

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer JAMES T. SAKAI and SARAH SAKAI
Address P. O. Box 1164, Kalaheo, Hawaii 96741

Project Name (\*): 5026 PUUWAI CONDOMINIUM
Address: 5026 & 5026-A Puuwai Road, Kalaheo, Hawaii 96741

Registration No. 5970
(Conversion)

Effective date: April 27, 2006
Expiration date: May 27, 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 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       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 are no assurances that the Purchaser will be able to build a residential dwelling on the property. There is also no assurance that the Purchaser will be able to convert an existing non-residential structure to a residential use. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling, or any other type of structure, on the property.

1. There are presently two residential structures on this Project, each of which may be 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 area in the land comprising the limited common element are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements 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.

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

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EXHIBIT A: Description of the Apartments, Common Elements and Limited Common Elements  
EXHIBIT B: Encumbrances Against Title  
EXHIBIT C: Summary of Sales Contract  
EXHIBIT D: Summary of Escrow Agreement  
EXHIBIT E: Engineer's Condition Report  
EXHIBIT F: Memorandum from the County of Kauai Planning Department

## **General Information On Condominiums**

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

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

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

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

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

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

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

## **Operation of the Condominium Project**

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

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

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

**I. PERSONS CONNECTED WITH THE PROJECT**

Developer: JAMES T. SAKAI  
SARAH SAKAI Phone: (808) 332-9886  
 Name\* (Business)  
P. O. Box 1164  
 Business Address  
Kalaheo, Hawaii 96741

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

N/A  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Real Estate Broker\*: None selected; see Page  
20 of this Public Report Phone: N/A  
 Name (Business)  
N/A  
 Business Address  
N/A

Escrow SECURITY TITLE CORPORATION Phone: (808) 245-6975  
 Name (Business)  
4370 Kukui Grove Street #209  
 Business Address  
Lihue, Hawaii 96766

General Contractor\*: N/A Phone: N/A  
 Name (Business)  
N/A  
 Business Address  
N/A

Condominium Managing Agent\*: Self-managed by the Association  
of Apartment Owners Phone: N/A  
 Name (Business)  
N/A  
 Business Address  
N/A

Attorney for Developer: N/A Phone: N/A  
 Name (Business)  
N/A  
 Business Address  
N/A

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

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

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

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

The Declaration for this condominium is:

Proposed  
 Recorded - Bureau of Conveyances: Document No. 2006-050500  
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  
 Recorded - Bureau of Conveyances Condo Map No. 4191  
 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  
 Recorded - Bureau of Conveyances: Document No. 2006-050501  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed       Adopted       Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>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:

Developer has reserved the right to amend the Declaration and Condominium Map without the consent or joinder of any apartment owner or any other party (including any mortgagee) holding any interest in any apartment or the Project, for the purpose of adjusting the plan or description of any apartment which may be improved, enlarged or altered, upon the condition that no such amendment shall in any way alter any apartment or common interest thereof which has been conveyed by the Developer prior to the filing of such amendment at the Bureau of Conveyances, State of Hawaii.



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: Unit A: 5026-A Puuwai Road  
Unit B: 5026 Puuwai Road Tax Map Key (TMK): (4) 2-4-005-084  
Kalaheo, Hawaii 96741

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 21,780.00  square feet  acre(s) Zoning: Residential

Fee Owner: JAMES T. SAKAI  
 SARAH SAKAI

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Name  
 P. O. Box 1164

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Address  
 Kalaheo, Hawaii 96741

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Lessor: N/A

---

Name

---

Address

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C. **Buildings and Other Improvements:**

1.  New Building(s)  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion
  
2. Number of Buildings: 2 Floors Per Building: 2  
 Exhibit \_\_\_\_\_ contains further explanations.
  
3. **Principal Construction Material:**  
 Concrete       Hollow Tile       Wood  
 Other Note: Unit A-Wood Unit B: Hollow Tile and Wood

4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>2</u>	<input checked="" 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 type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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



7. Parking Stalls:

Total Parking Stalls:	<u>5</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>2</u>	<u>          </u>	<u>          </u>	<u>4</u>
Guest	<u>          </u>	<u>          </u>	<u>          </u>	<u>1</u>
Unassigned	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Extra for Purchase	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Other: _____	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Covered & Open:	<u>5</u>	<u>0</u>	<u>0</u>	<u>5</u>

Each apartment will have the exclusive use of at least two 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):

Unit A was constructed in 1957 and Unit B was constructed in 1991. See Engineer's Condition Report attached hereto as Exhibit "E".

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

D. Common Elements, Limited Common Elements, Common 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   A  .

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 A.

as follows:

Note: Land areas referenced in Exhibit "A" are not legally subdivided lots.

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

described in Exhibit \_\_\_\_\_.

as follows:

Unit A =	50%
Unit B =	50%
	<u>100%</u>

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

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

Exhibit B describes the encumbrances against the title contained in the title report dated March 20, 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.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgages	If the Developer defaults under its loans, the Lender may foreclose upon the property. A foreclosure would terminate a Buyer's interest in a sales contract. All deposits, less cancellation fees, will be refunded if a sales contract is terminated.

F. Construction Warranties:

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

1. **Building and Other Improvements:** None. There are no warranties, express or implied.
  
2. **Appliances:** None. There are no warranties, express or implied.

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

Unit A was constructed in 1957 and Unit B was constructed in 1991.

H. **Project Phases:**

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing): 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
- Specimen Sales Contract  
Exhibit   C   contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated   October 10, 2005    
Exhibit   D   contains a summary of the pertinent provisions of the escrow agreement.
- Other   Specimen Apartment Deed

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

This Public Report is a part of Registration No. 5970 filed with the Real Estate Commission on April 6, 2006.

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

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C. **Additional Information Not Covered Above**

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

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

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

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

WASTEWATER. Unit A and Unit B are serviced by separate cesspools, each of which are located within the respective unit's limited common element. A purchaser of an apartment will be responsible for any repair, maintenance, replacement and improvements to the same.

SALE OF APARTMENTS. Developer has no plans to sell the apartments in the project at this time and is not prepared to make any current offerings of sale. When Developer begins selling or offers to sell, the Developer will use a real estate broker for the sale of an apartment. Prior to entering into a binding contract for such sale, the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this Public Report.

ROAD WIDENING RESERVE. Developer discloses that Puuwai Road has entered into the 15-foot road widening setback line in the northwestern portion of the limited common element appurtenant to Unit B.

RECIPROCAL DRIVEWAY EASEMENT. In addition to the rights provided in the Project's Declaration of Condominium Property Regime with regard to the reciprocal driveway easement, for so long as Developer owns Unit B, a purchaser of Unit A may reverse a vehicle upon the limited common element of Unit B for ingress and egress purposes. Prior to the sale of Unit B, Developer will either grant a permanent easement for the same or will provide an alternate method for the purchaser of Unit B to safely enter and exit the property.

LEAD WARNING STATEMENT. Pursuant to federal law, 42 U.S.C. 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

JAMES T. SAKAI and SARAH SAKAI

Printed Name of Developer

By:  April 1, 2006  
 Duly Authorized Signatory\* Date

JAMES T. SAKAI and SARAH SAKAI, Developer

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

## EXHIBIT "A"

### Description of Apartments

The Project contains the following two (2) units:

A. Unit A (5026-A Puuwai Road). Unit A consists of one freehold estate consisting of one two-story residential dwelling. This unit contains a kitchen/dining room, living room, three bedrooms, a half bathroom, office and porch on the top floor. The ground floor contains a gym, TV room, full bath, storage areas, hallway, workshop and carport. The net living area of this unit is approximately 1,484 square feet, the hallway area is approximately 231 square feet, the area of the porch is approximately 44 square feet, there is approximately 346 square feet of storage area, an approximately 336 square foot workshop and the carport contains approximately 400 square feet. This unit has no basement.

B. Unit B (5026 Puuwai Road). Unit B consists of one freehold estate consisting of one two-story residential dwelling. This unit contains a living/dining room, kitchen, two bedrooms, one and one half bathrooms and a deck on the top floor. The ground floor contains a utility room/storage area and a garage. The net living area of this unit is approximately 918 square feet, there is approximately 384 square feet of utility/storage area, a deck of approximately 160 square feet and the garage area is approximately 576 square feet. This unit has no basement.

### Common Elements

A. All of the land, in fee simple, subject to the division of the same as limited common elements pursuant to Paragraph 6 of the Declaration of Condominium Property Regime.

B. The Limited Common Elements hereinafter described, subject to the provisions set forth in Paragraph 6 of the Declaration of Condominium Property Regime.

C. All pipes, wires, waste disposal systems, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures, retaining walls (if any) and yard fences, which are located outside the buildings and which are utilized for or serve more than one apartment.

D. Easement "A-1", the 1405 square foot common driveway easement which serves both apartments for ingress to and egress from Puuwai Road.

### Limited Common Elements

A. That portion of the land which is designated as Limited Common Element A on the Condominium Map, consisting of 11,785 square feet, is reserved for the exclusive use of Unit A for the support of the building and other improvements comprising Unit A and for residential,

yard, driveway and parking purposes. The cesspool that services Unit A is a limited common element of Unit A.

B. That portion of the land which is designated as Limited Common Element B on the Condominium Map, consisting of 9,995 square feet is reserved for the exclusive use of Unit B for the support of the building and other improvements comprising Unit B and for residential, yard, driveway and parking purposes. The cesspool that services Unit B is a limited common element of Unit B.

The limited common elements do not include the common elements identified above.

END OF EXHIBIT "A"

EXHIBIT "B"

Encumbrances Against Title

1. Any and all Real Property Taxes that may be due and owing for Tax Key No. (4) 2-4-005-084, area assessed 21,780 square feet. A prospective purchaser is encouraged to contact the Director of Finance, County of Kauai, Real Property Tax Division, for the most current information regarding Real Property Taxes, including Item 4 below.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. A 15-foot road widening setback line along Puuwai Road, as disclosed by that certain:  
  
DEED  
  
Dated: May 15, 1974  
Book: 9934  
Page: 329  
to which reference is hereby made
4. NOTICE OF DEDICATION TO PERMANENT HOME USE  
  
Dated: March 15, 1992  
Recorded: Document No. 92-054593  
Re: dedication of the land described herein to permanent home use for the period of ten (10) years, effective July 1, 1992
5. GRANT  
  
In favor of: CITIZENS UTILITIES COMPANY and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED  
Dated: January 26, 1990  
Document No.: 90-043577  
Purpose: Easement for utility purposes over, under, across and through a portion of the land herein described.
6. MORTGAGE  
  
Mortgagor: JAMES T. SAKAI and SARAH SAKAI, husband and wife  
Mortgagee: AMERICAN SAVINGS BANK  
Recorded: February 27, 1998  
Document No.: 98-025436  
Amount: \$153,000.00
7. MORTGAGE  
  
Mortgagor: JAMES T. SAKAI and SARAH SAKAI, husband and wife  
Mortgagee: AMERICAN SAVINGS BANK  
Recorded: February 27, 1998  
Document No.: 98-025437  
Amount: \$45,000.00

8. 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 OF 5026  
PUUWAI CONDOMINIUM

DATED : March 9, 2006  
RECORDED : Document No. 2006-050500  
MAP : 4191 and any amendments thereto

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

INSTRUMENT : BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : March 9, 2006  
RECORDED : Document No. 2006-050501

END OF EXHIBIT "B"

EXHIBIT "C"

SUMMARY OF SALES CONTRACT

The Seller intends to use the Hawaii Association of Realtors' form of Deposit Receipt, Offer and Acceptance ("DROA") as the sales contract for the sale of apartments in the Project. The DROA contains the purchase price, description and location of the apartment and other terms and conditions under which a Buyer will agree to buy an apartment.

Among other things, the DROA:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how the Buyer will pay the purchase price.

2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sale is closed or cancelled.

3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. Provides the following remedies in the event of default under the DROA:

By Buyer:

- A. Seller may bring an action against Buyer for breach of contract;
- B. Seller may retain Buyer's deposit(s) as liquidated damages;
- C. Buyer shall be responsible for all expenses incurred.

By Seller:

- A. Buyer may bring an action against Seller for breach of contract;
- B. Buyer may bring an action compelling Seller for perform under contract;
- C. Seller shall be responsible for all expenses incurred.

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

5. Allocation of payment of closing costs.

6. Provides that the property is sold "as is".

END OF EXHIBIT "C"

EXHIBIT "D"

SUMMARY OF ESCROW AGREEMENT

An Escrow Agreement allows the condominium Buyer's money to be held by a neutral party, the Escrow Agent, until the Seller can deliver good and marketable title to the apartment. The Escrow Agreement for this Project provides for, among other things:

1. That Security Title Corporation is the Escrow Agent.
2. That, upon execution of a sales contract, the Developer shall deliver all money received to the Escrow Agent.
3. That no money will be released by the Escrow Agent until the Real Estate Commission has issued an effective date for a Final Public Report.
4. That Buyer shall receive all public documents relating to the Project.
5. That a Buyer's money shall be returned to him if he exercises certain rights he may have to cancel his sales contract as provided by law, if that is his wish, or if the Seller is unable to provide title to the apartment.
6. That, upon the Seller providing good title to the apartment, the Buyer's money shall be turned over to the Seller.
7. That the Escrow Agent will record with the State of Hawaii all documents requiring such.
8. That, if the Buyer is unable to perform and has money on deposit with Escrow Agent, these monies will be turned over to the Seller.

END OF EXHIBIT "D"

EXHIBIT "E"

ENGINEER'S CONDITION REPORT

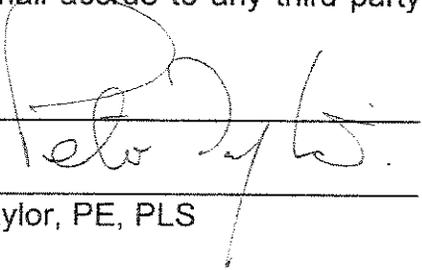
**ENGINEER'S CONDITION REPORT**  
**"5026 PUUWAI CONDOMINIUM"**  
**TMK: (4) 2-4-05:Parcel 84**  
**KALAHEO, DISTRICT OF KOLOA, KAUAI, HAWAII**

The undersigned, being a licensed engineer within the State of Hawaii and bearing Registration No 2586, has inspected the residential dwellings comprising the condominium project known as "5026 PUUWAI CONDOMINIUM", located at Kalaheo, Island and County of Kauai, State of Hawaii, and identified by Tax Map Key No (4) 2-4-005-084.

1. Without conducting invasive examinations of covered plumbing, electrical and structural components, the improvements appear to be in-sound-condition.
2. No representations are made to the expected useful life of the improvements.

This is not a warranty of compliance with all rules and regulations but is only a warranty that inspection was made. No right shall accrue to any third party for subsequent discovery of any problems.

Dated: 11/27/05 Lihue, Kauai, Hawaii

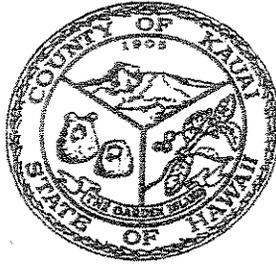
  
\_\_\_\_\_  
Peter N. Taylor, PE, PLS

END OF EXHIBIT "E"

Memorandum from the County of Kauai Planning Department

BRYAN J. BAPTISTE  
MAYOR

IAN K. COSTA  
DIRECTOR OF PLANNING



GARY K. HEU  
ADMINISTRATIVE ASSISTANT

MYLES S. HIRONAKA  
DEPUTY DIRECTOR OF PLANNING

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: December 30, 2005

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

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: 5026 PUUWAI  
Condominium Project (302)  
Tax Map Key: (4) 2-4-005: 084

The developer 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 5026 Puuwai 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  
5026 Puuwai Condominium  
TMK: (4) 2-4-005: 084  
December 30, 2005  
Page two

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

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

cc: James Sakai, Project Developer ✓