner for all such damages, including costs and attorneys' fees, incurred by the owner as a result of such refusal and shall be subject to such other legal and/or equitable remedies as may be available to the owner.

Any alteration of a unit pursuant to paragraph 12 of the Declaration, shall conform with all applicable governmental regulations, laws and ordinances; may decrease or increase the size of the affected unit, provided that no alteration shall extend or place the unit outside of the limits of the appurtenant area, shall be made at the sole expense of the

unit owner making the changes and shall be completed within on (1) year of the commencement thereof and in a manner that will not unreasonably interfere with the other unit owner's use of his or her unit or limited common element.

The owner of the altered unit shall have the right to utilize, relocate, realign and/or develop additional, central and appurtenant installations for services to the unit affected by such alteration for electricity, sewer and other utilities and services. When necessary, the owner of the altered unit may add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith. Provided however that no work done pursuant to this paragraph shall cause any unreasonable interruption in the service of such utilities to any other part of the Project, nor shall it unreasonably interfere with any other unit owner's use or enjoyment of his unit and limited common element.

END OF EXHIBIT J



**COUNTY OF KAUA'I
PLANNING DEPARTMENT**

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

TELEPHONE: 808.241.6677
FAX: 808.241.6699

INSTRUCTION FOR COMPLETING
AG. CONDO. FARM DWELLING AGREEMENTS

PLEASE NOTE: The Planning Department must record all Farm Dwelling Agreements with the Bureau of Conveyances. Therefore, it is very important that you follow these instructions to avoid unnecessary delays.

1. Please READ the entire Agreement and these instructions carefully.
2. All information on blank lines must be typewritten.
3. All individual names in instruments presented for recordation shall be typewritten or stamped BENEATH all signatures. No discrepancy in any name shall exist between the printed name, as it appears in the BODY of the instrument and NOTARY'S certificate of acknowledgment. All signatures must be NOTARIZED.
4. Each page must be 8-1/2" x 11" in size. Make a total of three (3) sets of the Agreement.
5. If the instrument contains more than one page, it shall be stapled once in the upper left corner and shall not have a cover or backer attached.
6. The Registrar shall not record any instrument that will not reproduce legibly, under photographic or electrostatic methods.
7. EXHIBIT "A", as noted on the first page of the Agreement, shall be the legal description of the property (metes and bounds), which can be found with the deed of your property, or property description of the entire property and not the individual condominium unit. A subdivision map will NOT be acceptable. Attach one copy with each set of the Farm Dwelling Agreement.
8. EXHIBIT "B" is either the description of the condominium unit or a map identifying the condominium unit.
9. Should there be several interests (owners) to the property or a power of attorney agreement, a written statement which authorizes the applicant to process the necessary permits and to obtain a Farm Dwelling Agreement must also be signed, notarized, and attached to each agreement and be identified as EXHIBIT "C".

EXHIBIT K

Instructions for Completing Ag. Condo Farm Dwelling Agreements
Page Two

10. Documents must include original signatures and be single-sided sheets of written text. No paper or materials can be secured or attached to a page in any manner that may conceal any written text.
11. Recording fees for all documents recorded in the Regular System, including Uniform Commercial Code documents, will be at a flat rate of \$25.00 per document. Check should be made payable to the Bureau of Conveyances.
12. Attach check to three (3) completed sets of the Farm Dwelling Agreement and return them to the Planning Department,
13. The Planning Department will obtain the signatures of the PLANNING DIRECTOR and COUNTY ATTORNEY, process your building permit, and record the Agreement with the Bureau of Conveyances.
14. After recordation, by the Bureau of Conveyances, the Planning Department will send an executed copy to the mailing address provided by you on Page 1 for your files.
15. Do NOT fill in date (page 4).

Please call the Planning Department at 241-6677 should you have any questions. Mahalo.

05/21/99

BRYAN J. BAPTISTE
Mayor



IAN K. COSTA
Director of Planning

GARY L. HENNIGH
Deputy Director of Planning

**COUNTY OF KAUA'I
PLANNING DEPARTMENT**

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

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FAX: 808.241.6699

CHECKLIST FOR FARM DWELLING AGREEMENTS

The Planning Department will not execute any Farm Dwelling Agreements unless the following is verified by the applicant or applicant's authorized representative.

Please mark each item with a "Y" (yes) or "N" (no), whether the following items were verified with a deed recorded at the Bureau of Conveyances, Real Property Tax records or other source. Please indicate the source of information.

("Y"/"N")

- _____ 1. Is (are) the person(s) listed on the document the owner/authorized agent of the subject property?
Source: _____
- _____ 2. Is the Tax Map Key number for the parcel correct?
Source: _____
- _____ 3. Is the address of the applicant correct?
Source: _____
- _____ 4. Are the typed names and initials of the owners exactly the same as the signed names and initials throughout the document?

Verification for:

Verified by:

TMK: _____

Print name

Lot No.: _____

Signature

Lot Size: _____

Date: _____

SAMPLE

LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail (X) Pickup () To:

County of Kauai
Planning Department
4444 Rice Street, Suite 473
Lihue, Kauai, Hawaii 96766

FARM DWELLING AGREEMENT

THIS AGREEMENT made and entered into by and between

whose mailing address is

hereinafter called the "APPLICANT(S)", and the COUNTY OF KAUAI PLANNING DEPARTMENT, whose business and mailing address is 4444 Rice Street, Suite 473, Lihue, Hawaii 96766, hereinafter called the "DEPARTMENT",

W I T N E S S E T H

WHEREAS, the APPLICANT(S) warrant and represent that they are the _____ of

that certain parcel of land, Tax Map Key No. _____, more particularly described in Exhibit "A" attached hereto and made a part hereof; and

EXHIBIT K

WHEREAS, this document pertains only to _____ as shown in Exhibit "B" and made a part hereof; and

WHEREAS, that certain parcel of land is classified Agriculture by the State Land Use Commission and is zoned Agriculture by the County of Kauai; and

WHEREAS, Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations only permit "farm dwellings" within the State Agriculture Land Use District unless otherwise relieved from the restriction by a special permit obtained pursuant to Chapter 205, Section 6, Hawaii Revised Statutes; and

WHEREAS, a "farm dwelling" is defined by Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations as "a single family dwelling located on and used in connection with a farm where agricultural activity provides income to the family occupying the dwelling"; and

WHEREAS, the parcel identified by Tax Map Key No. _____ is entitled to _____ residential units and one guest house; and

WHEREAS, this agreement is evidenced that _____ is entitled to one of those residence units; and

WHEREAS, a "family" as used in the definition of a "farm dwelling" is defined by the State Land Use District Regulations as "an individual or two or more persons related by blood, marriage or adoption or a group comprising not more than five persons, not related by blood, marriage or by adoption"; and

WHEREAS, the APPLICANT(S) acknowledge that a violation of Chapter 205, Hawaii Revised Statutes, and the State Land Use Agriculture District restriction is subject to a citation and fine of not more than \$5,000 pursuant to Chapter 205, Section 13, Hawaii Revised Statutes, as amended; and

WHEREAS, the APPLICANT(S) also acknowledge that failure to abide by this agreement may result in the removal of the prohibited structure at the owner's expense; and

WHEREAS, the DEPARTMENT is charged with the enforcement of the restriction by Chapter 205, Hawaii Revised Statutes;

WHEREAS, the APPLICANT(S) wish to construct a dwelling unit on that certain parcel of land described in Exhibit "A"; and

WHEREAS, the APPLICANT(S) wish to execute this Farm Dwelling Agreement without first obtaining the signatures of all interest holders in the CPR;

EXHIBIT K

NOW THEREFORE, for and in consideration of the terms, covenants and conditions hereinafter contained, the parties hereby mutually agree as follows:

1. That the dwelling permitted to be constructed on the parcel of land described in Exhibit "A" classified Agriculture by the State Land Use Commission shall be a "farm dwelling" as defined by Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations, as recited herein; and

2. That the dwelling shall only be occupied by a "family", as defined by the State Land Use District Regulations and as recited herein, who derive income from the agricultural activity on the parcel; and

3. That the APPLICANT(S) and all present and future owners, lessees and occupants of said land grant the DEPARTMENT the right of entry at the request of the DEPARTMENT to inspect the premises to assure compliance with the provisions of this agreement; and

4. That this agreement shall be a covenant running with the land and be binding on the APPLICANT(S), and all present and future owners, lessees and occupants of said land and anyone claiming under said APPLICANT(S), their heirs, executors, administrators, successors and assigns, as owners or occupants thereof or otherwise; and

5. That this agreement shall remain in effect so long as the land retains its Agriculture District classification under the State Land Use Commission and the pertinent restrictive provisions of Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations remain in effect; and

6. That the APPLICANT(S) expressly set forth the provisions of this agreement in any subsequent conveyance, deed, lease or rental agreement to said property executed by them, so as to give effect to said covenant; and

7. That this agreement shall be recorded with the State of Hawaii Bureau of Conveyances, fees to be paid by the APPLICANT(S).

8. The DEPARTMENT and APPLICANT(S) shall execute the Farm Dwelling Agreement; and

9. The APPLICANT(S), for themselves (himself/herself), their (his/her) heirs, administrators, successors and assigns, do hereby waive and release the DEPARTMENT and the County of Kauai, a political subdivision of the State of Hawaii, whose principle place of business is 4444 Rice Street, Suite 473, Lihue, Hawaii, 96766, from all claims and causes of action, either legal or equitable, which may hereafter accrue by reason of the DEPARTMENT'S execution of said Farm Dwelling Agreement; and

EXHIBIT K

10. The APPLICANT(S) do(es) hereby promise to indemnify and hold the DEPARTMENT and the County of Kauai, its successors, assigns, offices, employees, agents, attorneys or any other person or legal entity connected with or legally responsible to them, harmless from any and all claims, actions, causes of action, lawsuits, demands or liability for damages of whatever kind and nature, arising out of the DEPARTMENT'S execution of said Farm Dwelling Agreement; and

11. This agreement shall be a covenant running with the portion of land described in Exhibit "A", and shall be binding on APPLICANT(S) and all present and future owners and occupants of said portion of land and any one claiming under APPLICANT(S), their successors, and assigns, as owners or occupants thereof. The APPLICANT(S) further agree(s) to expressly set forth the provisions of this waiver and indemnity agreement in any subsequent conveyance, deed, lease, or rental agreement so as to give effect to said covenant.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the _____ day of _____, _____.

APPROVED:

Applicant(s)

Planning Director
County of Kauai
Planning Department

APPROVED AS TO FORM
AND LEGALITY:

County Attorney

EXHIBIT K

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this day of _____, before me
appeared _____ to me personally known,
who being by me duly sworn, did say that he is _____
_____ of the PLANNING
DEPARTMENT of the COUNTY OF KAUAI; and that said instrument was
executed on behalf of said PLANNING DEPARTMENT; and that said
_____ acknowledged that he executed the
same as his free act and deed of the PLANNING DEPARTMENT of the
COUNTY OF KAUAI. Said Department has no seal.

Notary Public, State of Hawaii

My commission expires: _____

EXHIBIT K

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this day of _____, before me personally appeared _____ to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

Notary Public, State of Hawaii

My commission expires: _____

END OF EXHIBIT K

