CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer: Poipu Aina Estates, LLC
Address: 3030 Old Ranch Parkway, Suite 190, Seal Beach, CA 90740

Project Name (*): POIPU AINA ESTATES LOT 4
Address: 2800 Ala Kinoiki Road, Koloa, Kauai, Hawaii 96756

Registration No. 5937

Effective date: March 30, 2006
Expiration date: April 30, 2007

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 individulas with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [X] 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 ATTENTION

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

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

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

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

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 purchasing an existing residential dwelling, there is no assurance that the purchaser will be able to build a residential dwelling unit on the property. There also is no assurance that the purchaser will be able to convert an existing non-residential structure to a residential use.

THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

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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: Poipu Aina Estates, LLC, a Hawaii limited liability company
Name*

Phone: (562) 280-0494
(Business)

3030 Old Ranch Parkway Suite 190, Seal Beach, CA 90740
Business Address

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

See attached pages 5a and 5b for a list of members of Poipu Aina Estates, LLC..

Silver Oaks Investments, LLC., a California limited liability company, its Manager
David Davies and Nicholas Limer, Managers/Members

Real Estate Broker*: Charlee & Associates, Ltd.
Name

Phone: (808) 742-9537
(Business)

5402 Koloa Road, Koloa, HI 96756
Business Address

Escrow: Title Guaranty Escrow Services, Inc.
Name

Phone: (808) 241-4387
(Business)

4414 Kukui Grove Suite 104, Lihue, HI 96766
Business Address

General Contractor: Elite Pacific Construction, Inc
Name

Phone: (808) 833-7970
(Business)

3375 Koapaka Street B206 Honolulu, HI 96819
Business Address

Condominium Managing Agent*: Self-Managed by Association of Apartment Owners
Name

Phone: N/A
(Business)

Business Address

Attorney for Developer: Julia K. Kane. & Associates
Name

Phone: (808) 735-2760
(Business)

2328 Halehaka Street, Honolulu, HI 96821
Business Address

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

MEMBERS OF POIPU AINA ESTATES, LLC A HAWAII LIMITED LAIBILITY COMPANY
SILVER OAKS INVESTMENTS, LLC
THE SEIDENBERG FAMILY LIVING TRUST, BERT SEIDENBERG TTEE
FIRST TRUST CORP, TTEE FBO BERT SEIDENBERG ROTH IRA AC 060000005714
FIRST TRUST CORP TTEE BLAINE SEIDENBERG AC 031038026086
CARROLL S DAWSON, TRUSTEE OF THE DAWSON FAMILY TRUST
CHARLES D. & ANN-MARIE WEINSTEIN (DR & MRS)
FIRST TRUST CORP TTEE FBO DARLENE WEBER AC#002242380001
DAVID G. & LARISSA COE AS JT
MCKENNA FAMILY TRUST, DAWN MCKENNA TTEE
ERIC & TERESA PETERSON
FATEMAH MIRZAMOHAMADI (PAT)
GEORGE & NANCY LIMER
GORDON H PULLIN
HARALD RUNGALDIER & HEIDI M RUNGALDIER AS TRUSTEES OF THE RUNGALDIER FAMILY TRUST UNDER DECLARATION OF TRUST DATED JANUARY 25, 1988
JAMES M SWOBEN
JAMES T & THEODORA E NELLIGAN
LINCOLN TRUST CO. TTEE FBO JOHN WILLETT AC#050061142911
JUNE A OTTO
GLEN HAVEN, LLC D. KAREN BEARD, MANAGER
LINCOLN TRUST CUST FBO KATHERINE LIVIERATOS AC#050061139293
KATHLEEN A THOMPSON TRUSTEE, KATHLEEN A THOMPSON REVOCABLE LIVING TRUST DATED MAY 17, 1994
KENT A DE PUE & ROBYN E. DE PUE AS CO-TRUSTEES OF THE DE PUE LIVING TRUST, ESTABLISHED FEBRUARY 6, 2001
LEE R. & MARY ROZIER
LINDA GAVALDON LIVING TRUST
MELINDA J MILLIGAN
MICHAEL NERIO
NED L GAYLORD TRUSTEE GAYLORD FAMILY TRUST
NICK LIMER & NANCI REMOLACIO AS JT

THE ORVAL A. AND DOROTHY J. PAUL FAMILY TRUST DATED OCTOBER 8, 2003
PHILIP BANNAN & CYNTHIA BANNAN HW AS COMM PROP
PHILIP C COTTON REVOCABLE LIVING TRUST DATED JULY 29, 2004
RICHARD A. BRANDT & CATHERINE RUDAT
ROGER J. COTTON TRUST
STEVEN C. & DEBORAH J. PAUL
CRYSTAL BLUE INVESTMENTS, LLC
TIMOTHY A. & YVONNE C. TILLEY, TRUSTEES OF THE TIMOTHY AND YVONNE TILLEY TRUST
W. GARY FREDERICK & JACQUELINE VITTI FREDERICK

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. 2006-041667
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. 4179
[ ] 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. 2006-041668
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 interest which must vote for or give written consent to changes:

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

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

2. Developer:

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

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

See Exhibit A

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 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

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: 2800 Ala Kinoiki Road, Koloa, Kauai, Hawaii 96756

Tax Map Key (TMK): (4) 2-8-022:033

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

Land Area: 13.685 [ ] square feet [X] acre(s) Zoning: Agricultural District

Fee Owner: Poipu Aina Estates, LLC
Name
3030 Old Ranch Parkway, Suite 190, Seal Beach, CA 90740
Address

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 5 Floors Per Building: 1

   [ ] Exhibit __ contains further explanations.

3. Principal Construction Material:

   [ ]Concrete [ ] Hollow Tile [ ] Wood

   [X]Other - shade cloth

4. Uses Permitted by Zoning:

		No. of Apts.	Use Permitted by Zoning	
[ ]	Residential		[ ] Yes	[ ] No
[ ]	Commercial		[ ] Yes	[ ] No
[ ]	Mix Res/Comm		[ ] Yes	[ ] No
[ ]	Hotel		[ ] Yes	[ ] No
[ ]	Timeshare		[ ] Yes	[ ] No
[ ]	Ohana		[ ] Yes	[ ] No
[ ]	Industrial		[ ] Yes	[ ] No
[ ]	Agricultural		[ ] Yes	[ ] No
[ ]	Recreational		[ ] Yes	[ ] No
[X]	Other-shade sheds	5	[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: Section 6.16 of the Declaration of Protective Covennants, Conditions and Restrictiosn for Poipu Aina Estates (CC&Rs) provides that except for dogs, cats and other typical household pets kept in reasonable numbers and under reasonable conditions, no animal shall be kept or maintained on any Unit except with the approval of the Environmental Committee.

[X] Number of Occupants: Section 6.7 of the CC&Rs provides that no Unit shall be improved except with one or more Farm Dwelling(s) and, unless otherwise expressly allowed by the Environmental Committee, no Farm Dwelling on any Unit shall be used for living purposes by more persons than the Farm Dwelling was designed to accommodate pursuant to plans approved by the Environmental Committee.

[X] Other: See Exhibit A.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Unit A	1	0	N/A	16	shed
Unit B	1	0	N/A	16	shed
Unit C	1	0	N/A	16	shed
Unit D	1	0	N/A	16	shed
Unit E	1	0	N/A	16	shed

Total Number of Apartments: 5

*** 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:

Five (5) freehold estates are designated as Units A, B, C, D and E, each Unit to include the entire shed structure as depicted on the Condominium Map, consisting of a separate shed of approximately sixteen (16) square feet made primarily of shade cloth with no basement, and any and all future improvements which may be constructed on the limited common elements appurtenant to each Unit.

Permitted Alterations to Apartments:

See Exhibit C

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has X elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 0*

	Regular Covered	Regular Open	Compact Covered	Compact Open	Tandem Covered	Tandem Open	TOTAL
Assigned (for each unit)							0
Guest							0
Unassigned							0
Extra for Purchase							0
Other							0
Total Covered & Open:	0		0		0		0

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.

*In the event that a farm dwelling is constructed on a Unit by an Owner, the CC&Rs require that the Owner construct a garage designed to accommodate at least two automobiles which is architecturally harmonious with the farm dwelling.

[ ] 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): N/A

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 nonconformity, and restrictions on altering and repairing structures. In some cases, a nonconforming structure that is destroyed or damaged cannot be reconstructed.

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

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:

[X] described in Exhibit D

[ ] 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 __D__

[ ] 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 _____

[X] as follows: The common interests appurtenant to each Unit for all purposes, including voting on all matters, is twenty percent (20%).

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 __E__ describes the encumbrances against the title contained in the title report dated ___February 15, 2006__ and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

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

F. **Construction Warranties:**

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

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

1. Building and Other Improvements: None

2. Appliances: None

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

Completion of the construction of certain subdivision infrastruture for Poipu Aina Estates, the subdivision in which the Project is located, and the construction of the shade sheds is estimated to be completed by September 2006.

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): N/A

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
[X] self-managed by the Association of Apartment Owners* [ ] Other: _____

*The Developer has employed Moana LK Palama as the initial managing agent for the Community Assoication of Poipu Aina Estates (the Subdivision in which the Project is located.) Developer is not affilitated with said agent.

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 __F__ 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:

[X] None [ ] Electricity (___Common Elements only ___Common Elements & Apartments)

[ ] Gas (___ Common Elements only ___Common Elements & Apartments)

[ ] Water [ ] Sewer [ ] Television Cable

[ ] Other _____N/A_____

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
__G__ contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated April 20, 2005.

Exhibit __H__ 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: Declaration of Protective Covenants, Conditions and Restrictions for Poipu Aina Estates; and the Environmental Design Rules And Guidelines.

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.cov
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. 5937 filed with the Real Estate Commission on March 6, 2006.

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**

1. POIPU AINA ESTATES COMMUNITY ASSOICATION The land underlying the Project is subject to that certain Declaration of Protective Covenants, Conditions and Restrictions of Poipu Aina Estates dated December 27, 2005, recorded at the Bureau, Document No. 2006-011008 (the "CC&Rs"). Accordingly, the Units in the Project shall be held, leased, mortgaged, conveyed, used, occupied and improved subject to and with the benefit of the restrictions, covenants, conditions, provisions, and easements set forth in the CC&Rs including, without limitation:
   a. Community Association of Owners of Poipu Aina Estates (the "Community Association")
   b. All Owners will be subject to Community Association assessments to provide sufficient working funds and reserves for the improvement, care and maintenance of Community Association property and other common facilities, participation in the Farming Community, and to pay taxes and assessments attributable thereto and its other administrative functions. Such Community Association assessments shall be in addition to the maintenance fee assessed against each Owner for the Project. See Exhibit F for estimated assessments.
   c. The CC&Rs shall continue in force unless terminated as provided in the CC&Rs.

2. All of the land underlying the subdivision in which the Project is located is in the Agricultural District. As such, no Unit shall be used for any purposes not permissible within the Agricultural District pursuant to the rules and regulations of the State Land Use Commission of the State of Hawaii and the County of Kauai and other applicable rules and regulations in effect from time to time ("Agricultural Requirements"). Agricultural Requirements require use of the land primarily for pursuit of agricultural activity. Under state laws, generally, residential dwellings are not permitted unless they qualify as a "farm dwelling," a single family dwelling located on and used in connection with a farm, or located on a lot where agricultural activity provides income to the family occupying the dwelling. Upon any issuance of building permits within the Agricultural District, Owners will be required to sign an agreement to the agricultural uses consistent with County regulations.

   To satisfy the Agricultural Requirements (at least in part), each Owner, his or her successors and assigns, shall participate on a pro rata basis (including the payment of expenses and sharing in profits, if any) in a farming community cooperative ("Farming Community") to be formed and managed by the Community Association. Owners shall have sole and exclusive responsibility for compliance with the Agricultural Requirements. Declarant makes no representations whatsoever that participation in the Farming Community will be sufficient to meet the Agricultural Requirements to support a Farm Dwelling and Owners may be required to conduct further agricultural activities to meet the Agricultural Requirements as may be required by regulatory and other governmental agencies. See Exhibit B.

3. Domestic water service shall not be available until the construction of improvements for the Subdivision in which the Project is located are completed and accepted by the Department of Water, County of Kauai. Due to the high elevations of the land areas in the Subdivision in which the Project is located, a dependable water supply of water can not be assured. Owners will be required to sign an Elevation Agreement with the Department of Water agreeing to accept such water service as the Department of Water is able to render and agreeing to install and maintain suitable pumps or storage tanks if necessary.

4. The Project is self-managed. However, the Developer has retained as managing agent for the Community Association, Moana LK Palama dba Management Services, ("Managing Agent"),whose address is 5100-B Kahili Wai Rd., Koloa, Kauai, Hawaii 96756, under that certain Interim Management Agreement. Developer is not affiliated with the Managing Agent.

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.

POIPU AINA ESTATES, LLC, a Hawaii limited liability company

By: Silver Oaks Investments, LLC,
a Californai limited liability company, its Manager

By: _____
David Davies
Manager

DATE: January 19, 2006

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

RIGHTS RESERVED BY DEVELOPER

A. RIGHTS RESERVED UNDER THE DECLARATION OF CONDOMINIUM PROPERTY REGIME

Capitalized terms have the same meanings ascribed to them in the Declaration.

1. RESERVED RIGHT TO GRANT EASEMENTS

Section 8 of the Declaration provides in part:

The Developer reserves the right to grant one or more access and utility installation rights and/or easements across part or all of the Project, as appropriate and/or necessary.

Section 21 of the Declaration provides in part:

Developer does hereby reserve the right unto itself, its successors and assigns, to and until January 31, 2009, to delete, cancel, relocate, realign, reserve, designate, grant and/or receive any and all easements and rights of way over, under, through, across and upon the Common Elements (including the Limited Common Elements) and the Land deemed necessary or desirable in Developer's sole discretion, including but not limited to, easements and/or rights of way for utilities, water, sanitary and storm sewers, cable television, telecommunications systems, refuse disposal, and any other common facilities located on the Project, provided that such easements and/or rights of way shall not be located on or within any then existing structure of the Project, and shall not be exercised as to unreasonably disturb, impair or interfere with the normal use and enjoyment of the Project by the Unit Owners.

2. RESERVED RIGHT TO MODIFY PROJECT

Section 24 of the Declaration provides in part:.

Developer shall have the reserved right, to and until January 31, 2009, to effect such modifications to Units and Common Elements in the Project and/or to execute, record and deliver any amendments to this Declaration, the Condominium Map as well as the Bylaws, House Rules and/or Design Guidelines (if any) promulgated hereunder, as may be necessary or required by Developer in its sole discretion, or to effect compliance by the Project, the Association or by the Developer, with laws which apply to the Project.

3. RESERVED RIGHT TO CONDUCT SALES ACTIVITIES

Section 20 of the Declaration provides in part.

Developer does hereby reserve the right unto itself, its brokers, sales agents and other related persons, to conduct extensive sales activities at the Project, which right shall include, without limitation, showing the Project to potential buyers, and the use of banners, signs or other extensive sales displays and activities at the Project until the earlier to occur of (i) seventy-two (72) months from the date of the recording at the Bureau of the first Deed conveying a Unit in the Project, or (ii) the closing of the sale of the last unsold Unit in the Project. In the event that the Developer is unable to sell all of the Units within the 72-month period, the Developer shall have the right to conduct sales activities on the Project until the closing of the sale of the last unsold Unit of the Project, provided that such sales are conducted in an unobtrusive manner which will not unreasonably interfere with the use, possession and aesthetic enjoyment of the Project by the Unit Owners. Such sales activities may include the initial sale and resale of Units. In the event that Developer's mortgage lender, if any, or any successor to or assignee of Developer's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or in the exercise of the mortgage remedies or by a deed or an assignment in lieu of foreclosure, such mortgage tender, its successor and assigns, shall have the right to conduct such extensive sales activities on the Project until all of the Units in the Project have been sold and Deeds therefor recorded, notwithstanding the foregoing. Each and every party acquiring an interest in the Project, by such acquisition, acknowledges that the sales activities may result in noise, and nuisances, and consents to such activity by Developer, and further waives, releases and discharges any rights, claims or actions such party may acquire against Developer, its brokers, sales agents, employees and lenders, and their respective successors and assigns as a result of any such activity or activities.

4. ASSIGNMENT OF RESERVED RIGHTS

Section 25 of the Declaration provides in part:

Notwithstanding anything stated herein to the contrary, the rights reserved to the Developer in this Declaration shall be fully and freely assignable by the Developer in whole or in part, and every Owner of a Unit in the Project and all holders of liens affecting any of the Units and each and every other party acquiring an interest in the Project or in the Land, or any part thereof, by acquiring such Unit, lien or other interest, consents to any such assignment by Developer, and, to the extent designated by the Developer, agrees to recognize any assignee as the "Developer" under this Declaration.

B. RIGHTS RESERVED UNDER THE CC&Rs.

Capitalized terms have the same meanings ascribed to them in the CC&Rs.

Section 7.4 of the CC&Rs provides in part:

Declarant hereby reserves the right, to and until five (5) years following the Recordation of this Declaration, to relocate, realign, reserve, designate, and/or grant any and all easements and rights of way to any governmental agencies, public, quasi-public, or private utility or service companies, or to the Association or other Owners, without joinder or consent of any Owner or any Owner's mortgagee, over, under, through, across and upon the Real Property deemed

necessary or desirable in Declarant's sole discretion (including, but not limited to, easements and/or rights of way for Subdivision Improvements) which may include the right to enter upon the Real Property to construct, reconstruct, install, operate, maintain, repair and relocate Improvements or other facilities. Such easements and/or rights of way shall not be located on or within any existing structure. These reserved rights shall be exercised in a manner that will cause the least practicable interference with Owners' normal use and enjoyment of his or her Unit or any of his or her substantial structure on the Unit.

END OF EXHIBIT A

EXHIBIT B

USE RESTRICTIONS

Capitalized terms have the same meanings ascribed to them in the Declaration.

Section 10 of the Declaration provides:

a. All of the Land is classified as "Agricultural" by the Land Use Commission of the State of Hawaii and zoned "Agriculture" by the County of Kauai and shall not be used for any purposes not permissible within the Agricultural District pursuant to the State Land Use Commission Rules and Regulations and other applicable rules and regulations in effect from time to time ("**Agricultural Requirements**"). Agricultural Requirements require use of the Land primarily for pursuit of agricultural activity. Owners shall have sole and exclusive responsibility for compliance with the Agricultural Requirements.

The state laws which govern the use of land located within the State Agricultural Land Use District are set forth in Section 205-4.5 of the Hawaii Revised Statutes, as amended. Generally, residential dwellings are not permitted within the agricultural district unless they qualify as a "farm dwelling." A farm dwelling is defined as a single family dwelling which is or qualifies as a dwelling (i) located on and used in connection with a farm, or (ii) located on a lot where agricultural activity provides income to the family occupying the dwelling.

Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine not more than $5,000. If any person who is cited for a violation of the law fails to rtemove the violation within six months of such citation and the violation continues, such person is subjet to a citaion for a new and seaprate violation. There shall be a fine of no more tham $5,000 for any additional violaton.

County requirements for allowed uses in the Agricultural Districts are contained in Kauai County Code, Chapter 8, Article 7. Upon any issuance of building permits within the Agricultural District, Owners will be required to sign an agreement to the agricultural uses consistent with County regulations.

To satisfy the Agricultural Requirements (at least in part), each Owner, his or her successors and assigns, shall participate on a pro rata basis (including the payment of expenses and sharing in profits, if any) in a farming community cooperative (the "**Farming Community**") to be formed and managed by the Community Association, on the easements granted to the Community Association for such purposes and/or on other land areas within the Subdivision.

Each Owner is free to pursue agricultural activities in addition to his or her participation in the Farming Community consistent with the terms and conditions of the CC&Rs and other applicable restrictions. Declarant makes no representations whatsoever that participation in the Farming Community will be sufficient to meet the Agricultural Requirements to support a Farm Dwelling and Owners may be required to conduct further agricultural activities to meet the Agricultural Requirements as may be required by regulatory and other governmental

agencies. Service arrangements made by the Declarant or the Association for activities of the Farming Community may not be available to Owners for such independent agricultural activities including, by way of an example, availability of irrigation water. Owners will be required to make his or her separate arrangements for all agricultural activities conducted independent of the Farming Community.

b. Each Owner shall have sole and exclusive responsibility for compliance with the Agricultural Requirements. No Owner shall do or suffer or permit to be done anything on a Unit or elsewhere on Poipu Aina Estates which would violate the Agricultural Requirements which could, among other things, place in jeopardy the zoning for the Unit or adversely affect zoning of any other Unit, or decrease the value of Poipu Aina Estates as a whole. Any Owner failing to fully comply with all Agricultural Requirements shall be responsible for any resulting damage or loss arising out of his or her failure to comply and shall hold the Declarant, the Association, the Board, the Environmental Committee, and the Managing Agent harmless from any claim resulting from any such non-compliance. Changes to any requirements under this Declaration as a result of the Land no longer being subject to the Agricultural Requirements, or changes to the Agricultural Requirements, shall be decided pursuant to an amendment to the CC&Rs pursuant to Section 12.2 thereof.

c. All cultivation of crops, whether for personal or commercial use, shall be conducted only on locations designated on site plans for such activity, which have been approved pursuant to the Environmental Design Rules, and shall be conducted in conformance with good farming practices including, but not limited to, adequate provision for: (i) control of dust; (ii) use of sprays, pesticides, insecticides, and other chemical insect control or fertilizing measures in accordance with all governmental regulations concerning such use, and in such manner as not to create a hazard or nuisance; (iii) prompt control and removal of weeds, noxious or waste vegetation; (iv) prompt disposal of excess plant material, or placement of same in an established compost pile maintained in a neat farmer-like manner; (v) control of water to prevent any flooding, erosion of, or deposit of silt on adjoining land; (vi) control of any planting near boundaries to prevent or eliminate unreasonable invasion of adjoining land by roots and/or branches of such plantings; (vii) affirmative soil conservation practices to assure the continued fertility of the soil including, but not limited to, measures to avoid the erosion of, the deposit of silt on, or the accumulation of deleterious chemicals in, the soil; and (viii) protection of all ground and surface water sources from contamination or the introduction of deleterious chemicals or substances.

d. Except for dogs, cats and other typical household pets kept in reasonable numbers and under reasonable conditions, no animal shall be kept or maintained except with the approval of the Environmental Committee, which shall have the power to control in accordance with the standards set forth in the CC&Rs and other uniformly applied standards from time to time adopted pursuant to the Environmental Design Rules, the kinds of animals which may be kept or maintained, the numbers of each type of animal which may be kept or maintained, and the conditions under which such animals may be kept or maintained, including, without limitation, the kind of structures or enclosures in which such animals may be kept. All animals kept or maintained, whether domestic pets, livestock, poultry, game and fish or any other animal or aquatic life propagated for economic or personal use shall be kept and maintained only in a density compatible with neighboring use and shall be cared for in conformance with

practices of good animal husbandry including, but not limited to: (i) prompt removal of excess amounts of manure and other waste; (ii) disposal in an ecologically sound manner of any effluent from the practice of aquaculture or other processes; (iii) control of flies, insects, worms and other pests; (iv) adequate fencing and animal housing facilities adequate to restrict such animals and poultry; and (v) control of noise and noxious odors to levels which are customary under practices of good animal husbandry and which are compatible with neighboring residential and agricultural use. Storage of hay, fodder and other food supplies shall be accomplished in such manner as to prevent scattering of such materials by the wind.

e. All occupation, use or construction of Improvements, and the subsequent alteration, expansion or remodeling thereof, shall comply with: (i) all applicable laws, ordinances, codes, rules, regulations or other requirements then in effect; (ii) the CC&Rs; (iii) this Declaration, the Bylaws and any other requirements or restrictions of record; (iv) any setbacks or other requirements that may be described on the Condominium Map; and (v) any other constituent documents of the Project. The CC&Rs require, among other things, that any construction or subsequent alteration, expansion or remodeling be first approved pursuant to the Environmental Design Rules.

f. The Unit Owners shall apply to the governmental authority having jurisdiction thereof (as required) and the Environmental Committee as specified in the Design Rules for approval to construct or cause to be constructed the Improvements allowed on the Limited Common Element appurtenant to such Units and, if the Owners receive such approvals, the Owners may construct or cause to be constructed, at their sole cost and expense, such Improvements in accordance with all conditions of such approvals. Subject to zoning regulations, in addition to a farm dwelling that may be allowed on each Unit, a guest facility of less than five hundred (500) square feet with no kitchen may be allowed (subject to receiving all required approvals as set forth herein) but only on Unit D and not on any other Units in the Project.

g. As further described in the CC&Rs, zoning regulations limit the land coverage by buildings and pavements on all Units in the aggregate to fifty percent (50%) of the land area of the Project. The total land coverage created by building or paving Improvements (including, but not limited to, any buildings, barns, sheds, driveways and swimming pools) appurtenant thereto, shall be strictly limited to no more than fifty percent (50%) of the land area of the Limited Common Element appurtenant to the Unit as set forth in Section 6 above. Notwithstanding any approval of Improvements by the Environmental Committee pursuant to the CC&Rs and the Design Rules, each Unit Owner shall remain at all times solely and exclusively responsible for compliance with the land coverage limitations as stated herein and shall immediately remedy upon notification, at his or her own cost, any land coverage in excess of the limits stated herein.

h. No Improvements may be constructed to obstruct any easement for the Project, as shown on the Condominium Map. All construction (i) shall be completed expeditiously pursuant to the Design Rules, and (ii) shall not unreasonably interfere with any other Unit Owner's enjoyment of his or her Unit or the Common Elements of the Project. If required by the building department, a Unit Owner who wishes to obtain a building permit shall execute a power of attorney in favor of the President the Association (as defined in Section 11

below) and the President shall, at the cost and expense of such Owner, apply for such building permit. In connection with any construction under this paragraph, the Unit Owner, at his or her sole cost and expense, shall, upon completion of the Improvements, have prepared and recorded in the Bureau an appropriate amendment to this Declaration and to the Condominium Map to reflect such construction.

i. Additional use restrictions are included in the CC&Rs and the Design Rules. In addition, no Unit Owner shall do or suffer or permit to be done anything on any Unit or appurtenant Limited Common Element or elsewhere on the Project which will: (i) injure the reputation of the Project or the Subdivision; (ii) jeopardize the safety or soundness of the Project or the Subdivision; (iii) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants; (iv) reduce the value of the Project or the Subdivision; (v) result in the cancellation of insurance applicable to the Project or the Subdivision, or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the Bylaws or the Bylaws of the Community Association; or (vi) increase the rate of insurance applicable to the Units or the contents thereof, or to the Project or the Subdivision.

ALL BUYERS SHOULD READ THE DECLARATION, THE CC&RS AND THE DESIGN RULES IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL USE RESTRICTIONS. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE RESTRICTIONS CONTAINED IN THE DECLARATION, THE CC&RS AND THE DESIGN RULES.

EXHIBIT C

PERMITTED ALTERATIONS TO APARTMENT

A. PERMITTED ALTERATIONS TO APARTMENT UNDER THE DECLARATION.

Capitalized terms have the same meanings ascribed to them in the Declaration.

Section 17 of the Declaration providees in part:

a. Generally. Each individual Unit Owner may, at his or her sole discretion, remodel, expand and/or otherwise alter his or her Unit, provided such remodeling, expansion and/or alteration is permitted by and done in complete accordance with: (i) all applicable ordinances; codes, rules, regulations or other requirements in force at the time of said construction, including, but not limited to, the Agricultural Requirements; (ii) the CC&Rs; (iii) the Design Rules; (iv) this Declaration; (v) the Bylaws; and (vi) any other constituent documents of the Project. If such work is done in accordance with the foregoing, such work shall not require the consent or permission of the other Unit Owners or the Association. All alterations shall be at the expense of the Unit Owner making such alterations, and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Unit Owner's use of his or her Unit or Limited Common Elements. The terms and conditions of the CC&Rs are hereby incorporated into this Declaration as if set forth herein in full and the Association and the individual Owners shall have the right to enforce such terms and conditions, as amended, with respect to the Project during the duration of the Project on the same basis as set forth in the CC&Rs notwithstanding the fact that the CC&Rs may be cancelled.

b. Owner to Amend Declaration. The Owner of any altered Unit shall have the right and obligation, without the consent or joinder of any other person (except mortgagee(s), if required under the terms of his or her mortgage(s)), to amend, as expeditiously as possible, this Declaration and the Condominium Map to accomplish any such alterations. If required by the Act, then promptly upon completion of such alterations, the Owner of the altered Unit shall duly record an amendment to this Declaration in the Bureau, together with a complete set of floor plans and elevations of the Project as so altered, certified "as built" by a registered architect or professional engineer.

B. PERMITTED ALTERATIONS TO APARTMENT UNDER THE CC&Rs.

Capitalized terms have the same meanings ascribed to them in the CC&Rs.

All construction of any improvements on a Unit is subject to the prior review and approval of the Environmental Committee. Section 8.7 of the CC&Rs provides in part:

All plans for any new building or other Improvement shall be prepared by a Licensed Architect, shall be submitted to the Committee for its approval, and shall include, without limitation, floor, elevation, plot and grading plans for the principal exterior materials; description of color schemes; landscaping plans; provisions to be made for automobile parking; outside lighting plans, if any; and a detailed description of the location, character and method of

utilization of all utilities. The plans for any alteration, modification or addition to the exterior of any existing building or Improvement including, without limitation, alterations such as exterior painting except for repainting with the same color paint and changes in or addition of fencing, must contain the same information as is required for any new building or other Improvement, except that plans for nonstructural alterations, modifications or additions need not be prepared by an Architect. After approval of any plans, the Committee shall, upon written request from the Owner, provide Owner with a statement of approval in a form appropriate for Recordation. Approval by the Committee shall not warrant or imply the legality, safety, utility, durability or economy of any grading, construction or Improvement undertaken pursuant to said approval, and each Owner shall be responsible for his or her own compliance with all restrictive covenants, present or future governmental laws, statutes, rules, regulations, ordinances, limitations, restrictions or requirements concerning the use, density, location or suitability of his or her Unit or any existing or proposed development or condition thereof, including without limitation, full compliance with all zoning, subdivision, land use, environmental, ecological, building code, or other such regulations or restrictions. Each Owner shall also be solely responsible for obtaining any necessary general or special plan amendments, rezoning, zone variances, conditional use permits, building permits, environmental impact reports, parcel or subdivision maps, or any other governmental permits, approvals or acts, and for the satisfaction or payment of any dedication, fees, charges, costs or assessments that may be imposed in connection with any such governmental regulation, restriction or requirement.

ALL BUYERS SHOULD READ THE DECLARATION, THE CC&RS AND THE DESIGN RULES IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL RESTRICTIONS ON ALTERATIONS ALLOWED. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE RESTRICTIONS CONTAINED IN THE DECLARATION, THE CC&RS AND THE DESIGN RULES.

EXHIBIT D

DESCRIPTION OF COMMON ELEMENTS, LIMITED COMMON ELEMENTS, AND COMMON INTERESTS

Capitalized terms have the same meanings ascribed to them in the Declaration.

1. DESCRIPTION OF THE COMMON ELEMENTS.

Section 5 of the Declaration provides:

One freehold estate is hereby designated of all the remaining portions of the Project [remaining after the boundaries of the shadecloth sheds] (the **"Common Elements"**) including, but not limited to:

a. The Land in fee simple;

b. The common driveway depicted on the Condominium Map;

c. Access and utility easements and any Improvements now or hereafter constructed for purposes of access to utilities and common services including, but not limited to, electricity, gas, water, sewer, telephone, radio and television signal distribution, which serve more than one Unit; and

d. Any and all other elements and facilities in common use or necessary to the Project.

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

2. DESCRIPTION OF THE LIMITED COMMON ELEMENTS.

Section 6 of the Declaration provides:

Certain parts of the common elements (the **"Limited Common Elements"**) are hereby designated and set aside for the exclusive use of one Unit and such Unit shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements. The Limited Common Elements so set aside and reserved are as follows:

That certain land area upon and around which Units A, B, C, D and E 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.

Unit	Area of Limited Common Elements
A	2.726 acres
B	2.645 acres

C	2.822 acres
D	2.524 acres
E	2.649 acres

All costs of every kind pertaining to the 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 the Limited Common Elements are appurtenant.

3. COMMON INTERESTS.

Section 7 of the Declaration provides:

The common interests appurtenant to each Unit for all purposes, including voting on all matters, is twenty percent (20%).

END OF EXHIBIT D

EXHIBIT E

ENCUMBRANCES AGAINST TITLE

The encumbrances against titel appearing in the title report dated February 15, 2006 prepared by Title Guaranty of Hawaii, Inc. are as follows:

1. For real property taxes that may be due and owing, reference is made to the Department of Taxation, County of Kauai.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. DESIGNATION OF EASEMENT "W-6"

4. DESIGNATION OF EASEMENT "AG-4"

SHOWN :on subdivision map prepared by Cesar C. Portugal, Land Surveyor, dated December 5, 2005, more particularly described in Document 2006-011007

5. DESIGNATION OF EASEMENT"B-4"

SHOWN :on subdivision map prepared by Cesar C. Portugal, Land Surveyor, dated December 5, 2005, more particularly described in Document No. 2006-011007

6. DESIGNATION OF EASEMENT "D-4"

SHOWN :on subdivision map prepared by Cesar C. Portugal, Land Surveyor, dated December 5, 2005, more particularly described in Document No. 2006-011007

7. DESIGNATION OF EASEMENT "D-5"

SHOWN :on subdivision map prepared by Cesar C. Portugal, Land Surveyor, dated December 5, 2005, more particularly described in Document No. 2006-011007

8. DESIGNATION OF EASEMENT "L-4"

SHOWN :on subdivision map prepared by Cesar C. Portugal, Land Surveyor, dated December 5, 2005, more particularly described in Document No. 2006-011007

9. GRANT

TO :BOARD OF WATER SUPPLY, COUNTY OF KAUAI

DATED :July 27, 2000
RECORDED : Document No. 2000-124792
GRANTING : Easement W-9 for waterline purposes (area 14,465 square feet), more particularly described therein

10. MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

MORTGAGOR :POIPU AINA ESTATES, LLC, a Hawaii limited liability company, as Fee Owner

MORTGAGEE :CENTRAL PACIFIC BANK, a Hawaii corporation

DATED : December 9, 2005
RECORDED : Document No. 2005-261378
AMOUNT : $6,405,000.00 - covers lands described herein besides other lands

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

INSTRUMENT : ASSIGNMENT OF LESSOR'S INTEREST IN LEASES

DATED : December 9, 2005
RECORDED : Document No. 2005-261379
PARTIES : POIPU AINA ESTATES, LLC, a Hawaii limited liability company, "Assignor", and CENTRAL PACIFIC BANK, a Hawaii corporation, "Assignee"
RE : to secure the repayment of a loan in the principal amount of $6,405,000.00

12. FINANCING STATEMENT

DEBTOR : POIPU AINA ESTATES, LLC

SECURED
PARTY : CENTRAL PACIFIC BANK

RECORDED : Document No. 2005-261380
RECORDED ON: December 22, 2005

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

INSTRUMENT : DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR POIPU AINA ESTATES

DATED : December 27, 2005
RECORDED : Document No. 2006-011008

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

INSTRUMENT : GRANT OF EASEMENT AND AGREEMENT

DATED : December --, 2005
RECORDED : Document No.2006-011009
PARTIES : POIPU AINA ESTATES, LLC, a Hawaii limited liability company, and COMMUNITY ASSOCIATION OF POIPU AINA ESTATES, a Hawaii nonprofit corporation

15. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.

END OF EXHIBIT E

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEES DISBURSEMENTS

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

A. ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEES DISBURSEMENTS FOR THE CONDOMINIUM PROJECT.

Capitalized terms have the same meanings ascribed to them in the Declaration.

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

	Monthly*	Annual
Maintenance of Common Driveway Per Unit	n/a	826.15
TOTAL		$4,130.75

*There are no monthly assessments anticipated for the project, only annual assessments are anticpated.

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

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

The undersigned, as the manager of Silver Oaks Investments, LLC, the manager of Poipu Aina Estates, LLC, the Developer for the Poipu Aina Estates Lot 1 condominium project, hereby certifies that the above estimates of initial maintenance fee assessments and disbursements were prepared in accordance with generally accepted accounting principles.

David L. Davies
Title: Manager of Silver Oaks Investments, LLC
Manager of Poipu Aina Estates, LLC

January 17, 2006
Date

B. ESTIMATE OF 2006 INITIAL ASSESSMENTS AND ESTIMATE OF DISBURSEMENTS FOR THE SUBDIVISION COMMUNITY ASSOCIATION AND FARMING COMMUNITY.

Capitalized terms have the same meanings ascribed to them in the CC&Rs.

	Quarterly	Annual
Postage / Copies	$ 438.00	$ 1,752.00
Water	$ 1,200.00	$ 4,800.00
Electric	$ 1,500.00	$ 6,000.00
Insurance- Liability, Directors	$ 660.00	$ 2,640.00
Accountant	$ 615.00	$ 2,460.00
Architect	$ 1,800.00	$ 7,200.00
Attorney	$ 600.00	$ 2,400.00
Managing Agent/ Accounting	$ 3,000.00	$ 12,000.00
Common Area	$ 1,500.00	$ 6,000.00
Beautification	$ 204.00	$ 816.00
Repairs	$ 150.00	$ 600.00
Meetings - Directors/Owners	$ 120.00	$ 480.00
Contributions/ Donations	$ 15.00	$ 60.00
Miscellaneous	$ 9.45	$ 37.80
Bank Charges	$ 6.60	$ 26.40
Real Estate Taxes	$ 9.00	$ 36.00
Depreciation	$ 375.00	$ 1,500.00
Sub Total Expenses	$12,202.05	$ 48,808.20
Reserve - Irrigation/Utilities	$ 975.00	$ 3,900.00
Subtotal Expenses and Reserves of Community Association	**$ 13,177.05**	**$ 52,708.20**
Mowing	5,400	$ 21,600.00
Weed Control	62.50	$ 250.00
Fertilizing	175.00	$ 700.00
Pest Control	62.50	$ 250.00
Irrigation Repairs	87.50	$ 350.00
Water	150	$ 600.00
Small Tools	93.75	$ 375.00
Harvesting & Hauling	503.25	$ 2,013.00
Management	1,125.00	$ 4,500.00
General Excise Tax	133.45	$ 533.79
Subtotal Expenses of Farming Community	**$ 7,792.95**	**$ 31,171.79***
TOTAL	**$ 20,970.00**	**$ 83,879.99**
ALLOCATION PER UNIT**	**$ 1,233.53**	**$ 4,934.12**

* Does not consider the estimated revenue of $12,810 for 2006 for which there can be no assurances.

**Assumes 17 Units in the Subdivision.

EXHIBIT G

SUMMARY OF PERTINENT PROVISIONS OF THE SALES CONTRACT

Capitalized terms have the same meanings ascribed to them in the Sales Contract.

A specimen Deposit Receipt and Sales Contract, Addendum "A" and the Disclosure Addendum (together the "Contract") have been submitted to the Real Estate Commission. Among other things not described in this summary, the Contract covers in more detail the following items:

1. Buyer agrees to deliver to Seller, no later than thirty (30) days after Seller signs the Contract, written loan pre-approval (subject only to an appraisal) or a mortgage commitment from Buyer's mortgage lender stating that Buyer has qualified for a loan in the amount of the Totla Purchase Price.

2. Seller, in its sole discretion, and in addition to any other rights of cancellation or termination reserved to Seller, may elect to cancel the Contract if Buyer defaults under the Contract. Buyer may lose all of his or her deposits with Escrow and Seller. Seller may, at its option, pursue other legal remedies.

3. The estimated Project completion date and closing date are described in the Contract.

4. Buyer is required to prepay maintenance fees, Additional Sums, Closing Costs and Prorations as more particularly described in the Contract.

5. The Contract confirms that Buyer has had or will have the opportunity to read and approve the project documents, including the Declaration, the Bylaws, the Condominium Map, the CC&Rs, the Environmental Guidelines, the form of the Deed, the Escrow Agreement, this Public Report and all amendments and supplements to all such documents. Buyer (or Buyer's lender, if any) may inspect copies of each of these documents at Seller's sales office. The Contract also provides that the rights of any construction lender with a mortgage against the Project will be superior to the rights of Buyer under the Contract.

6. Buyer specifically acknowledges and accepts certain enumerated conditions regarding on-going development and marketing of the project stated in the Contract as well as any inconvenience or annoyance which Buyer may experience as a result of such conditions, and expressly waives any rights, claims or action which Buyer might otherwise have against Seller or third parties as a result of such circumstances.

7. Buyer shall have the right to rescind the Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of (a) Buyer's Unit or appurtenant limited common element, or (b) amenities of the Project available for Buyer's use. Waiver of such right is governed more specifically by the terms of the Contract.

8. If Buyer cancels the Contract because of Seller's default, Seller will repay to

Buyer all sums paid by Buyer to the Seller or to Escrow under the Contract, without interest (except that Buyer will get interest on sums held by Escrow in an interest-bearing account in favor of Buyer, if Buyer elected to make the required payment of fees and other requirements of the Contract). Buyer agrees that if Seller defaults at any time, Buyer will only have the rights mentioned in the Contract and that Buyer waives any other rights Buyer might otherwise have.

9. Seller shall have certain rights and remedies against Buyer in the event Buyer fails to perform any of the terms and conditions of the Contract, including failure to comply with the pre-closing and closing requirements, as more particularly described in the Contract, including the right to retain Buyer's deposit and the right to other actual and liquidated damages, the right to specifically enforce the Contract, and the right to charge late fees on amounts past due.

10. The Contract prohibits Buyer from assigning the Contract.

11. The Unit is being sold AS IS, WHERE IS, AND WITH ALL FAULTS. SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR ANY OTHER WITH RESPECT TO THE UNIT, THE PROJECT, THE SUBDIVISION, THE AGRICULTURAL REQUIREMENTS, THE PROPERTY, ANY COMMON ELEMENT, LIMITED COMMON ELEMENT, OR ANYTHING INSTALLED THEREIN.

12. Buyer agrees to intentionally waive, relinquish and subordinate the priority or superpriority of any interest under the Contract in favor of the liens or charges upon the Project of the construction lender's mortgage loan.

ALL BUYERS SHOULD READ THE SALES CONTRACT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES CONTRACT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES CONTRACT, AND DOES NOT ALTER OR AMEND THE SALES CONTRACT IN ANY MANNER. IF ANY PROVISIONS OF THIS SUMMARY CONTRADICT THE PROVISIONS CONTAINED IN THE SALES CONTRACT IN ANY WAY, THE PROVISION OF THE SALES CONTRACT SHALL OVERRIDE THE PROVISIONS OF THIS SUMMARY.

EXHIBIT H

SUMMARY OF PERTINENT PROVISIONS OF THE ESCROW AGREEMENT

Capitalized terms shall have the meaning ascribed to such terms under the Escrow Agreement or, if such term is not defined in the Escrow Agreement, under the Declaration.

The Escrow Agreement is an agreement between Developer and the escrow company that has agreed to serve as the escrow agent for certain funds relating to the Project ("Escrow"). The Escrow Agreement establishes how the Buyer's funds are to be held in escrow as well as the disbursements of such funds.

Among other provisions, the Escrow Agreement includes the following:

1. Escrow shall receive and hold in escrow (a) all payments received under Sales Contracts made by Developer; (b) all sums received by Escrow from Developer; (c) all sums received from a lender pursuant to a mortgage loan for the purchase of a Unit by individual Buyers, and (d) all sums received by Escrow from any other sources on account of the Project. Escrow shall deposit all funds received and held in escrow in a federally-insured account at an authorized bank, savings and loan association, or trust company. Any interest earned on funds in escrow under the Escrow Agreement shall accrue as provided in the Sales Contract.

2. No disbursements of funds held in escrow shall be made unless and until certain conditions have been fulfilled, including conditions that: (a) a Final Public Report for the Project has been approved with an effective date issued by the Real Estate Commission; (b) Escrow shall have received a written opinion from Developer or Developer's counsel that the Buyer's Sales Contract has become effective, and addressing related matters; and (c) Escrow has closed the Buyer's Sales Contract in accordance with the Escrow Agreement.

3. Subject to such deductions as may be provided in the Sales Contract and the escrow cancellation fee, the Buyer shall be entitled to a return of his or her funds, and Escrow shall pay such funds to such Buyer, if one of the following has occurred:

a. Developer and the Buyer have requested Escrow to return the funds to the Buyer; or

b. Developer has notified Escrow that Developer has exercised its option to cancel or rescind theSales Contract pursuant to any right of cancellation or rescission provided in the Sales Contract or otherwise available to Developer; or

c. The Buyer has notified Escrow that the Buyer has exercised its right to cancel or rescind the Sales Contract pursuant to Sections 514A-62 or 514A-63 of the Condominium Property Act.

4. Escrow shall conduct the closing of the transactions contemplated in the Sales Contract and perform the services incident to such closing, including the recording of releases, conveyance documents and mortgages, as applicable, the distribution of closing documents to the appropriate parties, and the disbursement of escrowed funds.

5. If the Buyer fails to make required payments to Escrow or otherwise fails to perform any matter handled by Escrow, Escrow shall promptly notify Developer of such failure . If Developer certifies to Escrow that Developer has terminated the Sales Contract in accordance with the terms thereof and provides certain documentation to Escrow regarding the same, Escrow shall thereafter treat all funds paid by the Buyer under the Sales Contract as funds of Developer and not funds of the Buyer, and such funds shall be free of the escrow established under the Escrow Agreement.

6. The Escrow Agreement contains provisions protecting Escrow from liability for acting in accordance with the Escrow Agreement. The agreement contains additional provisions for compensation of Escrow, including additional fees charged to the Buyer for handling of certain mortgage loans and other features of a particular transaction.

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

EXHIBIT I

SUMMARY OF ENVIRONMENTAL DESIGN RULES AND GUIDELINES

Capitalized terms shall have the meaning ascribed to such terms under the Environmental Design Rules or, if such term is not defined in the Environmental Design Rules, under the Declaration..

The Environmental Design Rules have been adopted to establish and maintain standards of quality for the preservation of value and enjoyment of the Subdivison for the general benefit of all Unit Owners. All Unit Owners and occupants are subject to the Environmental Design Rules and can make no improvements or alterations to their Units without express approval of the Environmental Committee established under the Environmental Design Rules. The Environmental Design Rules contain, among other things, the following terms and conditions (which may be modified or otherwise limited by the provisions not summarized below).

A. There shall be an Environmental Committee, the function of which shall be to oversee and exercise control over improvements, renovations, replacements or other modifications made within the Project, including the architectural standarsds, integrity, and/or construction relating thereto, of any Units, and the landscaping plan and design. The Environmental Design Committe is concerned with all Unit and landscape designs and materials. Approval requires submission of plans, payment of applicable fees, and compliance with other procedures as required by the Environmental Committee. A cash bond to guarantee completion of construction in accordance with the approved plans will be required (with certain exceptions).

B. The Environmental Committee shall consist of three (3) members. Declarant shall have the sole right to appoint and remove the members of the Committee until Declarant shall assign in writing to the Board of Directors of the Community Association the right to appoint and remove members.

C. The Environmental Committee may adopt rules and regulations (i) regulating construction, (ii) interpreting or implementing the provisions of the Declaration pertaining to the design of buildings and other improvements, and (iii) establishing procedures for the approval of plans and specifications and other materials required to be submitted to the Environmental Committee pursuant to the Declaration or Environmental Design Rules.

D. If an Owner commences construction of any new Improvements, or commences material alterations on any existing Improvements, without first obtaining the approval of the Environmental Committee, such Owner shall be subject to a minimum fine of not less than $5,000.

E. If any court proceedings are instituted in connection with the right of enforcement and/or remedies provided in the Environmental Design Rules or the Declaration, the Environmental Committee shall be entitled, in the event it shall prevail

in such proceeding, to recover its costs and expenses in connection therewith, including reasonable attorneys' fees. The Environmental Committee shall have a lien against an Owner's Unit for any unpaid fees, compensation or other charges for which such Owner is obligated under these Environmental Design Rules or the Declaration to pay to the Environmental Committee.

F. The Design Rules contain a number of specific rules regarding the conduct of work relating to any improvements, and the conditions, limitations and restrictions applicable to such improvements.

G. By the establishment and/or enforcement of these Environmental Design Rules, neither Declarant, nor the Environmental Committee, nor any of the members, managers, employees, officers or agents of any of the foregoing shall be deemed to have made any representation whatsoever concerning a particular Unit or any improvement constructed thereon. Neither Declarant, nor the Environmental Committee, nor any of the members, managers, employees, officers or agents of any of the foregoing shall be liable to any Owner or any other person for any damage, loss or prejudice suffered or claimed provided that the person against whom the claim is made was, upon the basis of such information as may be actually possessed by him or her, acted in good faith and without willful or intentional misconduct.

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