

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Poipu Palms Limited Partnership
Address 1001 Bishop Street, Suite 1280, Honolulu, Hawaii 96813

Project Name(*) ROYAL PALMS POIPU BEACH, KAUAI
Address: 2393 Kiahuna Plantation Drive, Koloa, Poipu, Kauai, Hawaii 96756

Registration No. 6005
Effective date: June 26, 2006
Expiration date: March 26, 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.
CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.
[] Must be read together with
[] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.
FORM: RECO-30 1297 / 0298 / 0800 / 0203 / 0104

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

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

SPECIAL ATTENTION

This Contingent Final Public Report has been prepared by the Developer pursuant to §514A-39.5, HRS. The Real Estate Commission issued this report before the developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales contract executed pursuant to this report **are binding on the buyer under those conditions specified immediately below** and in Part V.B. of this report found on pages 18 and 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

STATUTORY NOTICE

"The effective date for the Developer's Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed and recorded deed or master lease for the project site; the executed construction contract for the project; the building permit; satisfactory evidence of sufficient funds to cover the total project cost; or satisfactory evidence of a performance bond issued by a surety licensed in the State of not less than one hundred percent of the cost of construction, or such other substantially equivalent or similar instrument or security approved by the Commission. Until the Developer submits each of the foregoing items to the Commission, all Purchaser deposits will be held by the escrow agent in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. If the Developer does not submit each of the foregoing items to the Commission and the Commission does not issue an effective date for the Final Public Report before the expiration of the Contingent Final Public Report, then:

- (1) The Developer will notify the Purchaser thereof by certified mail; and
- (2) Either the Developer or the Purchaser shall thereafter have the right under Hawaii law to rescind the Purchaser's sales contract. In the event of a rescission, the Developer shall return all of the Purchaser's deposits together with all interest earned thereon, reimbursement of any required escrow fees, and, if the Developer required the Purchaser to secure a financing commitment, reimburse any fees the Purchaser incurred to secure that financing commitment." (§514A-64.5, HRS)

The developer is not required to submit but has for this registration submitted the following documents and information:

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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 owner/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 sufficient number of buyers 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 Palms Limited Partnership Phone: (808) 791-0075
Name* (Business)
Pauahi Tower, Suite 1280
1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

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):

LedPac Kauai, Inc. (general partner)
Officers: William R. Deuchar (Pres., V.P., Ass't Treasurer), William Fox (Exec. V.P., Ass't Secretary, Ass't Treasurer), Larry J. Hansen (V.P., Secretary, Treasurer), Brian Powell (V.P., Ass't Secretary, Ass't Treasurer)
Directors: William R. Deuchar and William Fox

Real Estate Broker*: Oneill Group LLC Phone: (808) 223-5566
Name (Business)
4224 Waiialae Avenue, Suite 305
Business Address
Honolulu, Hawaii 96816

Escrow Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211 ((808) 241-1573)
Name (Business)
235 Queen Street (4374 Kukui Grove Street, Ste. 201)
Business Address
Honolulu, Hawaii 96813 (Lihue, Hawaii 96766)

General Contractor*: Ledcor – U. S. Pacific Construction LLC** Phone: (808) 540-0777
Name (Business)
Pauahi Tower, Suite 1250
1001 Bishop Street
Business Address
Honolulu, Hawaii 96813

Condominium Managing Agent*: ResortQuest Hawaii LLC Phone: (808) 931-1400
Name (Business)
2155 Kalakaua Avenue, Suite 500
Business Address
Honolulu, Hawaii 96815

Attorney for Developer: Schneider Tanaka Radovich Andrew & Tanaka, L.L.L.C Phone: (808) 792-4200
Name (David F. Andrew) (Business)
1100 Alakea Street, Suite 2100
Business Address
Honolulu, Hawaii 96813

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)
** The Developer has a financial affiliation with the general contractor. See the Additional Disclosures set forth in Exhibit N of this Public Report.

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

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

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

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____ Book _____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>3426361</u>

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

First Amendment to Declaration of Condominium Property Regime of Royal Palms Poipu Beach, Kauai (Amendment to Condominium Map No. 1796) dated June 8, 2006, filed as Land Court Document No. 3438111.

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

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No. _____	
<input checked="" type="checkbox"/>	Filed -	Land Court Condo Map No. <u>1796</u>	

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

First Amendment to Declaration of Condominium Property Regime of Royal Palms Poipu Beach, Kauai (Amendment to Condominium Map No. 1796) dated June 8, 2006, filed as Land Court Document No. 3438111.

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

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed		
<input type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. _____ Book _____ Page _____
<input checked="" type="checkbox"/>	Filed -	Land Court:	Document No. <u>3426362</u>

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

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

The House Rules for this condominium are:

Proposed* Adopted Developer does not plan to adopt House Rules

*Developer will adopt on behalf of Association.

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>75%</u>
Bylaws	65%	<u>67%</u>
House Rules	---	<u>Majority Vote of Directors</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:

See Exhibit J to this public report.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

Exhibit _____ contains further 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: 2393 Kiahuna Plantation Drive Tax Map Key (TMK): (4) 2-8-014:008. 034
Koloa, Kauai, Hawaii 96756

Address TMK is expected to change because it is expected that the Project land will be consolidated and resubdivided, and a substantial portion of land removed from the Project. In connection with such consolidation and resubdivision, a new TMK number may be assigned to the Project site.

Land Area: 21.45 square feet acre(s) Zoning: R-10

* The Developer has reserved the right to consolidate and resubdivide the two parcels that currently comprise the land of the Project, and to then remove a substantial portion of the Project land (shown as "Removable Property" on the Condominium Map) or, alternatively, to construct on the Project land and add to the Project up to 75 additional units. See Sections E.15, Q, and R of the Declaration of Condominium Property Regime and Exhibit J of this Public Report.

Fee Owner: Poipu Palms Limited Partnership
 Name
Pauahi Tower, Suite 1280
1001 Bishop Street
Honolulu, Hawaii 96813

Lessor: N/A
 Name
 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 4 residential buildings; Floors Per Building: 3 floors (residential buildings);
1 recreation building 1 floor (other buildings)
1 concierge building

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other: Block, steel, glass

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential*	<u>120**</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

*Including, without limitation, short-term or long-term residential dwellings, **TRANSIENT VACATION RENTALS** and other uses (including, possibly, **TIME SHARING**) permitted by the Declaration and the Bylaws.

NOTE: SEE EXHIBIT K TO THIS PUBLIC REPORT FOR MORE ON PERMITTED USES.

**The total number of units in the Project may be increased to as many as 136 if the Developer decides to divide some of the units in Building C and/or Building D into additional units. See Exhibit "J" to this Public Report for further information on this issue.

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: Subject to the limitations set forth in the Bylaws and/or the Project Rules, the following may be kept by occupants: two parakeets or two canaries; aquarium fish; one dog; one cat.

[X] Number of Occupants: See Project Rules

[X] Other: Time sharing is allowed under certain circumstances. No water beds without Board approval. See the Declaration, the Bylaws, and the Project Rules for additional details and restrictions.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 4 Stairways: 8 Trash Chutes: 0

<u>Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)*</u>	<u>Identify</u>
See Exhibit "B"	See Exhibit "B"	See Exhibit "B"	See Exhibit "B"	See Exhibit "B"	See Exhibit "B"

Total Number of Apartments: 120**

***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.

**The total number of units in the Project may be increased to as many as 136 if the Developer decides to divide some of the units in Building C and/or Building D into additional units. See Exhibit "J" to this Public Report for further information on this issue.

Boundaries of Each Apartment: See Exhibit B to this public report.

Permitted Alterations to Apartments: See Exhibit L to this public report.

Apartments Designated for Owner-Occupants Only:

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

7. Parking Stalls:

Total Parking Stalls: 212

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned	<u>0</u>	<u>120</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>120</u>
Guest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>0</u>	<u>87</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>87*</u>
Extra for Purchase**	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other: <u>loading zone employees</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5***</u>
Total Covered & Open:	<u>212</u>		<u>0</u>		<u>0</u>		<u>212</u>

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

By taking title to a Unit, buyers will be deemed to have inspected their parking stall(s) and to have accepted and approved its location.

* This total includes ten stalls that are oversized for the handicapped (stalls numbered 14, 15, 31, 49, 50, 57, 58, 201, 202, and 210).

**NOTE: Developer has reserved the right: (i) by amendment to the Declaration executed only by Developer, to sell and convey or otherwise designate any parking stall not designated in the Declaration as a limited common element to be appurtenant to and/or for the exclusive use of any unit in the Project or in any other phase merged or to be merged with the Project; (ii) to designate any parking stall not designated in the Declaration as a limited common element for use as a guest parking stall for the Project or for any other phase merged or to be merged with the Project, or in connection with certain common elements of the Project, including, without limitation, the recreation center building and the concierge building; (iii) to use, or allow others to use, as Developer shall deem appropriate any parking stall not designated in the Declaration as a limited common element; and (iv) to assign or change, from time to time, the assignments of individual parking stalls to individual units that have not been conveyed by Developer. See Exhibit J to this public report.

*** This total includes three parking stalls (184, 185, and 186) that will remain unassigned and will be reserved for the use of employees whose place of business is within the project, and two parking stalls (13 and 53) that will be used for loading zone purposes.

Commercial parking garage permitted in condominium project.

Exhibit C 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 (game room and fitness area)

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: Barbecue areas

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

There are no violations. Violations will not be cured.

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

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

N/A

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

Developer has obtained a Class IV Zoning and Use Permit from the County of Kauai to allow the use of the concierge building (a) on a temporary basis, for sales of on-site properties while the units are being sold by or on behalf of developer to individual buyers, and (b) on a permanent basis, by a commercial entity other than the developer for rental activities, for arranging tours and activities and for checking in guests to the Project. Sales and rental activities must only serve guests of the Project and must not be open to the general public. See Exhibit N of this Public Report for additional information on the relevant provisions of the Class IV Zoning and Use Permit.

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 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.

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

described in Exhibit E .

as follows:

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

described in Exhibit F* .

as follows:

*NOTE: The common interests for the units may change (increase or decrease) in connection with: (a) a change by the Developer in the unit floor plan(s) for any or all of the units in an increment to the Project; (b) an increase or decrease in the number of units in an increment to the Project; (c) an ownership merger of this Project with one or more other condominium projects; and (d) the addition of more units to the Project. See Exhibit J to this Public Report for further information concerning incremental development and merger.

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 O describes the encumbrances against the title contained in the title report dated April 7, 2006 and issued by Title Guaranty of Hawaii, Incorporated .

Blanket Liens:

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

- [] There are no blanket liens affecting title to the individual apartments.
- [X] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage(s) and related financing statements, securing loan(s) to the Developer.	Any loan is or would be secured by mortgage(s), which will be released as to the unit being conveyed at the time of conveyance. If there is a default and foreclosure of the mortgage(s) prior to conveyance, the buyer's contract will be subject to cancellation and the buyer may lose the right to buy the unit, but will receive his/her deposit back, less a cancellation fee.

The buyer intentionally waives, relinquishes, and subordinates the priority or superiority of any lien or other legal or equitable interest arising under the buyer's Sales Contract in favor of the liens or charges on the Project granted by the Developer to the Developer's construction lender.

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:

The Developer makes no warranties itself with respect to the buildings or other improvements. However, the Developer will attempt to assign to each unit owner any and all warranties given the Developer by the general contractor for the project and by any subcontractors or materialmen. The general contractor's warranty to the Developer is expected to be one year from the date of substantial completion of the project.

2. Appliances:

The Developer makes no warranties itself with respect to appliances or other consumer products installed in any unit or in the common elements. However, the Developer will attempt to assign to each unit owner the benefit of any manufacturer's or dealer's warranties covering the appliances or other consumer products or goods in his or her unit. Each unit owner shall have the direct benefit of any such warranties, if the Developer's attempted assignment is successful and binding. These warranties, if available, will expire at different times, depending on the date of manufacture, sale or installation of the appliances.

Note (as to 1 and 2 above): Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship, and any other express or implied warranties, with respect to the units, the Project, the common elements thereof, or as to any appliances and furnishings contained within the units or the Project.

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

Construction of Building A (and the Units therein) is anticipated to begin in approximately August 2006 and is anticipated to be completed by approximately April 2008.

Construction of Building B (and the Units therein) is anticipated to begin in approximately August 2006 and is anticipated to be completed by approximately April 2008.

Construction of Building C (and the Units therein) is anticipated to begin in approximately August 2006 and is anticipated to be completed by approximately April 2008.

Construction of Building D (and the Units therein) is anticipated to begin in approximately August 2006 and is anticipated to be completed by approximately April 2008.

Construction of the recreation building, the concierge building, and the other common areas of the Project is anticipated to begin in approximately August 2006 and is anticipated to be completed by approximately April 2008.

IT IS IMPORTANT TO NOTE THAT THE DATES SET FORTH ABOVE ARE JUST ESTIMATES AND THE ACTUAL DATES OF COMMENCEMENT AND/OR COMPLETION MAY VARY.

The Developer makes no representations or warranties with respect to the order in which the various buildings will be constructed or with respect to which buildings may be built as part of one or more later increments. Developer has reserved the right to postpone completion of construction of one or two of the buildings until December 31, 2023. See the Additional Information section beginning on page 20 of this public report for additional information on incremental development of the Project.

H. Project Phases:

The developer [X] 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):

SEE EXHIBIT J

C. **Utility Charges for Apartments:**

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

- [] None [X] Electricity (X Common Elements only ___ Common Elements & Apartments)*
- [X] Gas (X Common Elements only ___ Common Elements & Apartments)
- [X] Water [X] Sewer [X] Television Cable**
- [X] Other Chilled water for air conditioning for common elements; refuse collection; pest control for common elements; exterior window cleaning; basic level internet service

*Electricity to the Units and chilled water for the Units' air conditioning will be separately measured for each Unit by one or more private submeters. Such measurement will be made and analyzed by an outside vendor. By such measurement and analysis, the vendor shall, for a fee, determine the amount of electricity and chilled water use for each Unit and, based on such use, prepare individual invoices for each Unit, on behalf of the Association. The Association shall then charge the Units for electricity and chilled water use accordingly. The vendor's fee for performing that service shall be included in each Unit's individual invoice.

** Basic cable television package only.

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 H contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated January 30, 2006
Exhibit I 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.

Contingent Final Report or Supplementary Report to a Contingent Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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 after the date the report(s) were delivered to the buyer.

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 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 Merger of Condominium Phases; Special Power of Attorney; and Reservation of Rights and Easements Royal Palms Poipu Beach, Kauai, recorded as Document No. 3426360

The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online please refer to the following sites:

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

This Public Report is a part of Registration No. 6005 filed with the Real Estate Commission on May 10, 2006.

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

YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. Additional Information Not Covered Above

- A. Increasing the Number of Units in the Project. The Developer has reserved the right in the Declaration to divide any Unit it owns into two or more separate Units and thereby create up to 16 additional Units in the Project. In doing so, the Developer may increase the number of Units in both Building C and Building D from 30 to as many as 38 Units in each building, thereby increasing the total number of Units in the Project from 120 to as many as 136. When dividing the Units, the Developer may: create new Unit types and alter floor plans; designate which limited common elements appurtenant to the divided Unit shall be appurtenant to the Units resulting from such division; convert portions of the divided Unit to common element or limited common element status to facilitate such division; and allocate the common interest of the divided Unit among the newly created Units and/or among other Units owned by the Developer and located in the same building as the divided Unit. In connection with the addition of the newly created Units, the Developer shall have the right to, among other things, assign and re-assign parking stalls and market and sell the newly created Units. See Exhibit L to this public report for details on the Developer's (and the Unit Owners') rights to make alterations within the Project.
- B. Subdivide/Remove or Develop and Add Land and Units. See Exhibit J to this public report regarding the Developer's right to subdivide and remove from the Project a substantial portion of the Project land (the "Removable Property") or, alternatively, to develop and add to the Project up to 75 additional units on the Removable Property.
- C. Incremental Development (Postponing Construction). The Developer has reserved the right (but is not obligated) to develop, construct, sell, and convey the units in the Project incrementally on a building-by-building basis. As such, the Developer may initially construct just two or three of the Project's four residential buildings. Upon the completion of each building, the Developer may obtain certificates of occupancy for the relevant units and transfer ownership of the units to unit buyers. The Developer would not be obligated to complete construction of the remaining units in the other one or two buildings until December 31, 2023. As such, there may be a number of years during which all of the units in the Project have not been completed, as well as a number of years during which construction continues at and around the Project.
- D. Allocation of Maintenance Fees. From and after the "Transition Date" (defined in paragraph R of this Section C below), Unit Owners will be obligated to pay their respective shares of the common expenses allocated to their Unit. As set forth in Section F.1 of the Declaration, the common expenses of the Project shall be allocated to and shared among only those Units for which a certificate of occupancy has been issued by the County of Kauai, proportionate to the common interests appurtenant to all of the Units for which certificates of occupancy have been issued; provided, however, that if the County does not require certificates of occupancy for Units, then the relevant event shall be the County inspector's conclusion of the final inspection of the Units by signing off on the building permit that permits occupancy of the Units. As such, until certificates of occupancy have been issued (or other sign offs have occurred) for all of the Units in the Project (whether that be 120 Units, 136 Units or some number in between), the common expenses of the Project will be allocated only among the Owners of those Units for which certificates of occupancy have been issued (or other sign offs have occurred).
- E. No Rescission Rights Pursuant to Changes Under This Public Report. Changes to the Project and the Project's documents made in accordance with the Developer's exercise of the rights reserved to the Developer in the Declaration, as may be disclosed in this Public Report, shall not be deemed to be changes that render this Public Report misleading as to purchasers in any material respect and will not give any purchaser who has waived or is deemed to have waived the right to cancel such purchaser's sales contract under this Public Report any additional rights to cancel such purchaser's sales contract. Accordingly, upon the occurrence of any such changes, the Developer will not be required to and will not issue subsequent Supplementary Public Reports to disclose such changes. However, upon the occurrence of any such changes, the Developer will deliver to the Real Estate Commission and may deliver to each prospective purchaser (including those who have already received and receipted for this Public Report) a disclosure statement disclosing the changes.
- F. Sewage Treatment Plant. Located adjacent to the southwest corner of the Project is an active sewage treatment plant. As a result, the Project and the units may be affected by various annoyances and nuisances, including noxious odors, noise, dust, and other adverse environmental conditions (including those attributable to winddrift and other weather factors). By signing a sales contract, buyers will be accepting any such annoyance or nuisance, and expressly waiving any rights, claims, or actions that the buyer might otherwise have against the Developer as a result of such circumstances.

G. Archaeological Preserve. An Archaeological Preserve is located on land that is currently part of the Project, but is within the "Removable Property" (as defined below), as shown on the Condominium Map. It is expected that the Archaeological Preserve will be subject to an archaeological preservation plan approved by the Historic Preservation Division ("SHPD") of the Department of Land and Natural Resources of the State of Hawaii. If the part of the Removable Property that includes the Archaeological Preserve remains part of the Project, OR if that part is removed, but is then made a part of the Project via a merger of condominium phases, the Association or the Master Association will have certain obligations relating to preservation of the Archaeological Preserve, as set forth in the Archaeological Preservation Plan. Although not finalized as of the date of this public report, it is anticipated that the archaeological preservation plan for the Archaeological Preserve will include the following:

1. Details for public pedestrian and vehicular access to, maintenance and protection of, and signage required within and around the Archaeological Preserve.
2. An easement (or description of an easement) for public access to be granted to the County of Kauai to and over the Archaeological Preserve.
3. That four parking stalls and a pathway to the site shall be provided, which shall be properly marked with signage.

The Developer reserves the right (but not the obligation) to prepare and bind the Project and the Property to the archaeological preservation plan (under the direction of the County and/or an agency of the State of Hawaii) by recording the preservation plan (or a summary thereof) on the title to the Project and the Property, by recording an amendment to the Declaration that incorporates the preservation plan, and/or by referencing or incorporating the preservation plan into the individual unit deed to the buyers.

H. Golf Course Reserved Area. A "Golf Course Reserved" area is located on land that is currently part of the Project, but is within the Removable Property, as shown on the Condominium Map. The Golf Course Reserved area may (with or without the Archaeological Preserve) be subdivided and separated from the remainder of the Project and/or the remainder of the Removable Property and conveyed to the owner of the Kiahuna Golf Course, who may use all or portions of such conveyed area for golf course and/or other purposes. Alternatively, the Golf Course Reserved area may (with or without being subdivided and separated from the remainder of the Project) be leased or licensed to the owner of the Kiahuna Golf Course by the Developer, on its own or the Association's behalf, to be used for golf course and/or other purposes.

I. Location of Project. Despite its name, the Project is NOT located on the beach. It is located approximately one-quarter of a mile from the nearest beach.

J. Golf Course. By signing a sales contract, Buyer will be acknowledging that the Buyer understands and acknowledges that: (a) the Project is located adjacent to and in the immediate vicinity of the driving range and certain fairways of an existing golf course (the "Kiahuna Golf Course"); (b) the Kiahuna Golf Course and its related facilities are not part of the Project; (c) Buyers will not have any ownership interest or membership rights in the Kiahuna Golf Course; (d) being adjacent to or near the Kiahuna Golf Course (including its driving range) may result in various nuisances and/or risks to persons and property on or within the Project as a result of golf course-related activities, including errant golf balls from the existing and any future driving ranges and other portions of the Kiahuna Golf Course (which may cause personal injury, property damage, and other nuisances); and (e) the Buyer shall assume all risks associated with the Unit and the Project being located adjacent to and in the immediate vicinity of the Kiahuna Golf Course. Under no circumstances shall the Developer or its agents or affiliates be held liable for any damages or injury resulting from errant golf balls or other risks associated with such golf activities. Golfers and the owners or operators of the Kiahuna Golf Course shall not be relieved of liability for damage caused by errant golf balls.

K. Use of Main Entry Road/Shared Access. By signing a sales contract, Buyer will be acknowledging that (a) Developer intends to use the Project's main entry road and other areas of the Project to conduct and perform its construction and sales activities within the Project until all of the Units in the Project and all of the units in any other phase merged or to be merged with the Project have been completed and sold, and (b) the Project's main entry road will also be used by Developer (or another developer), contractors, owners and occupants of the project that may be located where the "Removable Property" is located (the "Possible Adjacent Development"). The Project land is or will be encumbered by an easement for such access (as well as by utility easements) in favor of the land underlying the Removable Property. Among other things, the easements and right of access allow or will allow the developer of the Possible Adjacent Development (whether it be the Developer or not) to use the Project's main entry road during development, construction, sale, and use of the Possible Adjacent Development, which may include ingress and egress by large

construction-related vehicles. These activities may result in noise, dust, vibration, and other nuisances and hazards, including traffic congestion and temporary impairment of access to portions of the Project, and each Buyer assumes all risks associated with the use of the Project's main entry road for the purposes set forth above.

- L. Construction on Property Near Project. By signing a sales contract, Buyer will be acknowledging that construction at other projects adjacent to and/or in the vicinity of the Project may continue for some time and that the roadways in and around the Project may be used for ingress and egress to the construction sites of such other projects. The ongoing construction will likely cause or increase the dust, noise, vibrations, traffic, and other nuisances in and around the Project. By signing a sales contract, Buyer will be further acknowledging that Developer has made no written or oral representations or warranties concerning (a) the nature, extent, or timing of developments in the vicinity of the Project, or the location of any buildings within such developments, or (b) the impact on the Project from any such developments or uses (including, without limitation, noise, dust, and traffic impacts).
- M. Views. By signing a sales contract, Buyer will be acknowledging that Developer and its representatives make no representation or warranty with respect to the presence or continued existence of any view or scene from any portion of the Unit or that any view that exists or may exist will impact the value or desirability of the Unit. Any existing view or scene may change, be blocked or be interfered with, depending upon activities undertaken on land within or outside the Project's boundaries. No view is guaranteed. Even if the Unit you are considering enjoys some views, you acknowledge that such view may be impaired and may be obstructed by the construction of other improvements or facilities by Developer or by others on properties adjacent to or in the vicinity of the Project. The location of a Unit on a higher floor or your payment of a higher price for the Unit does not assure any continued view.
- N. Lease of the Concierge Building. Buyer acknowledges and agrees that the concierge building is part of the common elements of the Project and that Developer, on behalf of the Association, will enter into a lease with a commercial entity of Developer's choice to use all or a portion of the concierge building. The term of the lease will be five years (with an option to extend it for another three years), but will allow either party to cancel the lease upon not less than 60 days prior written notice. Subject to the provisions of the lease (including the payment of rent), the commercial entity would be entitled to use all or a portion of the concierge building as an activities or check-in desk and/or to provide rental or sales services. Entry into such lease shall be done without the joinder or consent of any Unit owner or any mortgagee.
- O. Inspection of the Unit. An inspection program will be instituted, whereby the Buyer agrees to inspect the Unit on a date and at a time specified in advance by the Developer or the contractor. The Developer will attempt to complete and/or correct any "punchlist items" identified by the Buyer, either prior to Closing or within 20 days after Closing. The Buyer shall have the right to re-inspect the Unit and, upon re-inspection, the Buyer shall again indicate in writing which of said punchlist items are acceptable and which remain to be completed or corrected. The foregoing procedure shall be repeated until the Buyer has completely accepted the Unit. The Buyer acknowledges that the existence of defects or damages to the Unit shall not affect the Buyer's obligations to make the required payments under the sales contract and to consummate the sale, and the Buyer covenants and agrees to consummate the sale and accept possession of the Unit as long as such defects or damages do not render the Unit unfit for occupancy and the Seller agrees to correct such defects or damages within a reasonable time. The Buyer also acknowledges that the existence and implementation of such an inspection program does not constitute a warranty by the Developer. Buyers are advised to see the sales contract for more details on the inspection program.
- P. Buyer Obligation to Investigate. Nothing contained herein is intended to be a complete disclosure of all facts that Buyer may wish to consider in buying a Unit at the Project. Buyer is still obligated to conduct his/her own full investigation of all facts relevant to him/her in deciding where to buy and when. By signing a sales contract, Buyer will be representing to Developer that Buyer has completed his/her own independent investigations of the area and all facts that are in any way important or incidental to Buyer in making a buying decision.
- Q. Utility Submeters. Electricity to the Units and chilled water for the Units' air conditioning will be separately measured for each Unit by one or more private submeters. Such measurement will be made and analyzed by an outside vendor. By such measurement and analysis, the vendor shall, for a fee, determine the amount of electricity and chilled water use for each Unit and, based on such use, prepare individual invoices for each Unit, on behalf of the Association. The Association shall then, as a special assessment, charge the Units for electricity and chilled water use accordingly. The vendor's fee for performing that service shall be included in each Unit's individual invoice. The Association shall have the right (but not the obligation) to cure

any failure by the owner of a Unit (the "Defaulting Owner") to pay the amounts due to the vendor. If the Association elects to cure such default, then the Defaulting Owner will be responsible for reimbursing the Association. If the Defaulting Owner fails to pay the special assessment for electricity and chilled water usage or fails to reimburse the Association for any monies fronted by the Association, the Association will be entitled to file a lien against the Defaulting Owner's Unit, enter the Unit to shut off electrical or chilled water to the Defaulting Owner's Unit, or pursue any other remedies as provided in the Declaration or the Bylaws. Each Unit Owner shall also have the obligation to maintain, repair, and replace the submeter(s) providing service to such Owner's Unit. If the Owner of a Unit fails to maintain such submeter(s), the Association shall be entitled to maintain, repair, and replace the meter and charge the cost thereof to such Owner or pursue any other remedies provided under the Declaration or the Bylaws.

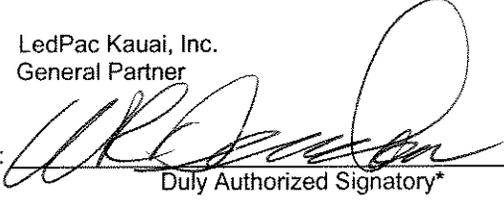
- R. Developer to Pay Actual Maintenance Costs of Project. The Developer hereby discloses that it shall initially assume the actual maintenance expenses of the Project, pursuant to Section 514A-15 (or, if applicable, Section 514B-41(b)) of the Hawaii Revised Statutes, from the date upon which certificates of occupancy are issued for the respective units of the Project. Accordingly, no unit owner shall be obligated to pay his or her respective share of the common expenses until the Developer files a written statement ("Notification") with the Real Estate Commission notifying the Commission and all unit owners at that time that, after a date certain ("Transition Date"), each unit owner shall thereafter be obligated to pay for the respective share of common expenses. At least thirty (30) days prior to the Transition Date, the Notification shall be filed with the Commission and copies thereof mailed to all of the unit owners whose maintenance expenses were assumed by the Developer, as well as to the Association and the Managing Agent.
- S. Developer Makes No Promises or Warranty About the Amount of Monthly Maintenance Fees. By signing a sales contract, Buyer will be representing and agreeing that Buyer has had an opportunity to examine and has approved the estimate of monthly maintenance fees and assessments for the Project as shown in this Public Report. Buyer is aware that such amounts are only estimates and may change for reasons beyond the control of Developer, and Buyer specifically accepts and approves any changes in such estimates. Buyer is also aware that such estimates do not include Buyer's obligation for payment of real property taxes. BUYER UNDERSTANDS AND AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION, WARRANTY OR PROMISE BY DEVELOPER, INCLUDING, BUT NOT LIMITED TO, ANY REPRESENTATION, WARRANTY OR PROMISE AS TO THE ACCURACY OF SUCH ESTIMATES.
- T. Master Association. See Exhibit M of this Public Report for information regarding the Master Association.
- U. Grant of Power of Attorney to Developer. By signing a sales contract and taking title to a unit, Buyer will be acknowledging and agreeing that Developer will have a power of attorney to act on behalf of Buyer with respect to various issues relating to the Project. The Deed by which Buyer will take title to a unit will act as a grant by Buyer of a special power of attorney to Developer to sign documents and do other things on behalf of Buyer. Please see the specimen deed that is on file with the Developer's application to the Real Estate Commission. Please also see Section AA.1 of the Declaration.
- V. Possible Supplementary Contingent Final Public Report. The Developer may, at its sole and absolute discretion, decide to revise this Contingent Final Public Report to exclude the Units in one or two of the buildings (being either 30 or 60 Units) from the coverage of this Report (the "Excluded Units"). The Developer would do this by requesting that the Real Estate Commission issue an effective date for a Supplementary Contingent Final Public Report covering only the remaining 60 or 90 Units in the Project (the "Remaining Units"), but not the Excluded Units. The intent of the Developer would then be to obtain a Final Public Report covering just the Remaining Units before the expiration date of this Contingent Final Public Report. Buyers who enter into binding sales contracts for the Remaining Units would NOT be given a new right to rescind their contracts in connection with the exclusion of the Excluded Units from this Report or in connection with the issuance of the Supplementary Contingent Final Public Report or the Final Public Report covering the Remaining Units. The intent of the Developer would be to then, at some point, apply for an effective date for a separate public report (possibly under a different registration number) covering the Excluded Units. The number of Excluded Units may increase to a total of 76, meaning that the entire Project may contain up to 136 total units. Even if the Remaining Units and the Excluded Units are covered by different public reports and different registration numbers, they would still be part of the same condominium project and subject to the same declaration and bylaws.
- W. Additional Disclosures. See Exhibit N of this Public Report for additional disclosures relating to the Project.

D. 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 developers knowledge, information and belief, true, correct and complete.

Poipu Palms Limited Partnership

Printed Name of Developer

By LedPac Kauai, Inc.
Its General Partner

By:  _____
Duly Authorized Signatory*

May 8th, 2006

Date

William R. Deuchar, President

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 BUILDINGS

The Project shall contain four 3-story buildings, each of which shall contain 30 units. Each building containing units is identified on the Condominium Map by a capital letter designation (A, B, C, and D). The Project shall also contain a one-story recreation building (identified on the Condominium Map as "Rec Ctr.") and the one-story concierge building (identified on the Condominium Map as "Concierge"). Neither the recreation building nor the concierge building will contain units.

Within the recreation building there shall be two restrooms, an exercise room, an entertainment room, and a pool storage closet.

Within the concierge building there shall be one restroom, two offices, an entrance lobby, a boiler room, and a work room.

None of the buildings shall have a basement. The buildings shall be constructed principally of concrete, wood, steel, glass, and related building materials.

When finally completed, the Project shall contain 120 units; provided, however, that, pursuant to its reserved rights in the Condominium Declaration, the Developer may increase the number of Units in both Building C and Building D from 30 to as many as 38 Units in each building, thereby increasing the total number of Units in the Project from 120 to as many as 136. Also, if the Project is developed in increments, the completion dates for the four buildings may differ by many years. The units will be constructed according to 20 different basic floor plans, subject to the right of the Developer to change the floor plans or create new floor plans pursuant to the Declaration.

EXHIBIT B

INTERIOR OF UNITS

(See Section III.C.6 (Page 11) of the Public Report)

<u>Building</u>	<u>Unit Type#</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)*</u>	<u>Identify**</u>
A	<u>A1</u>	<u>1</u>	<u>3-2</u>	<u>1749</u>	<u>549</u>	<u>Lanai & Exterior Storage</u>
A	<u>B1</u>	<u>3</u>	<u>2-2</u>	<u>1343</u>	<u>286</u>	<u>Lanai</u>
A	<u>B1-R</u>	<u>3</u>	<u>2-2</u>	<u>1343</u>	<u>286</u>	<u>Lanai</u>
A	<u>B2</u>	<u>3</u>	<u>2-2</u>	<u>1350</u>	<u>187</u>	<u>Lanai</u>
A	<u>B2-R</u>	<u>3</u>	<u>2-2</u>	<u>1350</u>	<u>187</u>	<u>Lanai</u>
A	<u>B3</u>	<u>2</u>	<u>2-2</u>	<u>1356</u>	<u>187</u>	<u>Lanai</u>
A	<u>B3-R</u>	<u>2</u>	<u>2-2</u>	<u>1356</u>	<u>187</u>	<u>Lanai</u>
A	<u>C1</u>	<u>1</u>	<u>3-2</u>	<u>1796</u>	<u>549</u>	<u>Lanai & Exterior Storage</u>
A	<u>C1-R</u>	<u>1</u>	<u>3-2</u>	<u>1796</u>	<u>549</u>	<u>Lanai & Exterior Storage</u>
A	<u>D2</u>	<u>1</u>	<u>3-2</u>	<u>1870</u>	<u>348</u>	<u>Lanai</u>
A	<u>E1</u>	<u>1</u>	<u>1-1</u>	<u>853</u>	<u>72</u>	<u>Lanai</u>
A	<u>E2</u>	<u>1</u>	<u>1-1</u>	<u>862</u>	<u>72</u>	<u>Lanai</u>
A	<u>E3</u>	<u>1</u>	<u>1-1</u>	<u>878</u>	<u>72</u>	<u>Lanai</u>
A	<u>F2</u>	<u>1</u>	<u>3-2</u>	<u>1916</u>	<u>348</u>	<u>Lanai</u>
A	<u>F2-R</u>	<u>1</u>	<u>3-2</u>	<u>1916</u>	<u>348</u>	<u>Lanai</u>
A	<u>G1</u>	<u>1</u>	<u>2-2</u>	<u>1281</u>	<u>289</u>	<u>Lanai</u>
A	<u>G2</u>	<u>1</u>	<u>2-2</u>	<u>1284</u>	<u>189</u>	<u>Lanai</u>
A	<u>H3</u>	<u>1</u>	<u>3-2</u>	<u>1666</u>	<u>187</u>	<u>Lanai</u>
A	<u>H3-R</u>	<u>1</u>	<u>3-2</u>	<u>1666</u>	<u>187</u>	<u>Lanai</u>
A	<u>I3</u>	<u>1</u>	<u>2-2</u>	<u>1228</u>	<u>72</u>	<u>Lanai</u>

Total Number of Apartments: 30

<u>Building</u>	<u>Unit Type#</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)*</u>	<u>Identify**</u>
B	<u>A1</u>	<u>1</u>	<u>3-2</u>	<u>1749</u>	<u>549</u>	<u>Lanai & Exterior Storage</u>
B	<u>B1</u>	<u>3</u>	<u>2-2</u>	<u>1343</u>	<u>286</u>	<u>Lanai</u>
B	<u>B1-R</u>	<u>3</u>	<u>2-2</u>	<u>1343</u>	<u>286</u>	<u>Lanai</u>
B	<u>B2</u>	<u>3</u>	<u>2-2</u>	<u>1350</u>	<u>187</u>	<u>Lanai</u>
B	<u>B2-R</u>	<u>3</u>	<u>2-2</u>	<u>1350</u>	<u>187</u>	<u>Lanai</u>
B	<u>B3</u>	<u>2</u>	<u>2-2</u>	<u>1356</u>	<u>187</u>	<u>Lanai</u>
B	<u>B3-R</u>	<u>2</u>	<u>2-2</u>	<u>1356</u>	<u>187</u>	<u>Lanai</u>
B	<u>C1</u>	<u>1</u>	<u>3-2</u>	<u>1796</u>	<u>549</u>	<u>Lanai & Exterior Storage</u>
B	<u>C1-R</u>	<u>1</u>	<u>3-2</u>	<u>1796</u>	<u>549</u>	<u>Lanai & Exterior Storage</u>
B	<u>D2</u>	<u>1</u>	<u>3-2</u>	<u>1870</u>	<u>348</u>	<u>Lanai</u>
B	<u>E1</u>	<u>1</u>	<u>1-1</u>	<u>853</u>	<u>72</u>	<u>Lanai</u>
B	<u>E2</u>	<u>1</u>	<u>1-1</u>	<u>862</u>	<u>72</u>	<u>Lanai</u>
B	<u>E3</u>	<u>1</u>	<u>1-1</u>	<u>878</u>	<u>72</u>	<u>Lanai</u>
B	<u>F2</u>	<u>1</u>	<u>3-2</u>	<u>1916</u>	<u>348</u>	<u>Lanai</u>
B	<u>F2-R</u>	<u>1</u>	<u>3-2</u>	<u>1916</u>	<u>348</u>	<u>Lanai</u>
B	<u>G1</u>	<u>1</u>	<u>2-2</u>	<u>1281</u>	<u>289</u>	<u>Lanai</u>
B	<u>G2</u>	<u>1</u>	<u>2-2</u>	<u>1284</u>	<u>189</u>	<u>Lanai</u>
B	<u>H3</u>	<u>1</u>	<u>3-2</u>	<u>1666</u>	<u>187</u>	<u>Lanai</u>
B	<u>H3-R</u>	<u>1</u>	<u>3-2</u>	<u>1666</u>	<u>187</u>	<u>Lanai</u>
B	<u>I3</u>	<u>1</u>	<u>2-2</u>	<u>1228</u>	<u>72</u>	<u>Lanai</u>

Total Number of Apartments: 30

<u>Building</u>	<u>Unit Type#</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)*</u>	<u>Identify**</u>
C	A1	1	3-2	1749	549	Lanai & Exterior Storage
C	B1	3	2-2	1343	286	Lanai
C	B1-R	3	2-2	1343	286	Lanai
C	B2	3	2-2	1350	187	Lanai
C	B2-R	3	2-2	1350	187	Lanai
C	B3	2	2-2	1356	187	Lanai
C	B3-R	2	2-2	1356	187	Lanai
C	C1	1	3-2	1796	549	Lanai & Exterior Storage
C	C1-R	1	3-2	1796	549	Lanai & Exterior Storage
C	D2	1	3-2	1870	348	Lanai
C	E1	1	1-1	853	72	Lanai
C	E2	1	1-1	862	72	Lanai
C	E3	1	1-1	878	72	Lanai
C	F2	1	3-2	1916	348	Lanai
C	F2-R	1	3-2	1916	348	Lanai
C	G1	1	2-2	1281	289	Lanai
C	G2	1	2-2	1284	189	Lanai
C	H3	1	3-2	1666	187	Lanai
C	H3-R	1	3-2	1666	187	Lanai
C	I3	1	2-2	1228	72	Lanai

Total Number of Apartments: 30***

<u>Building</u>	<u>Unit Type#</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)*</u>	<u>Identify**</u>
D	A1	1	3-2	1749	549	Lanai & Exterior Storage
D	B1	3	2-2	1343	286	Lanai
D	B1-R	3	2-2	1343	286	Lanai
D	B2	3	2-2	1350	187	Lanai
D	B2-R	3	2-2	1350	187	Lanai
D	B3	2	2-2	1356	187	Lanai
D	B3-R	2	2-2	1356	187	Lanai
D	C1	1	3-2	1796	549	Lanai & Exterior Storage
D	C1-R	1	3-2	1796	549	Lanai & Exterior Storage
D	D2	1	3-2	1870	348	Lanai
D	E1	1	1-1	853	72	Lanai
D	E2	1	1-1	862	72	Lanai
D	E3	1	1-1	878	72	Lanai
D	F2	1	3-2	1916	348	Lanai
D	F2-R	1	3-2	1916	348	Lanai
D	G1	1	2-2	1281	289	Lanai
D	G2	1	2-2	1284	189	Lanai
D	H3	1	3-2	1666	187	Lanai
D	H3-R	1	3-2	1666	187	Lanai
D	I3	1	2-2	1228	72	Lanai

Total Number of Apartments: 30***

* The approximate net living area of each Unit type as set forth above is measured from the interior surface of the unit's perimeter walls and includes all of the walls, columns, shafts and partitions within its perimeter walls, whether

load-bearing or non-load-bearing and whether among the Common Elements or not. **The floor areas shown are approximate only.**

Other documents and maps may give floor area figures that differ from those above because a different method of determining the floor area may have been used. The areas of the units are likely to vary somewhat. Even units of the same type may differ in their actual areas. For example, due to gradually diminishing thicknesses in the structural walls surrounding the Type B Units from the ground floor to the second and third floors, the Type B Units on the third floor are slightly larger than the Type B Units on the ground and second floors. The Developer makes no representations or warranties whatsoever as to the floor area of any particular unit.

**** The lanais and/or exterior storage areas and closets that some of the units will have the use of are NOT part of the units, but are limited common elements that are appurtenant to such units.**

The Developer has reserved the right to change the unit types and create new unit types.

*** The number of units in Building C may be increased to as many as 38 if the Developer decides to alter the types of units in Building C. Further, the number of units in Building D may be increased to as many as 38 if the Developer decides to alter the types of units in Building D. See Exhibit "J" to this Public Report for further information on this issue.

Boundaries of Each Apartment: The various Unit types and their respective areas are more particularly described in Exhibit "B" attached to the Declaration. Each Unit shall be deemed to include (a) all walls, columns, and partitions that are not load-bearing within the Unit's perimeter walls, (b) the inner decorated or finished surfaces of all floors, ceilings, doors, door frames, window frames, and perimeter party or perimeter non-party walls, (c) any doors or panels along the perimeter walls of such Unit, (d) the air space within the perimeter of the Unit, (e) all appliances and fixtures, and replacements thereof, installed in the Unit, (f) all pipes, plumbing, shafts, ducts, pumps, wires, conduits, and other utility or service lines and facilities running through such Unit that are utilized for and serve only that Unit, (g) all windows, all cranks, rollers, and other window or sliding door hardware, and (h) any air conditioning equipment or apparatus serving only the Unit, including, without limitation, the controls, valves, piping, vents, ducts, compressor, fan, refrigerant coil and piping, condensate drain pan and piping and filters. Anything in the previous sentence to the contrary notwithstanding, the respective Units shall not be deemed to include (u) the lanais or the exterior storage areas shown on the Condominium Map, (v) the undecorated or unfinished portions of the perimeter party or perimeter non-party walls or interior load-bearing walls, (w) the undecorated or unfinished portions of the floors, ceilings, exterior entry doors, door frames, and window frames surrounding each Unit, (x) the undecorated or unfinished portions of the interior load-bearing columns, girders, and beams, (y) any pipes, plumbing, shafts, ducts, pumps, wires, conduits, and other utility or service lines and facilities running through a Unit that are utilized for or serve more than one Unit, or (z) the exterior of any window frames, all of which are deemed Common Elements as provided in the Declaration.

Permitted Alterations to Apartments: See Exhibit L to this public report.

EXHIBIT C
PARKING STALLS

APT. #	STALL #
A101	26
A102	27
A103	28
A104	40
A105	37
A106	39
A107	38
A108	3
A109	4
A110	1
A111	2
A201	16
A202	19
A203	22
A204	23
A205	25
A206	29
A207	24
A208	11
A209	12
A210	9
A211	10
A301	17
A302	18
A303	21
A304	20
A305	8
A306	7
A307	6
A308	5
B101	47
B102	46
B103	45
B104	116
B105	114
B106	115

APT. #	STALL #
B107	117
B108	118
B109	119
B110	120
B111	121
B201	36
B202	35
B203	34
B204	125
B205	128
B206	126
B207	127
B208	130
B209	129
B210	122
B211	52
B301	41
B302	42
B303	43
B304	44
B305	124
B306	123
B307	51
B308	50
C101	156
C102	157
C103	139
C104	105
C105	141
C106	140
C107	106
C108	103
C109	104
C110	61
C111	54
C201	154

APT. #	STALL #
C202	155
C203	159
C204	135
C205	138
C206	136
C207	137
C208	64
C209	140
C210	60
C211	55
C301	164
C302	158
C303	133
C304	134
C305	62
C306	63
C307	56
C308	59
D101	160
D102	162
D103	191
D104	168
D105	171
D106	169

APT. #	STALL #
D107	170
D108	173
D109	172
D110	199
D111	200
D201	165
D202	163
D203	190
D204	194
D205	167
D206	195
D207	196
D208	197
D209	198
D210	189
D211	205
D301	166
D302	161
D303	193
D304	192
D305	188
D306	187
D307	203
D308	204

Pursuant to Section AA.2 of the Declaration, Developer has reserved the right: (i) by amendment to the Declaration executed only by Developer, to sell and convey or otherwise designate any parking stall not designated in the Declaration as a limited common element to be appurtenant to and/or for the exclusive use of any unit in the Project or; (ii) to designate any parking stall not designated in the Declaration as a limited common element for use as a guest parking stall for the Project or for any other phase merged or to be merged with the Project, or in connection with certain common elements of the Project, including, without limitation, the recreation center building and the concierge building; (iii) to use, or allow others to use, as Developer shall deem appropriate any parking stall not designated in the Declaration as a limited common element; and (iv) to assign or change, from time to time, the assignments of individual parking stalls to individual units that have not been conveyed by Developer.

EXHIBIT D

COMMON ELEMENTS

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" to the condominium declaration, in fee simple, as may be amended to account for the consolidation and resubdivision of the project land, for the removal of the Removable Property, and/or for the ownership merger of the project with another condominium project.
2. All structural components, of all of the buildings, such as foundations, girders, columns, beams, floor slabs, supports, main walls, load-bearing walls, floors, ceilings (except the inner or decorated surfaces of such walls, floors and ceilings), roofs, exterior stairs and stairways, landings, railings and other building appurtenances.
3. All yards, trees, grounds, gardens, planters, plants, landscaping, recycling areas, barbecue areas, refuse facilities and recreational facilities, and recreational amenities, including the swimming pool, not located within a Unit or within the limited common element of a Unit.
4. All sidewalks, walkways, walkway railings, elevators, pathways, retaining walls, entry gates, entry monuments, driveways, roads, parking areas and parking stalls.
5. The entry area outside the entry door of each Unit and the lanais of each Unit, as shown on the Condominium Map.
6. All ducts, electrical equipment, vents, shafts, lines, conduits, cables, transformers, wiring, pipes and other central and appurtenant transmissions facilities and installations over, under and across the Project to the point of their respective connections to improvements comprising a part of the Units or the limited common elements appurtenant thereto, that are utilized by or serve more than one Unit for services such as, but not limited to, those providing power, light, water, irrigation, gas, sewer, refuse, drainage, telephone, air conditioning, and radio and television signal distribution, if any.
7. All areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the Project within or outside of the buildings, which are for common use or which serve more than one unit, such as electrical, telephone, maintenance, service, elevator, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.
8. The recreation building and its related amenities, including restrooms, showers and other facilities, located as shown on the Condominium Map.
9. The Concierge Building and its related amenities, and other facilities, located as shown on the Condominium Map, subject, however, to the rights of persons who have leased (or otherwise have rights with respect to) all or portions of the Concierge Building.
10. All the benefits, if any, inuring to the land or to the Project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A" to the condominium declaration.
11. Any and all apparatus and installations existing for common use by more than one unit, and any and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.
12. Storage areas, if any, to the extent the use of the same has not been assigned to a unit owner by the Developer or the Board, subject, however, to the rights of persons who have leased (or otherwise have rights with respect to) such storage areas;
13. All other parts of the Project not included in the definition of a Unit.

EXHIBIT E

LIMITED COMMON ELEMENTS

Certain common elements, called "limited common elements", are designated and set aside for the exclusive use of certain units, and such units shall have appurtenant thereto easements for the exclusive use of such limited common elements as follows:

1. Parking Stalls:

Each Unit shall have appurtenant to it, as a limited common element, the exclusive right to use the parking stall as designated on Exhibit C to this public report, or such other parking stall(s) as may be described by amending and/or supplementing the Declaration.

2. Entries:

The semi-enclosed entry area outside the entry door of each Type A Unit and each Type C Unit, as shown on the Condominium Map, is a Limited Common Element appurtenant to that Unit.

3. Stairways and Landings:

Each stairway and landing area providing access to upper floor units is a Limited Common Element appurtenant to the unit(s) so served.

4. Lanais:

Each Unit shall have, as a Limited Common Element, the lanai or lanais that are appurtenant to the Unit, the location of which is depicted on the Condominium Map, from the exterior surface of all perimeter walls that separate the interior of the Units from the lanais to the interior edge of the exterior railings or other boundaries of the lanais. Notwithstanding anything to the contrary contained in the Project documents, even though each lanai is a Limited Common Element appurtenant to and for the exclusive use of its respective Unit, the Association shall be responsible for maintenance and repair of the area from the exterior edge of the exterior railings or other boundaries of the lanais and for any structural repair for the lanais, unless such maintenance and repair is caused by the negligence, misuse, or neglect of an Owner or occupant of a Unit or any person claiming under either of them.

5. Mailboxes:

Each mailbox or mail slot bearing the same identification as a Unit is a Limited Common Element appurtenant to that Unit.

6. Exterior Storage:

The exterior storage area that is located near the entry area outside of each Type A Unit each Type C Unit, as shown on the Condominium Map, shall be a Limited Common Element appurtenant to the respective units, which Units shall have an exclusive right to use such storage area.

EXHIBIT F

COMMON INTERESTS*

Type and Number of Units	Unit Number	Undivided Common Interest of Each Unit*
Plan A1 (4)	A101, B101, C101, D101	0.01032638 (1.032638%)
Plan B1 (12)	A103, A105, A108, B103, B105, B108, C103, C105, C108, D103, D105, D108	0.00792929 (0.792929%)
Plan B1-R (12)	A104, A106, A107, B104, B106, B107, C104, C106, C107, D104, D106, D107	0.00792929 (0.792929%)
Plan B2 (12)	A203, A205, A208, B203, B205, B208, C203, C205, C208, D203, D205, D208	0.00797062 (0.797062%)
Plan B2-R (12)	A204, A206, A207, B204, B206, B207, C204, C206, C207, D204, D206, D207	0.00797062 (0.797062%)
Plan B3 (8)	A303, A306, B303, B306, C303, C306, D303, D306	0.00800605 (0.800605%)
Plan B3-R (8)	A304, A305, B304, B305, C304, C305, D304, D305	0.00800605 (0.800605%)
Plan C1 (4)	A102, B102, C102, D102	0.01060388 (1.060388%)
Plan C1-R (4)	A110, B110, C110, D110	0.01060388 (1.060388%)
Plan D2 (4)	A201, B201, C201, D201	0.01104079 (1.104079%)
Plan E1 (4)	A109, B109, C109, D109	0.00503625 (0.503625%)
Plan E2 (4)	A209, B209, C209, D209	0.00508939 (0.508939%)
Plan E3 (4)	A307, B307, C307, D307	0.00518386 (0.518386%)
Plan F2 (4)	A202, B202, C202, D202	0.01131237 (1.131237%)
Plan F2-R (4)	A210, B210, C210, D210	0.01131237 (1.131237%)
Plan G1 (4)	A111, B111, C111, D111	0.00756323 (0.756323%)
Plan G2 (4)	A211, B211, C211, D211	0.00758095 (0.758095%)
Plan H3 (4)	A301, B301, C301, D301	0.00983634 (0.983634%)
Plan H3-R (4)	A302, B302, C302, D302	0.00983634 (0.983634%)
Plan I3 (4)	A308, B308, C308, D308	0.00725031 (0.725031%)

* The common interests for the units may change (increase or decrease) in connection with: (i) a change by the Developer in the unit floor plan(s) for any or all of the units in an increment to the Project; (ii) an increase or decrease in the number of units in an increment to the Project; (iii) an ownership merger of this Project with one or more other condominium projects; and (iv) the addition of more units to the Project. See Exhibit J to this Public Report for further information concerning incremental development and merger.

EXHIBIT G

ESTIMATE OF INITIAL MAINTENANCE FEES

Royal Palms Poipu Beach, Kauai				
Unit Type*	Monthly Fee (per unit)	Yearly Total (per unit)	Monthly Fee, less Concierge Rent (per unit)**	Yearly Total, less Concierge Rent (per unit)**
Plan A1	\$1,101.73	\$13,220.76	\$1,039.77	\$12,477.24
Plan B1	\$845.98	\$10,151.76	\$798.41	\$9,580.92
Plan B1-R	\$845.98	\$10,151.76	\$798.41	\$9,580.92
Plan B2	\$850.39	\$10,204.68	\$802.57	\$9,630.84
Plan B2-R	\$850.39	\$10,204.68	\$802.57	\$9,630.84
Plan B3	\$854.17	\$10,250.04	\$806.14	\$9,673.68
Plan B3-R	\$854.17	\$10,250.04	\$806.14	\$9,673.68
Plan C1	\$1,131.34	\$13,576.08	\$1,067.72	\$12,812.64
Plan C1-R	\$1,131.34	\$13,576.08	\$1,067.72	\$12,812.64
Plan D2	\$1,177.95	\$14,135.40	\$1,111.71	\$13,340.52
Plan E1	\$537.32	\$6,447.84	\$507.11	\$6,085.32
Plan E2	\$542.99	\$6,515.88	\$512.46	\$6,149.52
Plan E3	\$553.07	\$6,636.84	\$521.97	\$6,263.64
Plan F2	\$1,206.93	\$14,483.16	\$1,139.05	\$13,668.60
Plan F2-R	\$1,206.93	\$14,483.16	\$1,139.05	\$13,668.60
Plan G1	\$806.93	\$9,683.16	\$761.55	\$9,138.60
Plan G2	\$808.82	\$9,705.84	\$763.33	\$9,159.96
Plan H3	\$1,049.45	\$12,593.40	\$990.43	\$11,885.16
Plan H3-R	\$1,049.45	\$12,593.40	\$990.43	\$11,885.16
Plan I3	\$773.54	\$9,282.48	\$730.04	\$8,760.48

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

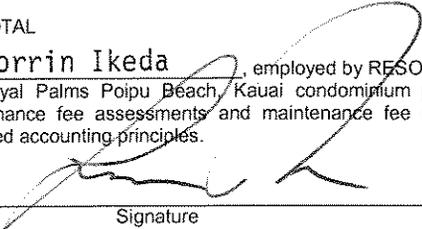
* See Exhibit F for a list of units by unit type.

** The figures in these columns reflect what unit owners would pay IF the Concierge Building is rented by the Association to a third party for \$6,000.00 per month. If the Concierge Building is not rented, then the columns would not apply. If the rent is other than \$6,000.00 per month, then the reduced figures shown in these columns would not apply.

Estimate of Maintenance Fee Disbursements:

	<u>Monthly Fee x 12 months = Yearly Total</u>	
Utilities and Services		
Air conditioning(1)	\$ 940.00	11,280.00
Electricity(2)		
[X] common elements only	\$ 8,000.00	96,000.00
[] common elements and units		
Elevator	\$ 1,391.00	16,692.00
Gas		
[X] common elements only	\$ 9,237.00	110,844.00
[] common elements and units		
Refuse Collection	\$ 2,298.00	27,576.00
Telephone	\$ 300.00	3,600.00
Water	\$ 3,820.00	45,840.00
Sewer	\$ 4,355.00	52,260.00
Cable Television(3)	\$ 2,597.00	31,164.00
Internet Service(4)	\$ 1,320.00	15,840.00
Maintenance, Repairs and Supplies		
Building	\$ 6,461.00	77,532.00
Grounds	\$ 15,559.00	186,708.00
Pool & Spa	\$ 2,200.00	26,400.00
Management		
Management Fee	\$ 1,875.00	22,500.00
Payroll, Payroll Taxes, and Employment-Related Insurance	\$ 18,793.00	225,516.00
Office Expenses	\$ 1,175.00	14,100.00
Insurance	\$ 14,995.00	179,940.00
Reserves(*)	\$ 6,000.00	72,000.00
Taxes and Government Assessments	\$ 200.00	2,400.00
Legal and Audit Fees	\$ 300.00	3,600.00
Other (automobile)	\$ 75.00	900.00
Master Association Dues	<u>\$ 4,800.00</u>	<u>57,600.00</u>
TOTAL	\$106,691.00	\$1,280,292.00

I, Lorrin Ikeda, employed by RESORTQUEST HAWAII LLC, the condominium managing agent for the Royal Palms Poipu Beach/Kauai condominium project, hereby certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



 Signature

5/9/06

 Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514-A-86.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

(1) and (2): The figures set forth above for air conditioning and electricity, respectively, are net of submetering for the individual units. In other words, the figures do not include amounts that will be billed to individual unit owners based on air conditioning and electricity use for their units, as measured by the vendor referenced on page 17a of this public report.

(3) and (4): The figures set forth above for Cable Television and Internet, respectively, are for the basic level of service that will be provided to each unit. Additional Cable Television and Internet services may be available from the appropriate vendors for additional costs, which would be paid by the individual unit owners.

Developer's Explanation Regarding Replacement Reserve Figure

In arriving at the figure for "Reserves," as set forth in this Exhibit G to the Condominium Public Report, neither Poipu Palms Limited Partnership (the developer) nor ResortQuest Hawaii LLC (the Project's initial managing agent) conducted a reserve study in accordance with HRS § 514A-83.6 or HAR § 16-107-65. The figure is an estimate included by ResortQuest Hawaii LLC, based on reasonable projections of reserve requirements.

Poipu Palms Limited Partnership,
a Hawaii limited partnership

By: LedPac Kauai, Inc.
Its General Partner

By: 

Name: William R. Deuchar
Title: President

Date: May 8th, 2006

EXHIBIT H

SUMMARY OF SALES CONTRACT

There are two forms of the specimen Deposit Receipt and Sales Agreement ("Agreement"), in order to comply with two discrete exemptions from the federal Department of Housing and Urban Development, Interstate Land Sales Registration program, as described in the Interstate Land Sales Full Disclosure Act ("ILSFDA") 15 U.S.C. 1700, et seq., and 24 Code of Federal Regulations ("CFR") Sections 1710.5 and 1710.6. One Agreement applies to the first ninety-nine (99) units sold and the other Agreement applies to all units subsequently sold. The first ninety-nine (99) units sold in the Project shall be sold under the "One Hundred Lot" exemption (Section 15 U.S.C. 1702(b)(1) of the ILSFDA and 24 CFR 1710.6). All other units sold in the Project shall be sold under the "Improved Lot" exemption (Section 15 U.S.C. 1702(a)(2) of the ILSFDA). The latter exemption requires that such units be sold with the condition that the Developer will complete construction of each such unit within a period of two (2) years from the date that the Agreement for that particular unit is signed; provided, however, that said two (2) year period is subject to certain statutory and regulatory exceptions.

Specimens of the Agreements have been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ, IN FULL, THE AGREEMENT THAT APPLIES TO THEIR PROPOSED PURCHASE, because the summary set forth below is NOT A COMPLETE DESCRIPTION of its contents. Both Agreements contain, among others, the following terms and provisions (which may be modified or otherwise limited by provisions that are not summarized below):

A. The Developer has engaged Title Guaranty Escrow Services, Inc. ("Escrow") to handle Buyer's funds and to close the transaction in accordance with the terms of the Agreement.

B. The total purchase price, method of payment and additional sums that must be paid in connection with the purchase of a Unit will be included. The purchase price does not include closing costs. Closing costs include, among other things, Escrow's fees, cost of a preliminary title report, cost of preparation of the Deed, real property taxes for the remainder of the year, maintenance fees and other prorations, notary fees, conveyance taxes, title insurance for Buyer and Buyer's appraisal fees, costs for drafting of any notes and mortgages, all recording costs or fees, loan fees, and all other applicable mortgage costs. Buyer shall pay as additional sums the Association start-up fees, estimated reserves and other fees, as provided in the Agreement.

C. Within 7 days of Buyer signing the Agreement, Buyer agrees to deliver to the Seller or the Seller's agent written evidence of Buyer's ability to make that portion of the purchase price that Buyer intends to pay in cash and not from a mortgage loan. If the Buyer intends to finance any portion of the purchase price, Buyer must also deliver to the Seller, within 7 days of signing the Agreement, a loan prequalification letter from a lender.

D. The "Closing Date" shall be the date designated by Developer. All payments not previously made pursuant to the terms of the Agreement shall be due and payable as of the Closing Date, and, if not paid at the time and in the manner set forth in the Agreement, shall result in a default by Buyer under the Agreement.

E. The Buyer specifically acknowledges and agrees that the Declaration contains reservations of certain rights in favor of Developer, the Association and other owners and contains certain other provisions to which the Buyer consents. In addition to the Declaration, the Unit and the Project will be subject to various other legal documents that the Buyer should examine. The Developer may change these documents under certain circumstances.

F. The Agreement will provide that Buyer acknowledges having received and read a public report (either contingent, final or supplementary) for the Project prior to signing the Agreement.

G. If Buyer, after the delivery by Developer of a copy of the Contingent Final Public Report, the Final Public Report, and/or the Supplementary Public Report, fails to execute and return to Developer the form of receipt and notice of Buyer's right to cancel the Agreement within thirty (30) days of the date of delivery of the Report, then Developer shall, at its option, have the right, within seven (7) days after the end of the 30-day period, to cancel the Agreement by giving written notice to Buyer and Escrow of such cancellation. Upon such cancellation, Developer shall cause Escrow to refund to Buyer all payments previously made by Buyer (without interest and less any escrow cancellation fees and other costs, up to \$250).

H. Buyer agrees that it will not assign the Agreement, or sell the Unit, or advertise the Unit for sale prior to closing under the Agreement, and that any assignment or sale attempted by Buyer prior to closing without Developer's prior written consent is void.

I. Buyer expressly acknowledges, consents to and approves all of the disclaimers, disclosures, and other matters described in the Agreement, and Buyer assumes any and all risks in connection with each of those

matters. Buyers should review the Agreement (including, specifically, Article IV) carefully to fully understand the matters set forth therein.

J. Buyer has examined and approved the estimate of monthly maintenance charges for the Project, as shown in the Public Report. Buyer is aware that such amounts are only estimates and may change for reasons beyond the control of Developer, and Buyer hereby specifically accepts and approves any such changes.

K. Buyer shall not be entitled to possession of the Unit as the owner thereof until Buyer has completed all required payments, has executed all documents relating to the purchase, has performed the remaining terms and conditions of the Agreement to be performed as of the Closing and Closing has occurred.

L. Developer, in its sole discretion, and in addition to any other rights of cancellation or termination reserved to Developer, may elect to cancel the Agreement if Buyer defaults under the Agreement. Upon such default, Buyer may lose its deposits. Developer may also, at its option, pursue other legal remedies against Buyer. The Agreement includes provisions relating to Buyer's remedies in the event of a default by Developer.

M. By signing an Agreement, Buyer shall be acknowledging and agreeing that Buyer, Buyer's spouse or Buyer's agent or other representative has made an on-site inspection of the Project's location.

N. The Buyer acknowledges that Buyer has entered into the Agreement without any reference or representation by Developer or any salesperson that Developer, any agent of Developer or anyone else affiliated with the Developer, will provide, directly or indirectly, any services relating to the rental, sale or management of the Unit purchased. The Buyer also acknowledges that the Developer makes no representations concerning rental of a Unit, income or profit from a Unit, or any other economic benefit to be derived from the purchase of a Unit.

O. That the Developer makes no warranties regarding the Unit, the Project or anything installed or contained in the Unit or the Project.

P. The purchase and sale of the Unit under the Agreement is not subject to Buyer obtaining a loan to fund any part of the purchase price. In other words, after Buyer has waived his right to rescind the Agreement, Buyer shall not be allowed to cancel the Agreement if he does not obtain financing for his purchase of the Unit.

Q. Developer may use funds deposited with Escrow to pay for certain construction and other expenses of the Project prior to closing of the sale. By signing an Agreement, Buyer shall be acknowledging and agreeing that, upon issuance of an effective date for the Final Public Report, Developer is authorized to use Buyer's funds in Escrow for the construction of the Project and for other expenses of the project, as set forth in the Escrow Agreement and in accordance with Hawaii statutory requirements pertaining to the use of purchaser's funds prior to closing.

R. Buyer specifically acknowledges that Developer has reserved the right for itself, its sales representatives and prospective Buyers to utilize the common elements of the Project for ingress and egress and to show the common elements to prospective Buyers.

S. Except as specifically permitted in the Agreement, no judicial or administrative (inclusive of arbitration) proceeding shall be commenced or maintained by the Buyer. Certain disputes against certain persons (including, without limitation, Developer) must go through the process of negotiation, mediation and arbitration and, if applicable, a process by which an opportunity is given to cure certain alleged defects.

T. The Project will be subject to ongoing construction and sales activities which may result in certain annoyances to the Buyer.

U. Except under certain circumstances, as set forth in the Agreement, all interest on deposits toward the purchase price shall be the property of the Developer.

V. If Buyer defaults in making any payment or fails to perform any other obligation of Buyer and then fails to cure the default within 10 days after notice of the default, then Developer may terminate the Agreement and keep all of Buyer's payments as liquidated damages. Developer may also pursue other remedies, including specific performance. All costs, including reasonable attorneys' fees, incurred by Developer by reason of default by Buyer shall be paid by Buyer.

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

EXHIBIT I

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement contains, among others, the following terms and conditions (which may be modified or otherwise limited by provisions that are not summarized below):

A. When Developer shall enter into a purchase agreement for the conveyance of a unit or other interest in the Project ("Purchase Agreement"), it shall require the payments of deposits due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Purchase Agreement to Escrow. Developer shall also promptly pay over to Escrow all monies (including checks) received by Developer from or on behalf of the Buyers in connection with the Purchase Agreement.

B. Escrow shall receive, deposit and hold in one or more escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Purchase Agreements, and (b) such sums received by it under the Escrow Agreement from or for the account of Developer. All funds and instruments received from Buyers or prospective Buyers shall be held by Escrow in accordance with the provisions contained in Chapter 514A of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow and in reasonably convenient and practical sums, in a federally insured, interest-bearing account at a bank, savings and loan association or trust company in accordance with the terms of the Escrow Agreement.

C. Escrow shall make no disbursements of a Buyer's funds or proceeds from the sale of a unit, except by way of a refund thereof as provided in the Agreement, until Escrow has received written confirmation from Developer stating that the Purchase Agreement has become binding and the requirements of Sections 514A-39.5, 514A-40, 514A-62, 514A-63 and 514A-64.5, HRS, as applicable, have been met, and further, that an effective date for a Final Public Report for the Project has been issued by the Real Estate Commission and Escrow has received a copy of Buyer's receipt for a Contingent Final Public Report or a Final Public Report and waiver (or deemed waiver) of Buyer's right to cancel.

D. Provided an effective date has been issued by the Real Estate Commission for a Final Public Report covering the Project, and subject to certain other provisions of the Escrow Agreement, disbursements from the funds held in escrow can be made, if requested in writing by Seller, to Seller, to Seller's general contractor or to Seller's mortgagee for the following:

(1) Construction Costs. To pay for construction costs of the buildings and other improvements and fixtures in such amounts and at such times and in proportion to the valuation of the work completed by the contractor, as certified by a registered architect or professional engineer and as approved by Seller's mortgagee, or an otherwise qualified financially disinterested person (the "Disinterested Person").

(2) Fees and Other Expenses. To pay for architectural, engineering, finance and legal fees and other incidental expenses of the Project (but not selling expenses or brokerage fees relating to sales of any unit) to the extent approved by Seller's mortgagee or the Disinterested Person.

E. Unless otherwise provided in the Escrow Agreement, each Buyer shall be entitled to a return of his or her funds, without interest and less any cancellation fee, and Escrow shall pay such funds to such Buyer, promptly after request for return by the Buyer if one of the following has occurred:

(1) Escrow receives a written request from Developer to return to the Buyer the funds of the Buyer then being held by Escrow;

(2) Developer notifies Escrow in writing of Developer's exercise of the option to rescind the Purchase Agreement pursuant to any right of rescission stated therein or otherwise available to Developer; or

(3) Buyer has notified Escrow of an applicable right to cancel the Purchase Agreement, provided Developer is first notified of such cancellation.

Upon the return of said funds to the Buyer as aforesaid, Escrow shall, upon a written request, return to Developer such Buyer's Purchase Agreement and any conveyancing documents theretofore delivered to Escrow pursuant to such Purchase Agreement; and thereupon the Buyer shall have no further rights or obligations under the Purchase Agreement. Other documents delivered to Escrow relating to the sale of the unit identified in such Purchase Agreement will be returned to the person from whom or entity from which they were received.

F. If a Buyer breaches the Purchase Agreement by failing to make a required payment to Escrow or if a Buyer fails to perform a matter being handled by Escrow, Escrow shall notify Developer of such failure. If Developer then notifies Escrow that Developer has terminated the Purchase Agreements due to such breach, then Escrow shall treat all funds of the Buyer as funds of Developer and not as funds of the Buyer. Then, upon request by Developer, Escrow shall pay such funds to Developer, less any escrow cancellation fee, and such funds shall be considered liquidated damages for Developer.

Upon the cancellation of any Purchase Agreement as specified above, Escrow shall be entitled to a cancellation fee of up to \$250. Depending on the reason for the cancellation, the cancellation fee may be the sole expense of the individual Buyer and not the obligation of Developer.

* * * * *

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 AND NOT THIS SUMMARY.

EXHIBIT J

RESERVED RIGHTS

The following summary is not intended to be a complete and exhaustive explanation of all the rights reserved under the documents governing the project (the "Project Documents") and otherwise. It is intended to be a general summary. If any conflict or difference exists between this summary and the Declaration, Bylaws, Condominium Map or other Project Documents, the Project Documents shall control.

Among other rights set forth in the Declaration, Developer will have the following reserved rights with respect to the Project:

A. Reservation To Develop Incrementally. The Developer has reserved the right (but is not obligated), without being required to obtain the consent or joinder of any other person who may have an interest in the Project or in any unit, to develop, construct, sell, and convey the units in the Project incrementally on a building-by-building basis. As such, the Developer may initially construct just two or three of the four residential buildings. Upon the completion of each building, the Developer may obtain a certificate of occupancy for the relevant units and thereupon transfer ownership of the units to unit buyers. The Developer would not be obligated to complete construction of the remaining units in the other one or two buildings until December 31, 2023. As such, there may be a number of years during which all of the units in the Project have not been completed, as well as a number of years during which construction continues at and around the Project.

In connection with this incremental development, the Developer has the right to enter upon the Project premises with employees, agents, and contractors for all purposes reasonably necessary for or useful to constructing and completing all increments to the Project.

The Developer also has the right, at the discretion of the Developer, to change the unit floor plan, or create one or more new unit floor plans, for any or all of the units in an increment, and in connection therewith to amend the Declaration and the Condominium Map to reflect such changes in unit floor plan(s) and make appropriate revisions to the common interests appurtenant to any or all units in the Project to reflect resulting changes in floor area.

See Section P of the Declaration for details regarding the Developer's right to develop the Project incrementally.

B. Developer's Right to Change the Condominium Documents. At any time after a sales contract becomes binding, the Developer shall have the right to change the Declaration, the Bylaws, the Condominium Map, the Declaration of Merger, the Project Rules, the form of Deed and other documents. The sales contract provides that the Buyer accepts and approves all changes that are required by law, any title insurance company, any institutional lender, or any governmental agency. The Buyer also accepts and approves all changes that the Developer determines to be necessary, made at any time before the recording of a Deed to Buyer, but only if the changes do not, without the Buyer's consent: (i) substantially and materially impair the prospective use and enjoyment of the Unit; (ii) substantially and materially alter the arrangement of the rooms or reduce the usable space within the Unit or require a substantial material physical change to the Unit or to the building in which the Unit is located; (iii) render unenforceable the Buyer's mortgage loan commitment; (iv) substantially increase the Buyer's share of common expenses; or (v) substantially reduce any of the obligations of the Seller with respect to the Project.

C. Consolidation and Resubdivision of Project Land. If the Developer has not done so already, the Developer shall (and reserves the right to), without being required to obtain the consent or joinder of any other person who may have an interest in the Project or in any unit, consolidate the lands underlying the Project and resubdivide the consolidated parcel into separate parcels, one or more of which will be the parcels of land underlying the Project. The purpose of such consolidation and resubdivision would be to obtain a configuration of the Project land that best suits the Developer's plans for development of the Project. Although the Buyer will have no legal or equitable interest in the Unit or any portion of the land underlying the Project until closing, the Buyer consents to any such consolidation and resubdivision and the consequences thereof, and agrees, at the request of the Developer, to execute such documents and to do such other things as may be necessary or convenient to effect any such consolidation and resubdivision. In this regard, the Developer shall have an irrevocable special power of attorney to execute any such document and to do any such thing on behalf of the Buyer.

See Section E.15 of the Declaration for details regarding the Developer's right to consolidate and resubdivide the land of the Project.

D. Reservation To Remove Land. The Developer has reserved the right, at its sole discretion and without being required to obtain the consent or joinder of any other person or group of persons who may have an interest in the Project or in any unit, including the Association, any Unit Owner or any mortgagee, lien holder, Unit purchaser or any other person, to subdivide the Project land and to remove from the Project a substantial portion of the land covered by this Public Report (the "Removable Property"), being all or any portion of the area identified as "Removable Property" on the Condominium Map, and all improvements, if any, located thereon. At the Developer's discretion, the property removed from the Project may include all or any portion of the area identified as "Golf Course Reserved" and/or "Archaeological Preserve" on the Condominium Map, both of which are part of the Removable Property.

If the Developer affirmatively decides (as evidenced by a recorded instrument) not to remove the Removable Property from the Project and from the effect of the Declaration, then the Developer shall also have the unilateral right (but not the obligation), in its sole discretion, to turn control of all or a portion of the Removable Property over to the Association. At that point, or if the Developer's reserved right to remove the Removable Property expires without such removal having taken place, the Removable Property (or portion thereof) shall be Common Element of the Project, subject to the control and responsibility of the Association of Unit Owners. Prior to such point or event, the Developer shall have exclusive control of the Removable Property and shall be responsible for maintenance and other expenses directly relating to the Removable Property.

See Section R of the Declaration for details regarding the Developer's right to subdivide and remove the Removable Property from the Project.

E. Reservation to Merge Phases. The Developer has reserved the right (but is not obligated), in its sole and absolute discretion, without being required to obtain the consent or joinder of any other person who may have an interest in the Project or in any unit, to merge this Project with other condominium project(s), which may be developed by the Developer or others on the Removable Property or on land adjacent to or in the vicinity of the Project land. In the Developer's discretion, any such merger shall be for administrative purposes only (an "administrative merger") or for both administrative purposes and for purposes of allocating ownership of common elements in the projects to be merged among all of the unit owners of the merged project (an "ownership merger").

Pursuant to an "administrative merger," use of the common elements, the common expenses and management of the phases would be shared, but the ownership interests of the unit owners in each phase would not be altered or affected. In other words, a unit owner owning a unit in Royal Palms Poipu Beach, Kauai, while having the right to use the common elements (including any recreational facilities) of other merged phases, would not have an ownership interest in the other merged phases. Similarly, the owner of a unit in another merged phase, while having the right to use the common elements of the Project, would not have an ownership interest in the common elements of the Project.

An "ownership merger", on the other hand, would provide for the common ownership of all of the merged phases. Upon an ownership merger, all of the units in the merged phases would be treated as if they were all included in a single condominium project (the "merged project"), all common elements of the merged phases would become common elements of the merged project, and the common interest appurtenant to each unit (set forth in Exhibit F of this Public Report) would be recalculated and may be reduced or increased to reflect that proportion that his or her unit's net interior floor area bears to the total net interior floor area of all units in the merged project. The recalculated common interest would be set forth in a "certificate of ownership merger," as provided in the Declaration of Merger. An ownership merger may also include a legal consolidation of the land underlying and included in this Project with any parcel(s) of land underlying and included in any of the additional phases.

The Developer has the right to execute and record amendments to the Declaration and other documents to effect such a merger, including, but not limited to, the referenced legal consolidation of land. Each prospective purchaser should carefully review the applicable provisions of the Declaration of Condominium Property Regime and the Declaration of Merger (copies of which are on file with the Real Estate Commission) regarding the rights reserved to the Developer relating to development in phases and the merger of such phases.

See the Declaration of Merger and Section S of the Declaration for details regarding the Developer's right to merge phases.

F. Reservation To Add Units. As an alternative to subdivision and removal of the Removable Property from the Project, the Developer has reserved the right (but is not obligated), without being required to obtain the consent or joinder of any other person who may have an interest in the Project or in any unit, to develop and add to the Project up to 75 additional units in the area designated Removable Property. The Declaration and the Condominium Map would be amended upon the development of any such additional units to reflect the addition of such units to the Project. When additional units are added to the Project, the common interest for each unit in the Project would be adjusted. The

percentage common interest of each unit in the amended project would be determined by dividing the net interior floor area of each unit in the amended project by the aggregate of the net interior floor areas of all units in the amended project. Upon recordation of the amendment(s) to the Declaration and the Condominium Map, all of the units in the amended project, including the additional units, would have the right to use the common elements of the amended project to the same extent and subject to the same limitations as are imposed upon a unit as though the amended project had been developed initially as one project.

See Section Q of the Declaration for details regarding the Developer's right to add units to the Project.

G. Master Association.

1. The Developer has the reserved right to encumber the Project and each unit in the Project with various documents relating to rights, obligations, and governance of the Master Association. The Developer has the further right, without the joinder or consent of any party with an interest in the Project, including any unit owner, any unit buyer, any mortgagee, or any other person, to subordinate the Declaration, the Bylaws, and the Declaration of Merger to the terms and conditions of one or more of the Master Association Documents, the result of which being that each of the Master Association Documents will be superior in title to the Declaration, the Bylaws, and the Declaration of Merger.

2. The Master Association shall be given a right of access, a permit, a license, and/or an easement over, through, and across the Project to maintain and repair such real and personal property as the Master Association is obligated to maintain and repair pursuant to the Master Declaration, the other Master Association Documents, and/or the Class IV Zoning Permit, including, without limitation, certain sewer lines, water lines, and irrigation lines within the Project, and the Archaeological Preserve. Developer, the Association, and the Master Association shall also have the right to erect on the Land and the Project such signs relating to the Archaeological Preserve as may be required by the County.

See Section U of the Declaration and Exhibit M below for further details regarding the Master Association.

H. Reserved Right to Subdivide and Consolidate Units. Developer shall have the reserved right, but not the obligation, without obtaining the approval of any party with an interest in the Project, including any other Unit Owner and/or mortgagee, to: (1) alter the floor plan of any Unit that it owns at any time provided that the common interest appurtenant to the Unit shall not change; (2) cause the subdivision of any Unit that it owns at any time to create two or more Units provided that the total common interest appurtenant to the newly created Units shall equal the common interest appurtenant to the original Unit; and (3) convert certain portions of any existing Unit owned by Developer to Limited Common Element or Common Element status to facilitate any subdivision or consolidation (described below and in the Declaration). In any such situation, the total common interest appurtenant to the newly created Unit or Units shall equal the common interest appurtenant to the original Unit or Units.

I. Reserved Rights Generally with Respect to the Units and the Limited Common Elements. Developer shall have the reserved right, but not the obligation, without obtaining the approval of any party with an interest in the Project, including any other Unit Owner and/or mortgagee, to: (1) transfer the exclusive use rights associated with a Limited Common Element appurtenant to any Unit owned by Developer to another Unit owned by Developer or the Association; (2) redesignate and/or convert Limited Common Elements appurtenant to any Unit owned by Developer to Common Elements, and, upon such redesignation and/or conversion, the Association shall accept any such redesignation and/or conversion, and shall not have any right to refuse or reject any such redesignation and/or conversion; (3) alter, maintain, repair and/or replace any Limited Common Element appurtenant to Units owned by Developer; (4) modify any of the uses associated with any Unit owned by Developer or the Limited Common Elements appurtenant thereto, provided that any such use complies with applicable law; (5) retain (as provided in the Declaration) such Units as Developer in Developer's sole discretion shall determine; (6) discontinue the use and availability of certain Units owned by Developer, and (7) use any Unit or other portion of the Project as permitted pursuant to Developer's easement rights. To the extent necessary or required in connection with the reserved rights set forth above, Developer shall have the right to amend the Declaration and the Condominium Map to effect the same.

J. Reserved Right Regarding Sales and Marketing Activities. Developer shall have all the rights specified in the Declaration to conduct extensive sales, leasing, rental and other marketing activities and to use the Project and any portion thereof, in the manners specified in the Declaration, without the consent or joinder of any Owner or the Owner's mortgagee, in such efforts.

K. Developer's Reserved Rights Concerning Easements. Developer reserves the right to designate, delete, grant, use, convey, transfer, cancel, relocate and otherwise deal with any easements and/or rights-of-way over, under, across or through the common elements for any reasonable purpose, which may include, but shall not be limited

to, those purposes that are necessary for the operation, care, upkeep, maintenance or repair of any Unit, the common elements or any easements for utilities or for any public or private purpose. Developer has also reserved the right to alter the traffic circulation pattern throughout the Project. These reserved rights include the right of Developer to grant to owners of adjacent properties an easement through the roads and/or parking areas of the Project for access purposes (including for vehicular and pedestrian access).

L. As-Built Amendment. Upon completion of the Project, the Developer may amend the Declaration and the Condominium Map (if necessary) to file an "as built" statement required by Section 514A-12 of the Condominium Property Act.

M. Miscellaneous Amendments to Declaration. Until all of the units have been sold and conveyed, the Developer may amend the Declaration, the Bylaws, and/or the Condominium Map to make such amendments (1) to correct any misstatements of fact in the Project Documents, to correct typographical errors, to correct mathematical errors in the statement of common interests or to correct errors in the legal description of the land, (2) as may be required by law, by the Real Estate Commission of the State of Hawaii, by the County of Kauai, by any title insurance company issuing a title insurance policy on the Project or any of the Units, by any institutional lender lending funds on the security of the Project or any of the Units, or by any governmental agency, and (3) to conform the Declaration to updated requirements or standards of any governmental agency (including, without limitation, FNMA and/or FHLMC); provided, however, that, except as otherwise provided in the Declaration and/or the Bylaws, no such amendment that would change the common interest appurtenant to a Unit or substantially change the design, location or size of a Unit or the building in which it is located shall be made without the consent to such amendment by the owner and mortgagee of such Unit.

N. Parking Stalls. Developer has reserved the right: (1) by amendment to the Declaration executed only by Developer, to sell and convey or otherwise designate any parking stall not designated in the Declaration as a limited common element to be appurtenant to and/or for the exclusive use of any unit in the Project; (2) to designate any parking stall not designated in the Declaration as a limited common element for use as a guest parking stall for the Project or in connection with certain common elements of the Project, including, without limitation, the recreation building and/or the concierge building; (3) to use or allow others to use, as Developer shall deem appropriate, any parking stall not designated in the Declaration as a limited common element; and (iv) to assign or change, from time to time, the assignments of individual parking stalls to individual units that have not been conveyed by Developer.

O. Alterations Within the Project. The Developer has reserved the right to make the following alterations in the Project:

1. To make alterations in the Project (and, if appropriate, to amend the Declaration and the Condominium Map accordingly) that change the floor plan of, change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Unit and/or the limited common elements appurtenant thereto, in the Project that is not sold and the conveyance thereof recorded;

2. With respect to any Unit owned by the Developer, to divide such Unit to create two or more separate Units and thereby increase the number of Units in the Project (and, if appropriate, to amend the Declaration and the Condominium Map accordingly).

3. To make other alterations in the Project (and, if appropriate, to amend the Declaration and the Condominium Map accordingly) that make minor changes in any Unit in the Project or in the common elements that do not affect the physical location, design, or size of any Unit that has been sold and the conveyance thereof recorded.

P. General Right to Amend Project Documents. At any time prior to the first conveyance (other than for security) of a Unit and its appurtenances to another party, the Developer may amend the Declaration (including all exhibits), the Bylaws, the Declaration of Merger, and the Condominium Map in any manner, or for any purpose, without the consent or joinder of any Unit purchaser or any other party. Prior to the election of the first Board of Directors comprised of individual unit owners, the Developer may amend the Rules and Regulations in any manner without the joinder, consent or approval of any other party.

Q. Assignment Of Reserved Rights. The rights reserved to the Developer shall be fully and freely assignable by the Developer in whole or in part.

R. Exercise Of Association Rights. The Developer shall exercise all of the rights and incidents of membership in the Association, including voting, attributable to all of the Units until closing of the respective Units occurs. Developer shall also exercise all powers of the Board of Directors of the Association until an election of directors is held at the first annual meeting of the Association, including but not limited to the appointment, at the expense of the Association, of a responsible and competent company as the initial managing agent for the Project.

S. Concierge Building. Developer reserves the right, on behalf of the Association, to lease to a rental management company or similar entity all or portions of the Concierge Building for rental management, check-in/check-out services, resort activities and other commercial purposes. Each Owner, by purchasing a Unit, acknowledges and agrees that the Concierge Building may be leased to such an entity to provide such services. To the extent necessary or required in connection with the reserved rights of Developer set forth above, Developer shall have the right to amend the Declaration, the Bylaws and/or the Condominium Map to effect the same.

T. Archaeological Preserve.

1. Developer reserves the right, on behalf of Developer, the Board, and/or the Association, to (a) deal with easements affecting any of the Common Elements, for the maintenance and preservation of, and access to, the Archaeological Preserve, and (b) lease or license the Archaeological Preserve to Persons who have no interest in the Project. Developer also reserves the right, on behalf of Developer, the Board, and/or the Association, to prepare and bind the Project to a preservation plan relating to the maintenance, repair, and preservation of the Archaeological Preserve.

2. The general public, via rights granted to the County, shall have and be given a right of access and/or easement over, through, and across the Project to access the Archaeological Preserve. The general public, via rights granted to the County, shall have the right to exclusive use of four parking stalls within the Project, or within any additional phase or increment to the Project, in connection with the access rights to the Archaeological Preserve referred to in the previous sentence.

U. Sharing of Recreational Facilities and other Common Elements. Developer reserves the right to deal with any easements and/or rights-of-way over the Project, in favor of the condominium project (and its unit owners and occupants) that may be developed by Developer (or an affiliate of Developer) on lands in the immediate vicinity of the Project. The purpose of this reserved right is to give the owners and occupants of the units in the other condominium project the right and ability to share equally in the use of the Project's recreational facilities, as well of those Common Elements of the Project that are needed for the operation of the other condominium project, with the Project's Owners and occupants, to the same extent and subject to the same limitations as if those facilities and other Common Elements had been developed as part of the other condominium project. In the event of such shared use of the recreational facilities and other Common Elements, the owners of the units in the other condominium project would be required to share in the costs to maintain, repair, and replace the Project's recreational facilities and such other Common Elements.

V. Employee Housing Program Agreement. Developer reserves the right to record on the title to the Project an agreement with the County relating to the Employee Housing Program, which is described in Exhibit N of this Public Report.

W. Nuisances Related to Construction, Sale, Etc. The Developer and its agents shall have an easement over, under and upon all portions of the Project to create and cause noise, dust, traffic congestion, vibration, odors, and other nuisances or annoyances created by and resulting from any work connected with or incidental to the development, construction, and sale of any Unit or other improvement to the Project, any additional phase or increment to the Project, or any other project that the Developer may develop on property adjacent to or in the immediate vicinity of the Project.

X. Punchlist. The Developer and its agents shall have an easement over, under and upon, and the right to use, any portion of the Project, including the Common Elements, Limited Common Elements, and any Unit, as may be reasonably necessary or convenient for the completion of improvements to and correction of defects and other "punchlist" items in the Project.

Y. Developer's Rights Regarding Utilities, Access, Etc. Developer shall have a nonexclusive easement for roadway access and utilities purposes over, under, across, along, and upon the roadways that are included in the Common Elements of the Project, together with the right to designate, grant, assign, cancel, relocate, and otherwise deal with any easements and rights of way at any time for utilities, sanitary and storm sewers, drainage, cable television transmission facilities, refuse disposal, landscape development and maintenance, driveways, parking areas, access roadways and other purposes, over, across, under and through any Units still owned by Developer and the Common Elements of the Project, whether for purposes of developing or servicing additional phases and increments or not, including the right of entry to construct such lines, facilities, and appurtenances and to grant, assign, and/or transfer any such easements or rights of way to other entities and the right to grant, dedicate, designate, use, and enjoy easements and/or rights-of-way for access purposes appurtenant to any portion of the land described in and covered by the Declaration of Merger (whether such land is merged with the Project or not), by the Declaration, and any portion of other lands owned by Developer (or an affiliate of Developer) in the immediate vicinity of the Project. Developer also reserves the right to assign or transfer the rights and obligations of any such easements and rights of way to the Association, which

rights and obligations shall be accepted and assumed by the Association. Developer shall have the right, without being required to obtain the consent or joinder of any Unit Owner, lienholder or other persons, to unilaterally execute, acknowledge, and deliver any and all instruments, including, without limitation, all amendments to the Project Documents, necessary or appropriate for the purpose of carrying out the provisions and exercising the rights, powers, and privileges granted or reserved by this Section.

Z. Golf Course Reserved Area. Developer reserves the right (but not the obligation), on behalf of Developer, the Board, and/or the Association, without the joinder, consent, or approval of any party with an interest in the Project, to lease or license to the owner of the Golf Course, such owner's successor or assign, or such other Person deemed appropriate by Developer (or to grant access and easement rights with respect to) all or portions of the Golf Course Reserved Area for purposes related to the Golf Course or otherwise. Developer shall also have the right to subdivide and convey all or portions of the Golf Course Reserved Area.

AA. Class IV Zoning Permit. Developer shall have the reserved right, to and until December 31, 2023, to amend the Declaration, to enter into any agreements, to grant easements, and to do all things necessary and convenient to satisfy the requirements of any land use permits pertaining to the Project, including, without limitation, the Class IV Zoning Permit, and to execute, file, and deliver any and all documents necessary to effect the same, including, but not limited to, any amendments to the Declaration and to the Condominium Map, and to secure any other governmental permits as Developer may deem necessary.

BB. Amendment to Declaration. To the extent necessary or required in connection with the reserved rights set forth above, such parties shall have the unilateral right to amend the Declaration, the Bylaws and/or the Condominium Map to effect the same.

AS NOTED, THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL THE RIGHTS RESERVED UNDER THE CONDOMINIUM DOCUMENTS AND OTHERWISE. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, BUYER MUST REFER TO THE PURCHASE AGREEMENT, THE CONDOMINIUM DECLARATION, AND THE BYLAWS TO DETERMINE THE ACTUAL RIGHTS RESERVED. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, DECLARATION OR THE BYLAWS, THE PURCHASE AGREEMENT, DECLARATION OR BYLAWS, AS APPLICABLE, WILL CONTROL.

SPECIAL NOTICE REGARDING CHANGES UNDER THIS PUBLIC REPORT

CHANGES TO THE PROJECT AND THE PROJECT'S DOCUMENTS MADE IN ACCORDANCE WITH THE DEVELOPER'S EXERCISE OF THE RIGHTS RESERVED TO THE DEVELOPER IN THE DECLARATION, AS MAY BE DISCLOSED IN THIS PUBLIC REPORT, **SHALL NOT** BE DEEMED TO BE CHANGES THAT RENDER THIS PUBLIC REPORT MISLEADING AS TO PURCHASERS IN ANY MATERIAL RESPECT AND WILL NOT GIVE ANY PURCHASER WHO HAS WAIVED OR IS DEEMED TO HAVE WAIVED THE RIGHT TO CANCEL SUCH PURCHASER'S SALES CONTRACT UNDER THIS PUBLIC REPORT ANY ADDITIONAL RIGHTS TO CANCEL SUCH PURCHASER'S SALES CONTRACT. ACCORDINGLY, **UPON THE OCCURRENCE OF ANY SUCH CHANGES, THE DEVELOPER WILL NOT BE REQUIRED TO AND WILL NOT ISSUE SUBSEQUENT SUPPLEMENTARY PUBLIC REPORTS TO DISCLOSE SUCH CHANGES.** HOWEVER, UPON THE OCCURRENCE OF ANY SUCH CHANGES, THE DEVELOPER WILL DELIVER TO THE REAL ESTATE COMMISSION AND MAY DELIVER TO EACH PROSPECTIVE PURCHASER (INCLUDING THOSE WHO HAVE ALREADY RECEIVED AND RECEIPTED FOR THIS PUBLIC REPORT) A DISCLOSURE STATEMENT DISCLOSING THE CHANGES.

EXHIBIT K

PERMITTED USES

A. Units Generally. Except with respect to Units owned by the Developer and except as provided in Section G of the Declaration, the Units in the Project shall be occupied and used only as short-term or long-term residential dwellings, **TRANSIENT VACATION RENTALS**, resort, apartment, and other uses permitted by the Declaration and the Bylaws; provided, however, that Units owned by the Developer may, during such ownership, **BE USED FOR TIME SHARING PURPOSES** as defined in, and in conformance with, the applicable provisions of Chapter 514E, Hawaii Revised Statutes, as amended; and, provided, further, that once the Developer no longer owns any Units in the Project, Units **MAY BE USED FOR TIME SHARING PURPOSES** as defined in, and in conformance with, the applicable provisions of Chapter 514E, Hawaii Revised Statutes, as amended, **BUT ONLY WITH THE PRIOR APPROVAL OF A MAJORITY OF OWNERS (AS EVIDENCED BY THEIR AFFIRMATIVE VOTE AND/OR WRITTEN CONSENT)**. See Section G.1 of the Declaration for more details.

B. Developer's Units. The Developer may use any Unit owned by the Developer, or any other Unit with the permission of the Owner, for a model unit, a sales office, or such other purposes as the Developer shall deem appropriate.

C. No Visible Commercial Use. Except with respect to units owned by the Developer and except as provided in Section G of the Declaration, and subject to the right of the owners to rent their units for residential dwelling purposes, the units shall not be used or occupied for any trade, business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purposes; provided, however, that the units may be used for professional and administrative occupations or for other reasonable business activities that have no signs or other external evidence thereof, provided such occupations are otherwise in compliance with the Project Documents, as determined by the Board, are in compliance with all applicable laws, are secondary to the use of the Unit as a permanent or temporary residence, do not disturb other owners or occupants, as determined by the Board, do not involve visits to the unit by clients, customers, or the general public and do not involve any nuisances, as determined by the Board. So long as the Developer owns a unit in the Project or in any additional phase or increment to the Project, no "open houses" or similar activity providing the sale of a Unit shall be permitted at the Project or at any Unit, other than those Units owned by Declarant. See Section G.2 of the Declaration for more details.

D. Owners' Right To Sell/Lease Units And Limited Common Elements. Unit owners shall have the right to lease or grant licenses with respect to their units and the limited common elements appurtenant thereto. All lease or rental agreements must be in writing and will be subject to the provisions of the Condominium Property Act (as may be amended) (the "Act"), the Declaration and the Bylaws; provided that any owner engaging in leasing activity with respect to a unit shall comply with the provisions of the Residential Landlord-Tenant Code (Hawaii Revised Statutes Chapter 521) (especially, Section 521-43(f)), as may be amended from time to time. Unit owners shall also have the right to sell or otherwise transfer such units, subject to all provisions of the Act, the Declaration and the Bylaws.

E. Developer's Right To Use. As long as there are unsold units in the Project or in any additional phase or increment to the Project, Developer shall have the right to use any unit that it owns and any limited common elements appurtenant thereto for promotional purposes, and shall have the right to have guests stay in such units for any length of time; provided that such guests shall abide by and be subject to all of the provisions of the Declaration, Bylaws and Project Rules. The Developer may grant license rights to the limited common element appurtenant to any unit owned by the Developer to the Association or to a third party to the extent permissible under the law. Additionally, the Developer will have the right to utilize units that it owns or any limited common element that is appurtenant to any unit that it owns as sales offices or as a place that is utilized to provide services to the owners or other occupants of the Project, to the extent such use or uses are permitted under applicable law. The Developer shall also have the right to construct a temporary sales center trailer on a portion of the common element land area and to use such trailer and surrounding area for sales and marketing purposes.

F. Concierge Building. The Concierge Building may be used for various commercial purposes relating to the Project and to Units, Owners, and/or Occupants within the Project (and not to members of the general public). See Section G.6 of the Declaration for more details

G. Zoning and Use Permit. Developer has obtained a Class IV Zoning and Use Permit from the County of Kauai to allow the use of the concierge building (a) on a temporary basis, for on-site real estate sales efforts while the residential units are being sold by or on behalf of Developer to individual buyers, and (b) on a

permanent basis, for rental and sales activities and for arranging tours by a commercial entity other than the Developer. See Exhibit N of this Public Report for further information on the Class IV Zoning and Use Permit.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL PROVISIONS IN THE CONDOMINIUM DOCUMENTS AND OTHERWISE RELATING TO PERMITTED USES. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF PERMITTED USES, BUYER MUST REFER TO THE PURCHASE AGREEMENT, THE CONDOMINIUM DECLARATION, THE BYLAWS, AND THE PROJECT RULES TO DETERMINE THE ACTUAL PERMITTED USES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, DECLARATION, BYLAWS, OR PROJECT RULES, THE PURCHASE AGREEMENT, DECLARATION, BYLAWS, OR PROJECT RULES, AS APPLICABLE, WILL CONTROL.

EXHIBIT L

PERMITTED ALTERATIONS TO UNITS

Section L of the Declaration provides, in part, as follows:

"L. ALTERATION WITHIN THE PROJECT

1. General Provisions. Except as otherwise expressly provided in this Declaration to the contrary, repair, alteration, reconstruction, restoration, or replacement of the Common Elements (or any portion thereof) (but excluding Limited Common Elements) or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map, as it then exists, shall be undertaken by the Association only pursuant to an amendment of this Declaration and the Condominium Map. Except as expressly provided otherwise in this Declaration, any such amendment shall be duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the Unit Owners and all Unit Owners whose Units are directly affected, and in accordance with complete plans and specifications therefor first approved in writing by the Board, which approval shall not be unreasonably withheld or delayed. Promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration, or addition, the Association shall duly Record and file of record such amendment, as and to the extent required by the Act, together with a complete set of floor plans of the Project as so altered, certified as-built by a licensed, registered architect or professional engineer.

2. Alterations by Unit Owners. The provisions of this Section L.2 shall not apply to Alterations made by or on behalf of Declarant. Declarant's rights to make Alterations are set forth in Section L.4.

(a) Alterations Permitted. Notwithstanding anything to the contrary contained in this Declaration, including, without limitation, Section L.1, and except as otherwise provided by law, each Unit Owner shall have the following rights:

(i) Additions or Alterations to a Unit or Limited Common Element. Each Unit Owner, with the written consent of Declarant, if Declarant owns any Unit in the Project (which consent may be given or withheld in the sole discretion of Declarant), and with the written consent of the Board of Directors (which consent may be given or withheld in the Board's reasonable discretion), and with the written consent of the appropriate agencies of the State of Hawaii and the County of Kauai (if such agencies so require), and with the written consent of all other Owners directly affected (as determined by the Board), shall have the right, at any time and from time to time, at such Unit Owner's sole cost and expense, and without the consent of any other Person, to make any of the following alterations solely affecting, as applicable, the Unit or Limited Common Elements over which such Owner has sole control: (A) to install, maintain, remove, and rearrange partitions (including walls, floors, and ceilings) and other structures from time to time within such Unit or Limited Common Element; (B) to finish, alter, or substitute any plumbing, electrical, or other fixtures attached to the ceilings, floors, and walls as shall be appropriate for the utilization of such Unit or Limited Common Element by such Owner or the Occupants thereof; (C) to paint, paper, panel, plaster, tile, finish, recarpet, alter, and do or cause to be done such other work on the interior surfaces of the ceilings, floors, and walls of such Limited Common Elements; (D) to build out and/or redesign the interior of the Unit or Limited Common Element; and (E) to make any other improvements, renovations, or additions deemed appropriate by such Owner.

(ii) Alterations Between Units. A Unit Owner who owns any two adjacent Units that are separated by a Common Element that is a wall, floor or a ceiling, or whose Limited Common Elements are separated from each other or from those Units by a Common Element that is a wall, floor, or ceiling, shall have the right, at any time and from time to time at such Owner's sole cost and expense, and with the written consent of Declarant if Declarant owns any Unit in the Project (which consent may be given or withheld in the sole discretion of Declarant), and with the written consent of the Board of Directors (which consent may be given or withheld in the Board's reasonable discretion), and with the written consent of the appropriate agencies of the State of Hawaii and the County of Kauai (if such agencies so require), and with the written consent of all other Owners hereby directly affected (as determined by the Board), to alter or remove all or portions of the intervening wall, floor, and/or ceiling, if (A) the structural integrity of the building is not thereby adversely affected, and (B) the finish of the Common Element then remaining is then restored to a condition substantially comparable to that of the Common Element prior to such alterations, and (C) all construction activity necessary to any such alteration or removal shall be completed within a reasonable period of time after the commencement thereof, subject to extension for delays beyond the control of the Owner or its contractors, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence (as determined by the Board). The Owner may install a door or doors to such opening or openings in the intervening Common Element, may seal hallways, and make other reasonable alterations or additions approved by applicable governmental authorities. Before the termination of the common ownership of any such adjacent Units, if the intervening wall, floor, or ceiling shall have been altered or removed pursuant to the foregoing provisions and/or any entry to hallways sealed, the Owner of the Units shall be obligated to restore such intervening wall, floor, ceiling and or hallway entries to substantially the same condition in which the same existed prior to such alteration or removal.

(b) Limitations on Owner Alterations. The actions described in Section L.2(a) above are collectively referred to in this Section L as "Alterations".

(i) Nothing contained in Section L.2(a) shall authorize any Alteration that would jeopardize the soundness, safety, or structural integrity of the building, reduce the value thereof, unreasonably interfere with or disturb the rights of other Owners, materially increase the rate of fire insurance on the building or the contents of the building, materially affect or impair any easement or rights of any of the other Unit Owners, or materially interfere with or deprive any non-consenting Owner of the use or enjoyment of any part of the Common Elements, subject, however, to the exclusive use of the Limited Common Elements. Further, nothing in Section L.2 shall prohibit the Board from effecting such changes within a Unit or Limited Common Element, or to require the same, in order that the building may continue to comply with applicable laws, including any fire code requirements.

(ii) If the Alterations to be made pursuant to Section L.2(a) have an estimated cost of more than \$50,000, the Owner of the Unit shall obtain a performance and labor and materials payment bond, naming as obligees the Board, the Association and collectively all Unit Owners and their respective mortgagees, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such construction.

(iii) All plans and specifications for any Alterations shall be prepared by a Hawaii licensed architect or professional engineer and conform with all applicable laws and ordinances, and all construction changes, the cost of which is expected to exceed \$50,000, shall be undertaken by a building contractor licensed in the State of Hawaii.

(iv) During the entire course of any physical Alteration, the Owner making such Alteration will cause to be maintained at such Owner's expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association and the other Unit Owner(s) shall be named as additional insureds.

(v) All construction activity relating to any Alterations affecting the exterior of a building or otherwise visible from another Unit (or appurtenant Limited Common Element) or from any areas open to the public shall be completed within a reasonable period of time after the commencement thereof, subject to extension for delays beyond the control of the Owner or its contractors, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence (as determined by the Board).

(vi) Each Owner's plans and specifications for Alterations to the Owner's Unit must be approved by the Board of Directors and, as long as Declarant owns a Unit in the Project, Declarant. No Alteration may commence with respect to any Unit until final approval thereof has been obtained from the Board and, if applicable, Declarant. The Board shall have the right to hire such architects and/or engineers as it deems appropriate in connection with its review of proposed Alterations. The costs and fees incurred by the Board to hire such architects and/or engineers shall be the responsibility of the Unit Owner and shall be charged to the Unit Owner as a special assessment against the Owner's Unit.

(vii) Each Owner shall submit to the Board and, if applicable, Declarant, for review by the Board, Declarant, if applicable, and/or the architect and/or engineer hired by the Board, four copies of the complete plans and specifications for the proposed Alteration. A non-refundable fee in such amount as shall be determined by the Board from time to time (the "**Alteration Review Fee**") shall also be paid to the Board at the time of the Owner's initial submittal.

(viii) In addition to the Alteration Review Fee, each Owner shall pay to the Board an "**Alteration Deposit**" in such amount as shall be determined by the Board from time to time. The Alteration Deposit shall be paid to the Board at the time that the Board and, if applicable, Declarant approves the Owner's Alteration plans and specifications. No construction may commence until the Alteration Deposit has been paid to the Board.

(ix) If the Owner or the Owner's contractors fail to perform any requirement under the Project Documents or any supplemental Alteration rules adopted by the Board or causes any damage to the Project during the course of construction, the Board shall be entitled to use all or any portion of the Alteration Deposit to cover any resulting damage, cost or loss incurred, provided that in no event shall the amount of such deposit be deemed to limit such Owner's liability for any loss, liability, cost or expense of whatsoever nature arising or as a result of any such failure or damage. If no such failure to perform or damage to the Project occurs, then the Board shall return the Alteration Deposit to the Owner without interest following the Board's and, if applicable, Declarant's final inspection of the Owner's completed Alterations.

(x) The Board shall have the right to increase the amount of the Alteration Review Fee and the Alteration Deposit from time to time. The Board shall also have the right, from time to time, to adopt supplemental rules relating to Alterations.

3. Amendment To Declaration and Condominium Map. In the event of an Alteration pursuant to and in compliance with Sections L.2(a) and L.2(b) that alters (a) the depiction of the particular Unit(s) or Limited Common Elements as they may be shown on the Condominium Map, (b) the description thereof in the Declaration or (c) the Limited Common Elements appurtenant to a Unit, the Unit Owner or Owners making the change shall amend this Declaration and, if applicable,

the Condominium Map to set forth such change or alteration, which amendment(s) may be executed by the Owner or Owners of the affected Unit or Units without the need for execution by any other Person, and such amendment(s) shall become effective upon the Recordation thereof; provided, however, that all required consents have been obtained. The provisions of Section X of this Declaration notwithstanding, such amendment shall not require the vote, consent, or joinder of any other Unit Owner or any other Person having any interest in the Project, other than the consent of the Board and/or Declarant, if required above. Every Unit Owner, as Unit Owners and as members of the Association and, if applicable, the Board of Directors, all holders of liens affecting any of the Units of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Unit, lien or other interest: (y) consents to and agrees that he, she or it shall, if required by law or by any such Owner who shall have changed or altered a Unit as aforesaid (the "Altering Owner"), join in, consent to, execute, deliver and Record all instruments and documents necessary or desirable to effect the amendment of this Declaration and/or the Condominium Map; and (z) appoints the Altering Owner and the Altering Owner's assigns his, her or its attorney-in-fact and/or agent with full power of substitution to execute, deliver and record such documents and to do such things on his, her or its behalf, which grant of such power, being coupled with an interest, is irrevocable and being a durable power of attorney and/or agency, shall not be affected by the disability of any such party. Pursuant to Section 514A-11(12) of the Act, Alterations made pursuant to Section L.4(a) by Declarant shall not require the vote or consent of the Board or any other person.

4. Declarant's Reserved Rights. Any other provision in this Declaration to the contrary notwithstanding and without limiting any other provision in this Declaration, prior to (a) the time that the fee simple interest in all Units in the Project, and all Units in any additional phase or increment to the Project, have been sold and the conveyance thereof Recorded, and (b) the Recording by Declarant of the "as built" statement (with plans, if applicable) required by Section 514A-12 of the Act with respect to all Units in the Project and all Units in any additional phase or increment to the Project, Declarant shall have the right, from time to time, without being required to obtain the consent or joinder of any Person or group of Persons, including the Association, any Unit Owner or any mortgagee, lienholder, Unit purchaser or any other Person who may have an interest in the Project, to do the following:

(a) Pre-Closing Alterations. To make alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) that change the Unit type of, change the floor plan of (including, without limitation, establishing a new floor plan), change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Unit and/or the Limited Common Elements appurtenant thereto, which is not sold and the conveyance thereof Recorded;

(b) Post-Closing Alterations. To make other alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) that make minor changes in any Unit in the Project or in the Common Elements, which do not affect the physical location, design or size of any Unit that has been sold and the conveyance thereof Recorded;

(c) Division of Units.

(i) With respect to any Unit owned by Declarant, to divide such Unit to create two or more separate Units and thereby increase the number of Units in the Project. Such division of a Unit by Declarant shall occur by, and the newly created Units shall be deemed a part of the Project for all purposes upon: (A) amending the Condominium Map and EXHIBITS "B" and "C" hereto to reflect such division; (B) amending relevant provisions of this Declaration and/or the Bylaws to (1) designate which Limited Common Elements appurtenant to the divided Unit shall be appurtenant to the Units resulting from such division, (2) convert, as Declarant shall deem appropriate, portions of the divided Unit to Common Element or Limited Common Element status to facilitate such division, and (3) allocate, as Declarant shall deem appropriate, the Common Interest of the divided Unit among the newly created Units and/or among other Units owned by Declarant and located in the same building as the divided Unit; and (C) making such other amendments to this Declaration, the Bylaws, the Condominium Map, and/or other Project Documents as Declarant deems necessary or appropriate to effectuate the division of the Unit.

(ii) When and if deemed necessary or appropriate by Declarant, Declarant shall have the right to file or Record a certification by a Hawaii-registered architect or professional engineer that the final plans theretofore filed, or being filed simultaneously therewith, fully and accurately depict the layout, location, unit numbers and dimensions of the newly created Units as built. Further, when and if deemed necessary or appropriate by Declarant, Declarant shall have the right to file or Record a certification by Declarant that the newly created Units have been substantially completed, that a notice of completion has been filed and that the period for filing of mechanics' and materialmen's liens has expired. All of the Units, including the newly created Units, shall have the right to use the Common Elements in the Project to the same extent and subject to the same limitations as are imposed upon a Unit as though the newly created Units had been developed as part of the original Project.

(iii) In no event shall any such amendment affect the Common Interest appurtenant to any Units other than the divided Unit or other Units identified for such purposes in an amendment to this Declaration. The

amendments to this Declaration, the Bylaws and the Condominium Map referenced herein need only be executed by Declarant.

(iv) Until the conveyance by Declarant of a newly created Unit thereby added to the Project, Declarant shall for all purposes be deemed the "Unit Owner" as to such newly created Unit, and no other Unit Owner, mortgagee, lienholder, Unit purchaser or any other Person (other than Declarant and the holder of any construction mortgage covering the newly created Unit) shall have any legal or equitable interest in such newly created Unit and the Common Interest appurtenant thereto. Additionally, in connection with the creation of the newly created Units, Declarant shall have the right: to assign and re-assign parking stalls, except for parking stalls that may have already been conveyed by Declarant to a Unit Owner; to enter upon the Project with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing the newly created Units; to connect the newly created Units to utilities of the Project; and to market and sell the newly created Units. Declarant may apply for and obtain from the Real Estate Commission of the State of Hawaii one or more supplementary or amended public reports describing the changes made in the Project pursuant to the terms of this Section L; and

(d) Consolidation of Units. With respect to any two adjacent Units owned by Declarant, Declarant shall have the right, at any time and from time to time at Declarant's sole cost and expense, to consolidate such Units into a single Unit and thereby decrease the number of Units in the Project, provided that the Common Interest appurtenant to the newly created Unit shall equal the sum of the Common Interests of the Units being consolidated. Such consolidation shall occur by: (i) amending the Condominium Map and EXHIBITS "B" and "C" hereto to reflect such consolidation; (ii) amending relevant provisions of this Declaration and the Bylaws to designate the Common Interests of the previously separate Units to the consolidated Unit; and (iii) making such other amendments to this Declaration, the Bylaws, the Condominium Map, and other Project Documents as Declarant deems necessary or appropriate to effectuate the consolidation of the Units. In no event shall any such amendment affect the Common Interest appurtenant to any Units other than the consolidated Units. The amendments to this Declaration, the Bylaws and the Condominium Map referenced herein need only be executed by Declarant.

5. Maintenance Expenses for Common Elements Converted to Limited Common Elements. Any part of the Common Elements of the Project that, because of the alterations as provided for in this Section L, serves or is used by exclusively one or more, but not all, Units shall become a Limited Common Element appurtenant to and for the exclusive use of such Unit or Units, among the Limited Common Elements listed in EXHIBIT "B", and any costs in connection therewith shall be borne as provided in Section I.1 of this Declaration. Documentation of the conversion of such Common Elements to the status of Limited Common Elements need only be by such amendments to the Condominium Map and this Declaration as may be required under this Section L, executed by such parties as provided in this Section L."

EXHIBIT M

Description of Kiahuna Mauka Partners Master Association

The Buyer acknowledges that a separate master owners association (the "Master Association") has either been established or shall be established before the first unit in the Project is conveyed. The Master Association shall apply to all of the units in the Project. The members of the Master Association shall be the various owners associations (including the Association of Unit Owners for Royal Palms Poipu Beach, Kauai (being the "Association" for the Project)) that have been, or will be, established to govern the various residential and resort projects (including the Project) located in the general vicinity of the Kiahuna Golf Course. Each of these owners associations are (or will be) comprised of the individual owners of the properties (e.g., Units, houses, lots) in the constituent projects, and each of these owners associations shall be required to be a member of the Master Association. Through their membership in their respective owners associations, each individual unit owner shall be a part of the Master Association. However, individual owners shall not have direct membership benefits or rights in the Master Association, such as the right to vote on matters that are before the Master Association.

The Master Association shall have various functions and powers, including, but not limited to, the responsibility to own, maintain, repair, manage, and govern certain common facilities, common amenities, and/or common areas that serve or benefit the various member projects, including, but not limited to, roadways, private water and sewer facilities, and landscaping. Generally, those facilities, amenities, and areas will be located outside the boundaries of the Project. However, certain of the facilities, common amenities, and common areas will be located within the Project's boundaries (e.g., utility lines serving properties other than the Project).

The Master Association shall also have the authority and power to (a) assess each member association (including the Association) for the association member's pro rata share of the costs of ownership, maintenance, repair, and management of the common facilities, common amenities, and common areas that are the responsibility of the Master Association, and (b) pursue various remedies in connection with the collection of such assessments as the Master Association Documents (defined below) shall provide, which remedies may include obligating its member associations to impose liens on the units of owners who fail to timely pay their share of the assessments of the Master Association. The common expenses of the Project shall include the amount that the Association must pay to the Master Association, which amount shall be assessed to the members of the Association (including the Buyer) according to their units' respective common interests.

The Master Association shall be organized and governed according to such organizational documents as the Seller and the developers or principals of the other constituent projects shall approve (the "Master Association Documents"). As of the effective date of this Public Report, the Master Association Documents have not been finalized. The Developer has the reserved right and authority, on behalf of itself and/or others, to encumber the Project and each unit in the Project with the Master Association Documents, each of which will be superior in title to the Declaration, the Bylaws, and the Declaration of Merger. The consent of the Buyer is not required, and will not be required, to create such encumbrances.

Upon approval and ratification of the Master Association Documents by the developers and principals, on behalf of the members of the Master Association, and upon their recording, the Project and the Unit shall be subject to the terms and provisions of the Master Association Documents. Further, the Master Association Documents shall be binding upon the Association (and upon the associations for the other projects) and, through the Association, shall be binding upon each of the owners in the Project (including the Buyer) (and upon each of the owners in the other projects). The Developer shall have the unilateral right, without the joinder or consent of any party with an interest in the Project, including any unit owner, any unit buyer, any mortgagee, or any other person, to subordinate the Declaration, the Bylaws, and the Declaration of Merger to the terms and conditions of one or more of the Master Association Documents. By purchasing and taking title to the Unit, the Buyer accepts and will abide by all of the applicable terms, covenants, conditions and provisions set forth in the Master Association Documents.

EXHIBIT N

ADDITIONAL DISCLOSURES

The following are some additional items that should be considered by a buyer in connection with his or her purchase of a unit. Buyer should carefully consider each of the following items before submitting an offer to purchase a unit.

1. Class IV Zoning and Use Permit. On December 19, 2005, the developer obtained Class IV Zoning Permit No. Z-IV-2005-38 (the "Class IV Permit") from the Planning Department of the County of Kauai (the "Planning Department"). The Class IV Permit contains the following conditions and/or use requirements that are relevant to the Project, the Association and unit owners:

- A. Real estate sales activities conducted on the Project must be limited to "on-site" properties (i.e., units located in the Project and in a condominium project that may be merged with the Project) and shall not involve general real estate sales.
- B. All external lighting within the Project shall be only of the following types: shielded lights; cut-off luminaires; or indirect lighting. Spotlights aimed upward or spotlighting of structures and landscaping is prohibited.
- C. Compliance with the Employee Housing Program and any agreement relating to that program, which is described in item 2 below.
- D. Compliance with the Preservation Plan described in the Additional Information section beginning on page 20 of this public report.
- E. The Association shall be responsible, with the owners and associations of other developments in the Kiahuna area, for the continued provision of a public pedestrian access through the Kiahuna Plantation, between Poipu Road and the Hoonani Road cul-de-sac. Signage is required to be maintained and replaced as needed.
- F. The Association may be responsible, with the owners and associations of other developments in the Kiahuna area, for contributing its share of the funding for the maintenance and liability insurance costs for the comfort station at the Hoonani Road cul-de-sac.

The Developer shall have the reserved right, to and until December 31, 2023, to amend the Declaration to satisfy the requirements of the Class IV Zoning Permit.

All unit owners shall be bound by and comply strictly with the applicable provisions of the Class IV Zoning Permit. Buyers are encouraged to contact the Planning Department if they have any questions or concerns about the effect of the Class IV Permit on them, the Association and/or the unit they are considering buying.

2. Employee Housing Program. The Association will have certain obligations relating to the housing needs of low-income employees of the Association, if any. Those obligations include assisting such employees in locating and obtaining a suitable rental dwelling and partially supporting such employees by paying the employee a housing subsidy. Certain specifics of such "Employee Housing Program" or "EHP" will be set forth in an agreement entered into between the Planning Department and the Housing Agency of the County of Kauai and the Developer (on behalf of the Association). The Association is to include the amount of any such subsidy as a common expense of the Project.

3. Developer Makes No Representations or Promises About Rentals or Other Economic Benefits. By signing a sales contract, buyer will be agreeing that neither Developer nor any salesperson or other person affiliated with or in any way related to Developer has talked to buyer at all about any rental income or rental, management or sales services for buyer's unit. If buyer wants to rent or sell the unit, how buyer does it will be up to buyer. Buyer will also be agreeing that neither Developer nor any salesperson or other person affiliated with or in any way related to Developer has talked to buyer at all about income from the unit or any other economic benefit to be derived from the purchase or ownership of the unit or about the tax effects of buying the unit. Buyer is advised to contact his or her own advisers on all such matters.

4. Securities And Disclosure Laws Or Regulations. By signing a sales contract, buyer will be agreeing that Developer may, as a requirement for closing, require buyer, any salesperson or anyone else connected with the offer to sell and the sale of the unit, to sign and deliver to Developer additional documents, including, without limitation, waivers, affidavits or other documents as may be required by Developer from time to time, to satisfy developer that the offer to sell and the sale of the unit are not in violation of any federal or state securities laws or regulations.

5. Mold/Mildew. Buyer acknowledges that mold and mold spores are present throughout the environment and apartment construction is not, and cannot be, designed to exclude mold spores. Although all mold is not necessarily harmful,

certain strains of mold have been shown to have adverse health effects in susceptible persons. It is Developer's understanding that moisture is the only mold growth factor that can be controlled in a residential setting. By minimizing moisture, unit owners can reduce or eliminate mold growth. By signing a sales contract, Buyer will be agreeing to assume responsibility for taking actions to reduce or eliminate mold growth and, if there is any water damage or water intrusion to Buyer's unit, to take immediate action to prevent conditions that cause mold or mildew to develop.

6. Important Notice Regarding Your Deposits. Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase in order to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the Project. While the Developer will, before obtaining a Final Public Report, submit satisfactory evidence that the Project should be completed, it is possible that the Project may not be completed. If your deposits are disbursed to pay Project costs and the Project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.

7. Important Notice Regarding Your Funds. Payments that you make under your sales contract for the purchase of the Unit may be disbursed upon closing of your purchase in order to pay for project costs, including construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the Project. While the Developer will, before obtaining a Final Public Report, submit satisfactory evidence that the Project should be completed, it is possible that the Project may not be completed. If your payments are disbursed to pay Project costs and the Project is not completed, there is a risk that your payments will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.

8. Real Property Taxes. There may be a period of time after closing where the County of Kauai will issue just one real property tax bill for the entire Project for a particular fiscal year. That means that separate tax bills will not be issued to the individual unit owners for that fiscal year. Consequently, the real property taxes assessed against the Project for that fiscal year would be common expenses of the Project that will be paid by the Association and billed to the individual unit owners. Unit owners will be responsible for paying their proportionate share of the real property taxes for that year based on their unit's common interest. As a further result of the delay in issuing individual tax bills, at closings, the Developer will allocate real property taxes among the Units based on the ratio of their respective common interests and shall collect the respective post-closing pro rata amounts from the buyers at closing. Developer shall be responsible for any real property taxes attributable to the units prior to closing. Once the County issues separate real property tax bills to the Project's unit owners, the unit owners will be responsible for paying their respective bills.

9. Traffic Signalization; Traffic Flow. Traffic signalization may be altered on Poipu Road and/or Kiahuna Plantation Drive due to future improvements in the vicinity, thus impacting traffic flow and, possibly, the location of ingress and egress from the Project. Buyers are also advised that the Developer reserves the right to revise the traffic flow for the Project currently depicted on the Condominium Map.

10. Nuisance and Natural Occurrence Disclosures. The following is a partial list of potential items that Unit owners or occupants may find objectionable:

- A. Airflow and Wind. Air flow in, around, and through the buildings, the Project and the Unit resulting in smoke (from tobacco or other smoking substances), barbeque odors, other cooking odors, perfumes, and other odors being transmitted to the Unit or the Project and wind or wind-related noises or nuisances that may result therefrom.
- B. Building Operations. Noises, odors, chemical odors or fumes from the buildings, including janitorial or maid services (if any), elevator and mechanical equipment operations, and landscape maintenance, repair, and replacement activity.
- C. Neighbors. Neighbors, including adjacent unit owners, their guests and invitees, whether below, above or on the side of the Unit, and their respective behaviors and idiosyncrasies, whether occurring in a unit or the common areas of the Project.
- D. Adjacent Properties. Nuisances arising from adjacent properties and their respective operational issues, such as sales activities, trash pickup, deliveries, guests, tenants, clients and invitees, and any construction work that may be performed thereon from time to time.
- E. Traffic. Nuisances arising from traffic, including dust, sounds (alarms, engines, screeching tires, etc.), and exhaust fumes.
- F. Natural Occurrences. Earthquakes, tsunamis, hurricanes, animals, insects, and other natural occurrences.

- G. Condominium Living. The buildings are multi-storied. As such, there are other units located adjacent to, above and/or below the Unit. There is the possibility of sound transmission, smells, smoke, and other possible nuisances between units and from the common elements.

This is not a complete list of all potential objectionable matters and Buyer acknowledges there may be others. By signing a sales contract, Buyer will be agreeing to release and indemnify Developer, its agents, consultants, contractors, and employees from any and all liability or claims made by Buyer, any successors or assigns of Buyer, or any tenant or guest of Buyer, arising from all such matters, whether listed above or otherwise.

EACH BUYER AGREES TO ACCEPT EACH CONDITION, CIRCUMSTANCE AND RISK DESCRIBED ABOVE OR IN ANY OF THE REPORTS OR INFORMATION PROVIDED BY DEVELOPER, AND FURTHER AGREES THAT NEITHER DEVELOPER, NOR DEVELOPER'S MEMBERS, MANAGERS, DIRECTORS, OFFICERS, EMPLOYEES, PROPERTY MANAGERS, AGENTS, OR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, SHALL BE RESPONSIBLE FOR CORRECTING ANY SUCH CONDITIONS

11. Swimming Pool Safety. Buyer is aware that it is anticipated that there will not be a lifeguard on duty at the swimming pool within the Project. Accordingly, Buyer acknowledges that Buyer's safety as well as the safety of Buyer's children, tenants, and guests will be Buyer's own responsibility while using the swimming pool. Everyone swims at their own risk.

12. Severe Weather Conditions. Although the Units, and the Project as a whole, will be constructed with high quality standard components, and while the buildings will be weatherproofed, during severe weather conditions you may experience minor leaks around sliding and pocket doors, windows and roof vents.

13. Railroad Berm. The Project land is affected by an historical railroad berm, located approximately as shown on the Condominium Map. The Association shall be responsible for observing all requirements and prohibitions relating to the historical railroad berm, as and to the extent affecting the Project land. Among other things, the requirements include obtaining permission from the appropriate County agency before doing anything that will physically affect the berm, and the prohibitions preclude any planting or landscaping onto the berm.

14. Temporary Sales Center Trailer. Developer shall remove the temporary sales center trailer when Developer determines it is no longer needed.

15. Developer Makes No Promises or Warranty About the Condominium Map. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers, and approximate dimensions of the units and the elevations of the buildings. By signing a sales contract, Buyer will be agreeing that neither the Condominium Map nor the building plans and specifications for the Project are intended to constitute any warranties or promises by Developer.

16. Affiliation Between Developer and Contractor.

The general contractor, Ledcor – US Pacific Construction LLC ("Ledcor – US"), is affiliated with the Developer, Poipu Palms Limited Partnership ("PPLP"), in the following ways:

- A. Ledcor - US and a limited partner of PPLP (Kauai Palms, LLC) are both part of The Ledcor Group of Companies.
- B. William Deuchar is an individual who is affiliated with and has a financial interest with both Ledcor - US and PPLP.
- C. Mr. Deuchar is the president of Ledcor - US and the president of the general partner of PPLP (LedPac Kauai, Inc.).

17. Hurricane Construction. Because Buildings A and B and the recreation building are less than one-quarter (1/4) mile from the shoreline, they are required by the building code of the County of Kauai to be built with additional hurricane ties than the other buildings in the Project (being Buildings C and D and the Concierge Building), which are more than one-quarter (1/4) of a mile from the shoreline.

EXHIBIT O

ENCUMBRANCES AGAINST TITLE

Affecting Both Lot 10 and Lot 5:

1. Real Property Taxes, Second Installment, for the Fiscal Year July 1, 2005 – June 30, 2006.
2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in instrument dated August 27, 1937, filed as Land Court Document No. 40955, recorded in Liber 1398, Page 371.
3. Decree dated June 7, 1951, filed as Land Court Document No. 135050.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration, Waiver and Transfer of Zoning Rights, dated April 1, 2003, filed as Land Court Document No. 2914814, recorded as Document No. 2003-067516.
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Agreement re Kiahuna Golf Course Privileges dated April 4, 2003, filed as Land Court Document No. 2914824, recorded as Document No. 2003-067523.
6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Kiahuna Mauka Partners LLC Agreement dated April 11, 2003, filed as Land Court Document No. 2935816, recorded as Document No. 2003-106201. Said Declaration was amended by instrument dated August 6, 2004, filed as Land Court Document No. 3148270, recorded as Document No. 2004-161801.
7. Perpetual easement to convey water through ditch known as Makapala Ditch in favor of Annie S. Knudsen.
8. Restriction of Vehicle Access Rights along Poi'pu Road, as shown on Map 5, of Land Court Consolidation No. 164, as set forth by Land Court Order No. 163939, filed November 15, 2005.
9. Order Granting Kiahuna Mauka Partners, LLC's Motion to Amend or Modify Condition No. 9 of Decision and Order, as Amended in August 5, 1997; and Erick A. Knudsen Trust's Motion to Modify Condition No. 9a of Decision and Order, dated March 25, 2004, recorded as Document No. 2005-168955.
10. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.
11. Encroachments or any other matters which a correct survey or archaeological study would disclose.
12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Declaration of Merger of Condominium Phases; Special Power of Attorney; and Reservation of Rights and Easements Royal Palms Poipu Beach, Kauai, dated May 8, 2006, recorded as Document No. 3426360.
13. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Royal Palms Poipu Beach, Kauai Declaration of Condominium Property Regime, dated May 8, 2006, recorded as Document No. 3426361. Said Declaration was amended by instrument dated June 8, 2006, recorded as Document No. 3438111.
14. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Bylaws of the Association of Unit Owners of Royal Palms Poipu Beach, Kauai, dated May 8, 2006, recorded as Document No. 3426362.
15. Condominium Map No. 1796. Said Condominium Map was amended by instrument dated June 8, 2006, recorded as Document No. 3438111.
16. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Grant of Easement, dated _____, recorded as Document No. _____.
17. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Kiahuna Mauka Partners Master Declaration [or such other name as it may be known], dated _____, recorded as Document No. _____.
18. The terms and provisions set forth in the Deed and Reservation of Rights and Easements; and Grant of Special Power of Attorney to which this Exhibit "A" is attached.

Affecting Only Lot 10:

19. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Deed dated September 30, 1987, filed as Land Court Document No. 1499622, recorded in Liber 21190, Page 392.

20. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Parcel 8 Co-Tenancy Agreement, dated April 9, 2003, filed as Land Court Document No. 2935814, recorded as Document No. 2003-106199.
21. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Restrictive Covenants and Agreement for Grant of Easements and Cooperation, dated as of March 1, 2003, filed as Land Court Document No. 2935815, recorded as Document No. 2003-106200.
22. Designation of Easement "7" for landscape purposes, as shown on Map 5, as set forth by Land Court Order No. 163939, filed November 14, 2005.
23. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Restrictive Covenants – Kiahuna Makai Block Subdivision, dated December 9, 2005, filed as Land Court Document No. 3367026, recorded as Document No. 2005-255473.
24. Real Property Mortgage and Financing Statement, dated December 13, 2005, filed as Land Court Document No. 3367028.
25. Cross-Default and Cross-Collateralization Agreement, dated December 13, 2005, filed as Land Court Document No. 3367029.
26. Unrecorded Consent and Assumption Agreement, dated January 19, 2006, by First Hawaiian Bank.
27. Financing Statement recorded as Document No. 2005-255474.

Affecting Only Lot 5:

28. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Exchange Deed, dated January 28, 1971, filed as Land Court Document No. 558614, recorded in Liber 7947, Page 418. The foregoing includes, but is not limited to, matters relating to water reservation.
29. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Conditions, dated July 27, 1977, recorded in Liber 12379, Page 549. Said above Declaration was amended by instruments dated July 3, 1978, recorded in Liber 13040, Page 234, dated December 13, 1979, recorded in Liber 17769, Page 734, and dated November 17, 1977, recorded as Document No. 97-164842.
30. Right-of-Entry dated September 6, 1983, filed as Land Court Document No. 1193963, granting an easement for utility purposes.
31. Rights of way by necessity for exclusions not otherwise provided for, as mentioned in Land Court Order No. 74780, filed August 2, 1985.
32. Designation of Easement "76" for sanitary sewer purposes, as shown on Map 88 of Land Court Application No. 956 and on Map 1 of Land Court Consolidation No. 164, as set forth by Land Court Order No. 70366, filed July 3, 1984.
33. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Deed dated September 30, 1987, filed as Land Court Document No. 1499621, recorded in Liber 21190, Page 377.
34. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Warranty Deed and Reservation of Rights, dated April 1, 2003, filed as Land Court Document No. 2914815, recorded as Document No. 2003-067517.

The foregoing includes, but is not limited to, the following:

"RESERVING, FURTHER, unto the Grantor, its successors and assigns, the right of vehicular and pedestrian access, and utilities over, across, under and through the property described herein in favor of that certain property known as Lot 392, as shown on Map 88, Land Court Application No. 956, being designated as TMK No. (4) 2-8-014-028 ("Parcel 28" being shown on Exhibit "B" attached hereto). Provision for said access and utilities to Parcel 28 shall be incorporated into and made a part of any plan and approval for the consolidation and subdivision of the property described herein with a portion of TMK No. (4) 2-8-014-008. If at any time it is determined that the provision of access and utilities to Parcel 28 is not feasible and that access and utilities will be provided to Parcel 28 through land other than the property described herein or by way of a public roadway adjacent to Parcel 28, then the Grantor agrees to execute and deliver to the Grantee a recordable release of the rights reserved herein."

35. Designation of Easement "12" for access purposes, as shown on Map 5, as set forth by Land Court Order No. 163939, filed on November 15, 2005.
36. Real Property Mortgage and Financing Statement, dated August 6, 2004, filed as Land Court Document No. 3148272.

37. Cross-Default and Cross-Collateralization Agreement, dated December 13, 2005, filed as Land Court Document No. 3367029.
38. Unrecorded Consent and Assumption Agreement, dated January 19, 2006, by First Hawaiian Bank.
39. Financing Statement recorded on August 6, 2004 as Document No. 2004-161802.

* Most of the encumbrances listed in this Exhibit O are as listed in the title reports covering the land of the Project, which title reports also cover the "Removable Property," all or portions of which may be removed from the Project. As such, all of the encumbrances may not necessarily affect the Project land as it may exist after removal of the "Removable Property."