

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Paul Garcia
Address P.O. Box 673, Anahola, Hawaii 96703

Project Name (*): KALALEA O' KAI CONDOMINIUM
Address: 5053 Aliomanu Road, Anahola, Kauai, Hawaii 96703

Registration No. 6019
(Conversion)

Effective date: September 15, 2006
Expiration date: October 15, 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.
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.

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report as Exhibit "I"

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Report:

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 NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS OR OTHER STRUCTURES WHICH MAY BE BUILT UPON THE PROPERTY. THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, AND THERE IS NO ASSURANCE NOR LIKELIHOOD THAT THE PURCHASER WILL BE ABLE TO CONVERT ANY EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY REMODEL EXISTING STRUCTURES OR BUILD ANY OTHER TYPE OF STRUCTURE DESIRED, UPON THE PROPERTY.

1. This Public Report does NOT constitute an approval of the project by the REAL ESTATE COMMISSION or by any other public entity, nor does it assert or imply that all applicable Kauai County codes, ordinances and/or subdivision requirements have been complied with.
2. This is a CONDOMINIUM PROJECT, NOT A SUBDIVISION. It does NOT involve the sale of individual SUBDIVIDED LOTS. The dotted lines on the Condominium Map (Exhibit A) are for illustration purposes only. They merely represent the approximate location of the Limited Common Element assigned to each unit. The dotted lines should NOT be construed as property lines of legally subdivided lots.
3. All owners and users of the individual condominium units (apartments) are automatically members of the Association of Apartment Owners of the Project and are subject to the Bylaws of that Association, the Declaration of Condominium Property Regime, any House Rules and other existing or adopted Project Documents.
4. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided. For instance, any new domestic water service, if available must be obtained from the Princeville Utilities Co., Inc., rather than from the Kauai County Department of Water.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REFERENCED IN THIS PUBLIC REPORT, AND TO CONTACT APPROPRIATE COUNTY AGENCIES FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Paul Garcia Name* Phone: (808) 822-5807 (Business) Business Address P.O. Box 673 Anahola, Hawaii 96703

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

N/A

Real Estate Broker*: None selected, please see Page 20 Name Phone: (Business) Business Address

Escrow: Title Guaranty Escrow Services, Inc. Name Phone: (808) 826-5300 (Business) Business Address P.O. Box 223330 Princeville, Hawaii 96722

General Contractor*: None Name Phone: (Business) Business Address

Condominium Managing Agent*: Self managed by the Association of Name Condominium Owners Phone: (Business) Business Address

Attorney for Developer: Peter C. Miller, Attorney at Law Name Phone: (808) 826-4606 (Business) Business Address P.O. Box 1230 Hanalei, Hawaii 96714

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

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2004-207986
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

First Amendment to Declaration of Condominium Property Regime of Kalalea O' Kai dated February 25, 2005, recorded as Document No. 2005-038390

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3857
 Filed - Land Court Condo Map No. _____

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

Amended Condominium Map and As-Built Plans of Garage/Storage Structure of Kalalea O' Kai Condominium. Revision dated December 17, 2004

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2004-207987
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

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

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

2. **Developer:**

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

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

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: Lot 3-B-1-C, Portion of Lot 49-B "Moloaa Hui Lands Tax Map Key (TMK): (4) 4-9-004-045
Anahola, Kauai, Hawaii

Address TMK is expected to change because Individual numbers will be
assigned to the units created

Land Area: 1.041 [] square feet acre(s) Zoning: Agriculture

Fee Owner: Paul Garcia
 Name
P.O. Box 673
 Address
Anahola, Hawaii 96703

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: Unit A=1 Unit B=2 Floors Per Building: Unit A=1
Unit B Residence = 2
 Exhibit B contains further explanations. Unit B Storage = 1

3. **Principal Construction Material:**

Concrete Hollow Tile Wood
 Other _____

4. **Uses Permitted by Zoning:**

	No. of <u>Apts.</u>	<u>Use Permitted By Zoninci</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" 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

5. Special Use Restrictions:

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

Pets: No dogs allowed; otherwise reasonable domestic pets, restrictions on farm animals.

Number of Occupants: _____

Other: Restrictions on noise, lighting glare

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf) *</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit A</u>	<u>1</u>	<u>1/2</u>	<u>1,072</u>	<u>192/96.6</u>	<u>storage/lanai</u>
<u>Unit B</u>	<u>1</u>	<u>4/3</u>	<u>2,149</u>	<u>412/400</u>	<u>deck/patio</u>
<u>Garage/Storage</u>				<u>432</u>	<u>garage/studio</u>

Total Number of Apartments: 2

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

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

Boundaries of Each Apartment:

See Exhibit A (Condominium Map). The approximate net floor areas of each unit as set forth above is measured from the interior surface of the unit perimeter walls and includes all of the walls and partitions within the perimeter walls.

Permitted Alterations to Apartments:

As allowed by the Kauai County zoning ordinances, the Declaration and the recorded covenants, conditions and restrictions upon each permanent improvement. An amendment to the Declaration of Condominium Property Regime and the Condominium Map (Exhibit A) by the Association of Unit Owners will be required in order to disclose actual improvements as a matter of public record.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: * _____

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>1*</u>	<u>2</u>	_____	_____	_____	_____	<u>5</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>5</u>		<u>0</u>		<u>0</u>		<u>5</u>

*** Unit B has a single car garage, Unit A does not. However, there is ample room in each unit's limited common element to accommodate parking.**

Each apartment will have the exclusive use of at least _____* parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: _____

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

There are no violations. Violations will not be cured.

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

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

Developer makes no representations or warranties as to the expected useful lives of those components and installations. Developer, based upon report of architectural inspection, states that those elements are in normal, satisfactory, and workable condition.

11. **Conformance to Present Zoning Code**

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

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

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

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

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

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

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

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

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

described in Exhibit C

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 C

as follows: **The land areas of the limited common areas set aside for the respective Units are as shown on the Condominium Map, which is Exhibit A hereto.**

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 D

as follows:

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

Exhibit E describes the encumbrances against the title contained in the title report dated August 4, 2006 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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	The lien of the mortgage will be removed from title prior to the conveyance of a unit to a buyer. Alternatively, a buyer may assume a portion of the obligation, secured only by the unit the buyer is purchasing. In such latter event, payment on any portion of the obligation so assumed must be current at the time it is transferred to the buyer. If the lien is foreclosed prior to conveyance of the unit, the transaction will be canceled and Buyer's money shall be refunded, less escrow cancellation fee.

F. Construction Warranties:

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

1. Building and Other Improvements:
None

2. Appliances:
None

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

Unit A structures were completed October 8, 2004.

Unit B structure was completed June 10, 2002.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

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

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

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

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

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

C. **Utility Charges for Apartments:**

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

None Electricity (___ Common Elements only ___ Common Elements & Apartments)
 Gas (___ Common Elements only ___ Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit G contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 24, 2004
Exhibit H contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; AND
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyers use; AND
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other _____

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

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 6019 filed with the Real Estate Commission on June 6, 2006

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. **Additional Information Not Covered Above**

1. The Developer has not selected a real estate broker for the sale of units in the Project. In the event the Developer chooses to use a real estate broker for the sale of an apartment, then prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commissioner a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser, together with a copy of this Final Public Report.

2. Residential Dwellings within State Land Use Agricultural District: Purchasers should be aware that the State Land Use Commission issued a Declaratory Ruling in December, 1994, regarding the construction of residential dwellings on properties located within the State Land Use Agricultural District. In response to said ruling, the Kauai County Planning Department is requiring applicants for building permits on such lands to acknowledge receipt of a "Farm Dwelling Notice" This Farm Dwelling Notice reads as follows:

FARM DWELLING NOTICE

To: Applicants for Building Permits on Land in State Land Use Agricultural District.

This is to inform you that Chapter 205, Hawaii Revised Statutes, does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".

Farm Dwelling is defined in Chapter 205-4.5(a)(4) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State or where agricultural activity provides income to the family occupying the dwelling."

Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine of not more than \$5, 000. 00. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5, 000. 00 for any additional violation.

*I acknowledge that I have read the above
and have been given a copy*

Signature of Applicant

Signature of Witness

3. This Project is entitled to no "guest house" as defined by the County of Kauai under current present interpretation of the law. If any change or reinterpretation of the law should hereafter allow for a guest house in the Project, that right shall belong to Unit B. A record of that award shall be recorded in the Bureau of Conveyances of the State of Hawaii. After such award, this right may thereafter be assigned at any time to the then-owner of the other unit by written agreement recorded in the Bureau of Conveyances of the State of Hawaii. All provisions of the Comprehensive Zoning Ordinance of the County of Kauai, and any other laws, ordinances or regulations with applicability shall then be observed by the owner of the unit to which the guest house right applies. No use of the guest house shall impair the right of any other unit owner to construct or maintain a farm dwelling, or the offending aspect(s) of the guest house shall be removed promptly. Any prospective owner of a unit with guest house rights should consult with the appropriate County of Kauai agency having jurisdiction of matters of concern before purchasing the unit and before construction. In the event that the law is changed to allow further condominiumization of the unit with guest house rights, or further conversion to an additional dwelling unit ("ADU"), then this Declaration shall be interpreted to allow such, provided it does not interfere with the right of any other owner to have a farm dwelling on that owner's unit. Upon such further condominiumization or conversion to ADU, the common interests will be apportioned in equal one third shares to reflect one equal share for each residence.

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

Paul Garcia

 Printed Name of Developer

By: 
 Duly Authorized Signatory*

August 21, 2006
 Date

Paul Garcia, Developer

 Printed Name & Title of Person Signing Above

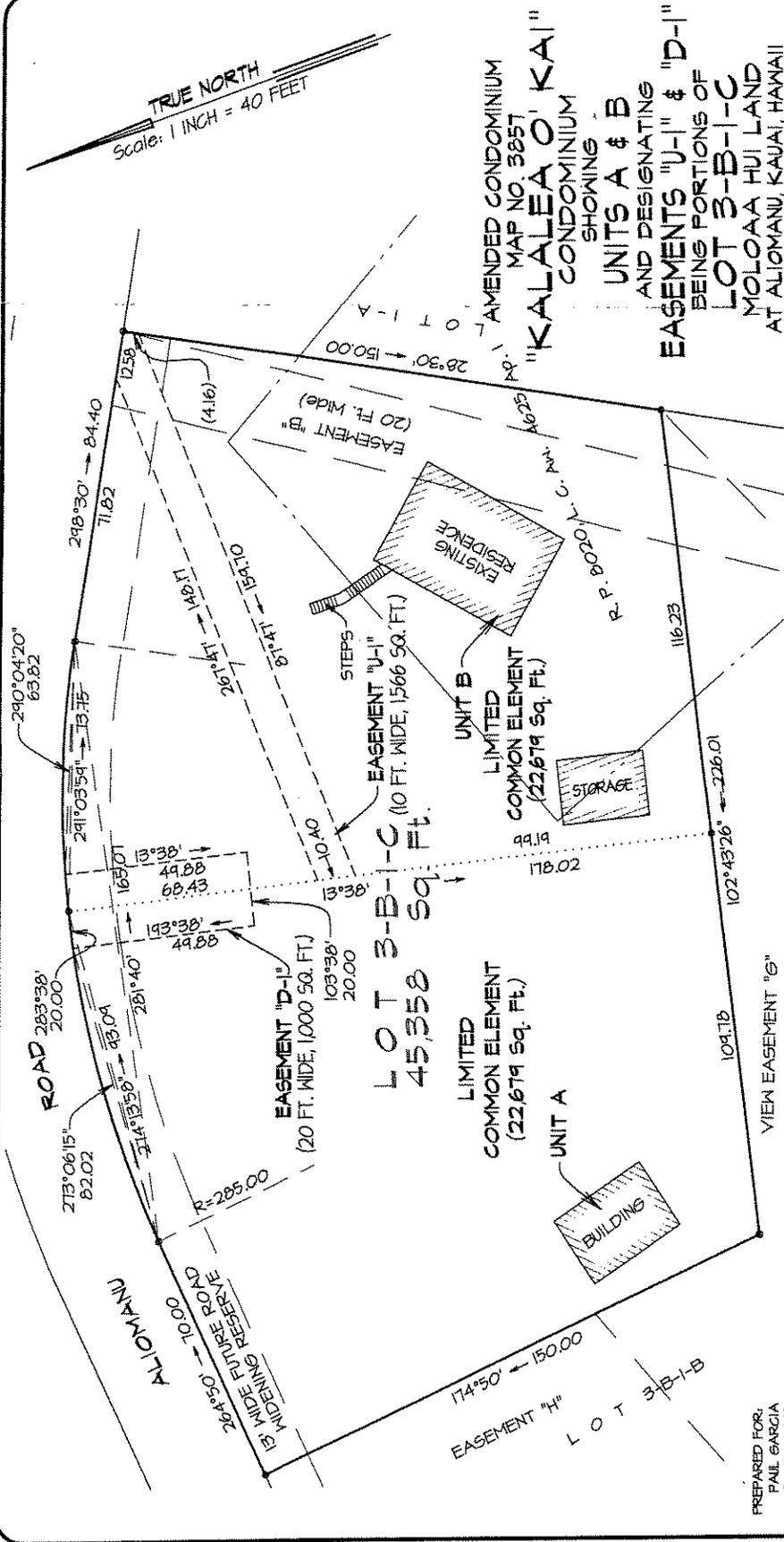
Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

TRUE NORTH
Scale: 1 INCH = 40 FEET



AMENDED CONDOMINIUM
MAP NO. 3857
"KALALEA O' KAI"
CONDOMINIUM
SHOWING
UNITS A & B
AND DESIGNATING
EASEMENTS "J"-1 & "D"-1
BEING PORTIONS OF
LOT 3-B-1-C
MOLOAA HUI LAND
AT ALOMANU, KAUAI, HAWAII

THIS MAP WAS PREPARED BY ME OR
UNDER MY SUPERVISION

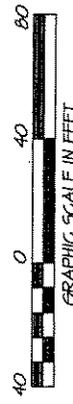
Ronald J. Wagner
RONALD J. WAGNER
Licensed Professional Land Surveyor
Certificate No. 5074

PROJECT NO. 3721



KALALEA O' KAI
Amended Condominium
Map No. 3857

NOTE:
1. THIS PROJECT DOES NOT INVOLVE
THE SALE OF INDIVIDUAL LOTS. THE
DOTTED LINES ON THE CONDOMINIUM
MAP ARE FOR ILLUSTRATION PURPOSES
ONLY. THEY REPRESENT EITHER A LIMITED
COMMON ELEMENT OR COMMON ELEMENT.
2. FEATURES SHOWN HEREON REFLECT CONDITIONS
EXISTING ON JANUARY 29, 2001



Wagner Engineering Services, Inc.
P.O. Box 851 Hanalei, HI 96714 (808) 826-7256

TNS-14) 4-4-04-15

PREPARED FOR:
PAUL GARCIA
P.O. BOX 678
ANAHOLA, KAUAI, HI 96703
AUGUST 6, 2004
REV. DECEMBER 11, 2004 - ADDED UNIT B STORAGE

**Exhibit A - Amended
Condominium Map**



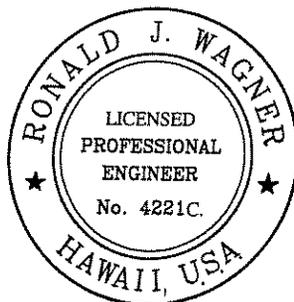
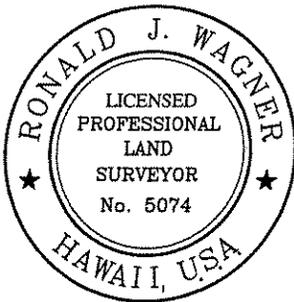
Wagner Engineering Services, Inc.
 Box 851 Hanalei, HI 96714 808-826-7256 FAX: 808-826-7745

ENGINEER'S CERTIFICATION

STATE OF HAWAII)
) SS.
 COUNTY OF KAUAI)

The undersigned, being a licensed Land Surveyor and Engineer within the State of Hawaii, and bearing License Numbers 5074 and 4221-C, respectively, hereby certifies that the Amended Condominium Map No. 3857, TMK: (4) 4-9-04:45 for the project known as "KALALEA O` KAI", accurately reflects the location and division of the apartment units and the dimensions of the limited common elements. Floor plans and elevations of the structures comprising the project are subject to a separate certification by a Hawaii-licensed architect or engineer, to be attached hereto.

WAGNER ENGINEERING SERVICES, INC.



Ronald J. Wagner

 Ronald J. Wagner P.E., L.S.

Subscribed and sworn to before me
 this 22nd day of December, 2004.

V.S.

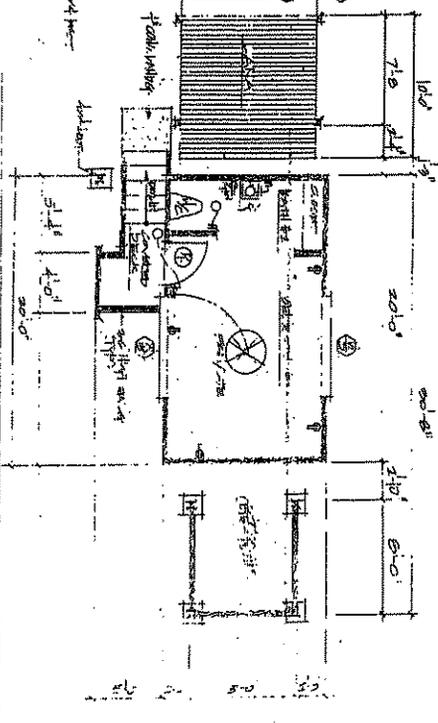
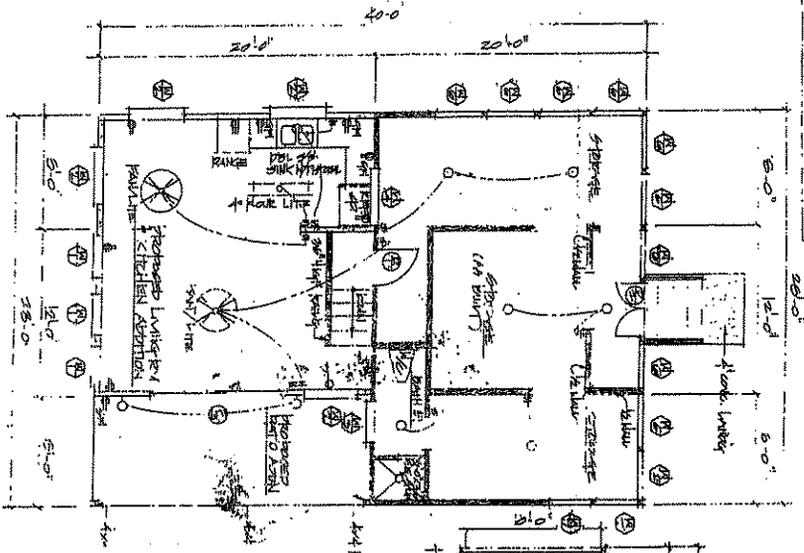
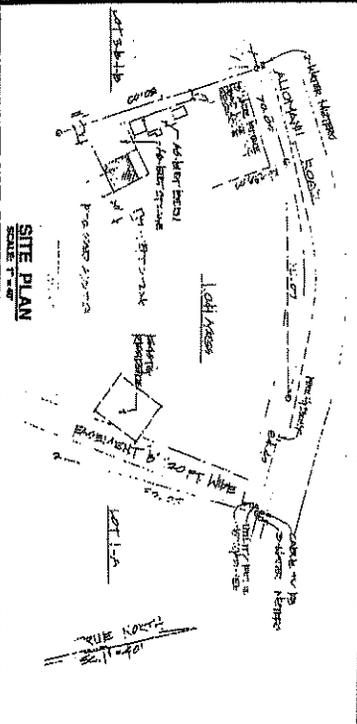
Nedra French

 NOTARY PUBLIC, State of Hawaii

My commission expires: May 23, 2006

Residence Plan
 KALALEA O KAI CONDOMINIUM, UNIT A
 Owner: Paul Garcia
 Tax Map Key No. (4) 4-9-04: 45
 5053 Aliomannu Rd, Anahola, Kauai, Hawaii

NO.	DOOR	SIZE	SCHE
1	30' x 6' 6"	30' x 6' 6"	RESIDENCE
2	42' x 6' 6"	42' x 6' 6"	RESIDENCE
3	12' x 6' 6"	12' x 6' 6"	RESIDENCE



AREA SUMMARY UNIT A

House 1,072 square feet
 Lanai 96.6 square feet
 Storage 192 square feet
 Total 1,360.6 square feet

KALALEA O KAI CONDO Pg 1.1



Architect/Engineer information and signature.

NO.	5
DATE	11/14/04
REVISION	
DESCRIPTION	

AS-BUILT RESIDENCE & ADDITION FOR:
 MS. BONNIE MORRIS
 T.M.K. 4-9-04:45
 ALIOMANU, KAUI, HI



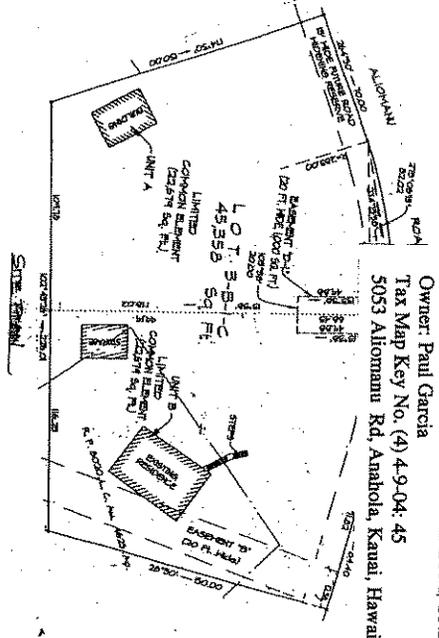
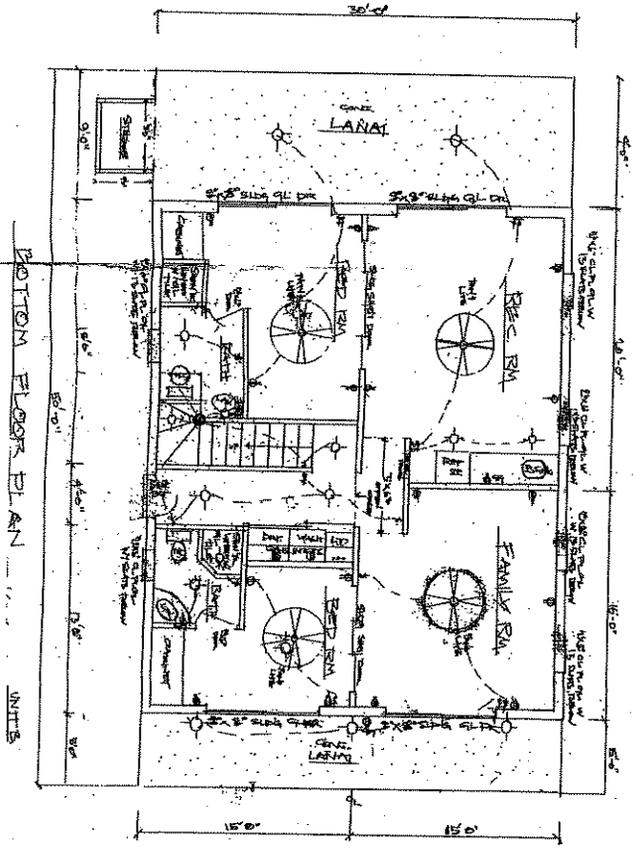
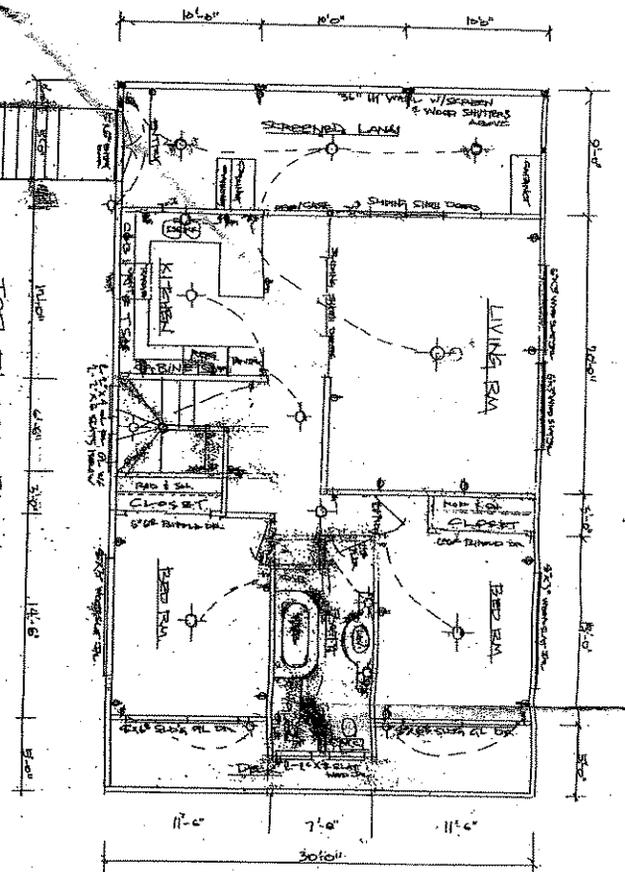
Architect/Engineer information and signature.

NO.	
DATE	
REVISION	
DESCRIPTION	

Manila
2/11/65

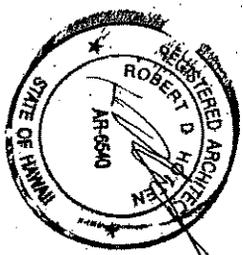
059A

AS-BUILT RESIDENCE FOR:
 PAUL GARCIA
 5053 ALIOMANU RD
 I.M.K. 4-9-04:45
 KAWAI, HI

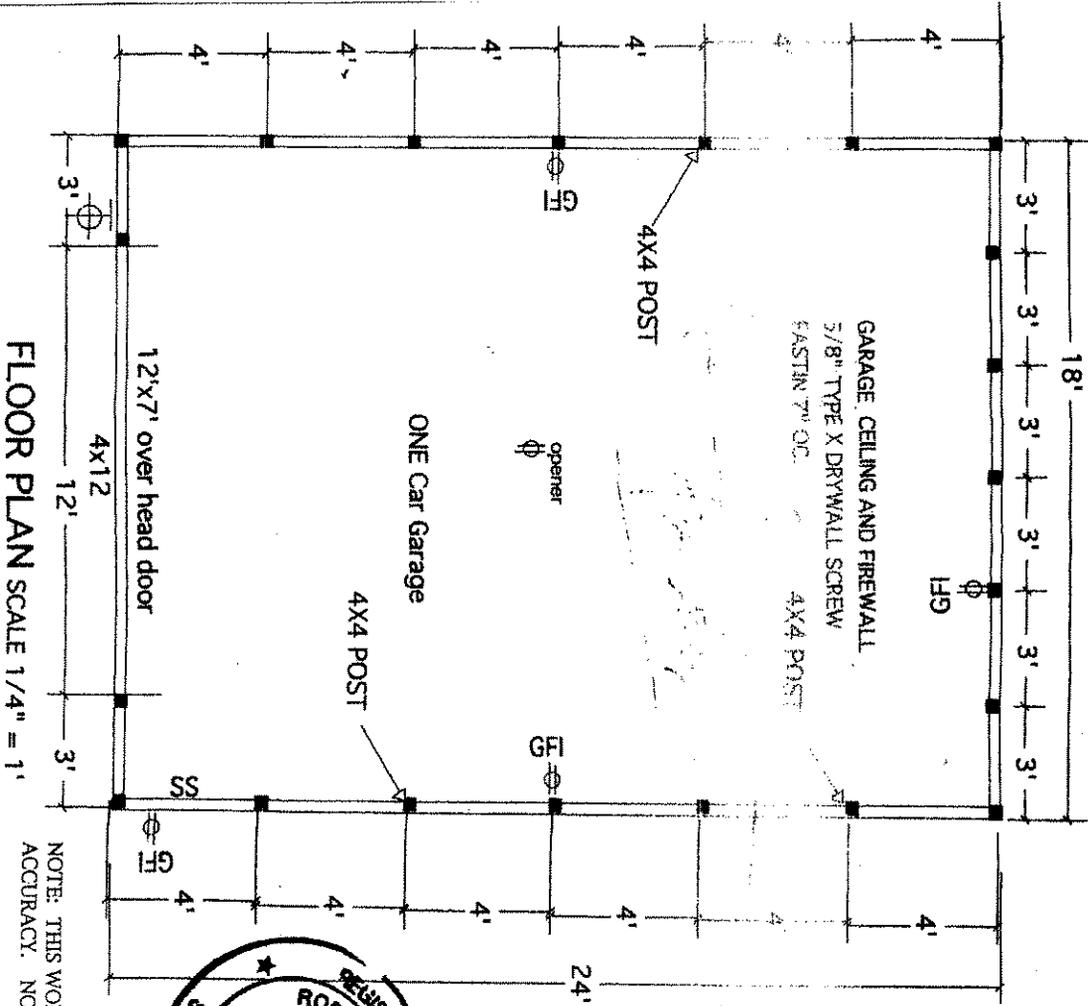


AREA SUMMARY UNIT B

House	2,149 square feet
Lanai	420 square feet
Deck	412 square feet
Total	2,981 square feet

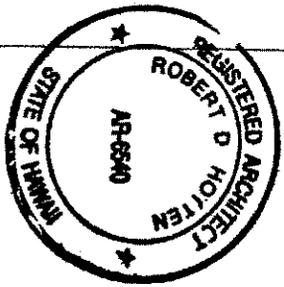


Checked for accuracy
 Paul, West Olanu 1/31/65



FLOOR PLAN SCALE 1/4" = 1'

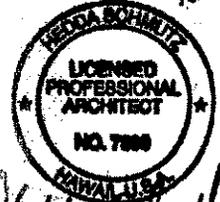
NOTE: THIS WORK WAS STAMPED FOR ACCURACY. NOT PREPARED BY ME



ALOHA DRAFTING DESIGN/DRAFTING BY JAMES BOLDT	
PAUL GARCIA	
TMK 4-9-04-45	DATE 10-12-04
NEW 1 CAR GARAGE	
PAGE 3 OF 6	

AREA SUMMARY UNIT B
GARAGE 432 SF

HEDDA SCHMUTZ
ARCHITECT
808-823-9872

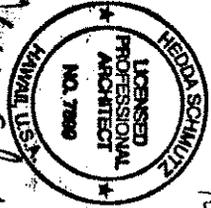


Hedda Schmutz
THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION AND CONSTRUCTION OF THIS PROJECT WILL BE UNDER MY OBSERVATION.

KALALEKA O. KAI COHPO PL. 3.1

HEDDA SCHMUTZ
 ARCHITECT
 808-823-9872

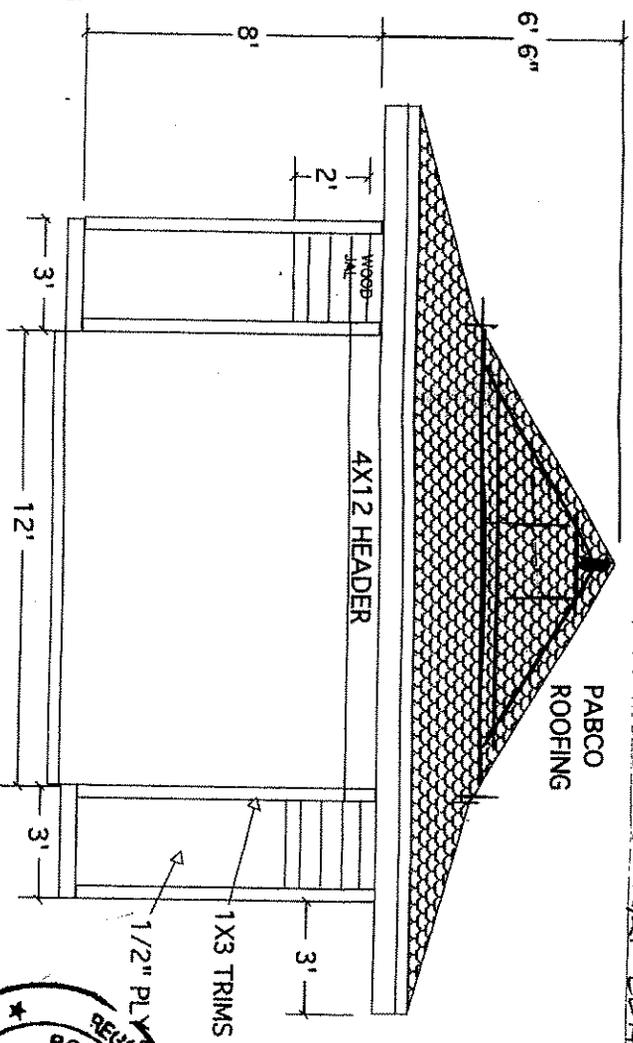
10-20-04



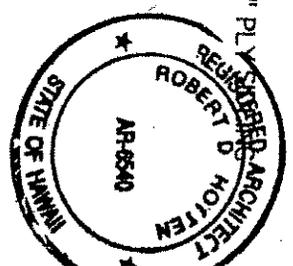
THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION AND CONSTRUCTION OF THIS PROJECT WILL BE UNDER MY OBSERVATION.

Hedda Schmutz

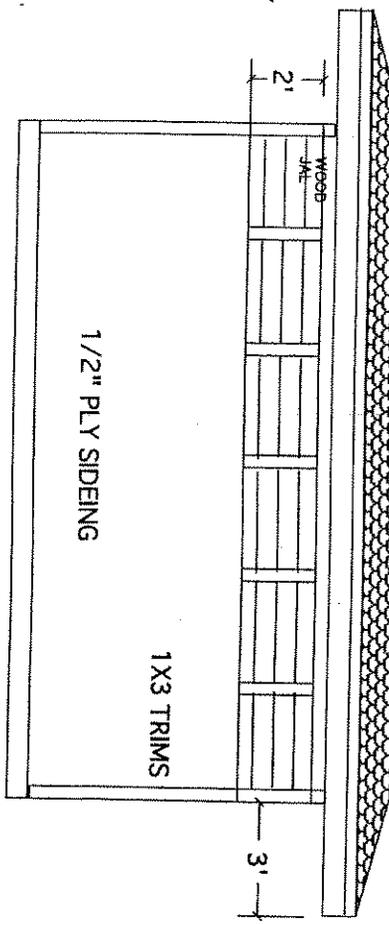
KALALEA PKA COND. Pt. 3.2



GARAGE FRONT VIEW SCALE 1/4"=1'



NOTE: THIS WORK WAS STAMPED FOR ACCURACY. NOT PREPARED BY ME

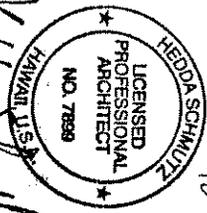


GARAGE BACK VIEW SCALE 1/4"=1'

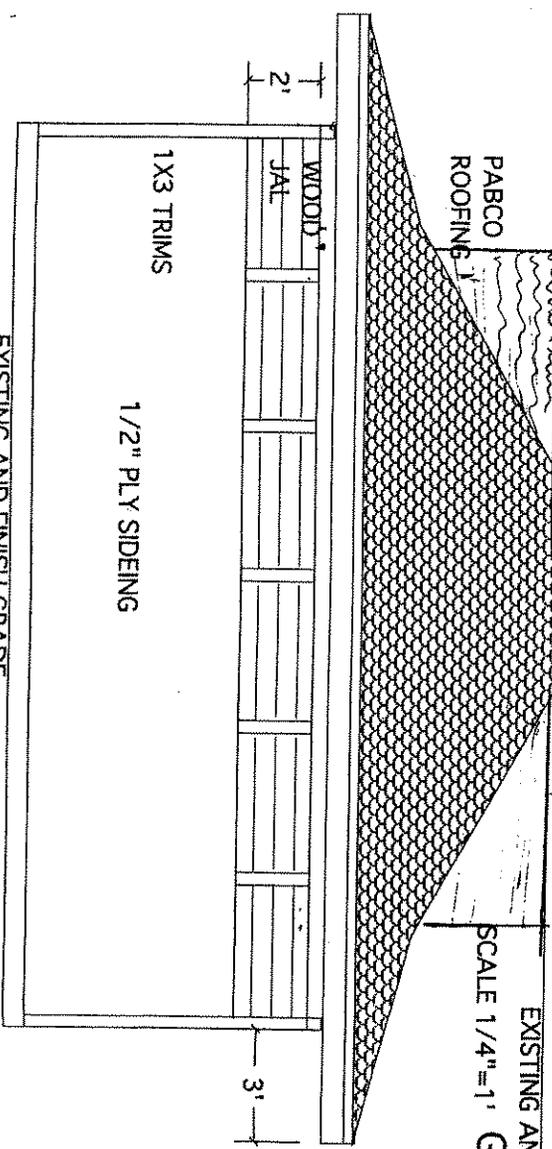
ALOHA DRAFTING	
DESIGN/DRAFTING BY JAMES BOLDT	
PAUL GARCIA	
TMK 4-9-04-45	DATE 10-12-04
NEW 1 CAR GARAGE	
PAGE 1	OF 6

HEDDA SCHMUTZ
 ARCHITECT
 808-823-9872

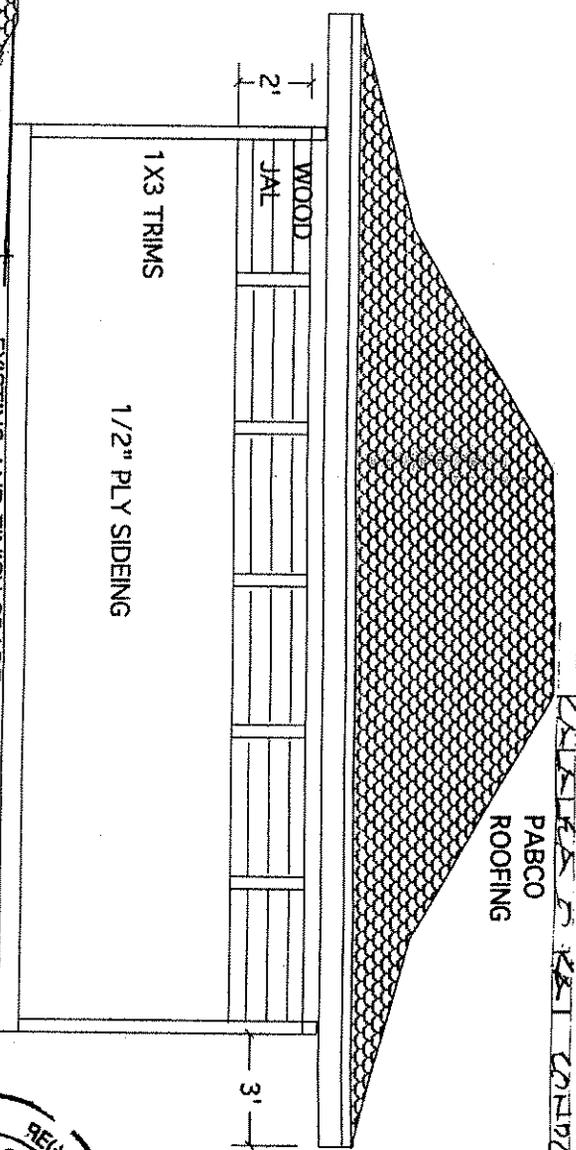
10-30-04



Hedda Schmutz
 THIS WORK WAS
 PREPARED BY ME
 OR UNDER MY
 SUPERVISION AND
 CONSTRUCTION
 OF THIS PROJECT
 WILL BE UNDER
 MY OBSERVATION.

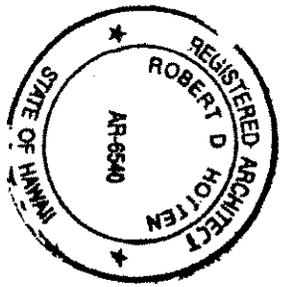


EXISTING AND FINISH GRADE
 SCALE 1/4"=1' GARAGE SIDE VIEW



EXISTING AND FINISH GRADE
 SCALE 1/4"=1' GARAGE SIDE VIEW

NOTE: THIS WORK WAS STAMPED FOR
 ACCURACY. NOT PREPARED BY ME



ALOHA DRAFTING	
DESIGN/DRAFTING BY JAMES BOLDT	
PAUL GARCIA	
TMK 4-9-04-45	DATE 10-12-04
NEW 1 CAR GARAGE	
PAGE	2 of 6

EXHIBIT B

DESCRIPTION OF BUILDINGS

Unit A apartment consists of an existing single family dwelling composed of two single story wood frame, wood siding structures under a single composition shingle roof. One such structure contains one bedroom, one bath and a storage area and the other contains a kitchen/living room area, a bathroom and a storage area. In addition this apartment contains a trellis covered lanai. The apartment consists of 1,072 square feet of living area, 192 square feet of storage area and 96.6 square feet of lanai. The Unit A apartment is located on this unit's 22,679 square foot limited common element.

Unit B apartment is a two story, single family dwelling, of wood frame and wood siding construction and heavy cedar shake roofing. The bottom floor has two bedrooms, two bathrooms, a family room, a recreation room, a utilities area and two exterior patio areas. The top floor has a kitchen, living/dining area, two bedrooms, one bathroom and three exterior decks. It is of wood construction, with plywood siding and asphalt roof. This apartment contains 2,149 square feet of net living area plus 412 square feet of deck and 400 square feet of patio. In addition, there is a 400 square foot single story storage shed, wood framed, with wood siding and wood shake roof. The Unit B apartment is located on this unit's 22,679 square foot limited common element.

EXHIBIT C

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (1) All of the land in fee simple;
- (2) All commonly used present and future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water; sewage, irrigation, cable and telephone;
- (3) Any and all areas or facilities designated on the Condominium Map for common use of the units; and
- (4) Any and all other future elements and facilities for common use or reasonably necessary to or useful to the existence, upkeep and safety of the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

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

- (1) The immediate land area around and upon which each apartment is located, the boundaries of which are as so shown and designated on the Condominium Map and the table below, said land area being deemed a limited common element appurtenant to and for the exclusive use of that respective apartment.

Apartment No.	Area of Limited Common Element*
A	22,679 square feet
B	22,679 square feet

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

* Land areas referenced herein are not legally subdivided lots.

EXHIBIT D

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Apt. No.	Area of Ltd. Common Area (sq. ft.)	No. of Bdrm/Bath	Approx. Net Living Area (sq. ft.)	Approx. Total Enclosed Area (sq. ft.)	Percentage of Common Interest
1	A	22,679	1/2	1,072	1,264	50%
1	B	22,679	4/3	2,149	2,149	50%

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration, each unit owner may use his/her unit and alter or add to it in any manner he/she deems desirable, so long as it is permitted by law. If the adjoining unit owners desire to alter and/or transfer portions of their respective units, they can do so by executing and filing an appropriated amendment to the Condominium Map and the Declaration of Condominium Property Regime.

EXHIBIT E

ENCUMBRANCES AGAINST TITLE

1. Any real property taxes due and owing. The taxing authority should be contacted for particulars.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. SETBACK (13 feet wide)

PURPOSE : future road widening reserve
ALONG : Aliomanu Road
SHOWN : on subdivision map prepared by Masao Fujishige, Registered Professional Land Surveyor, dated January 7, 1993
4. DESIGNATION OF EASEMENT "B" (20 feet wide)

PURPOSE : utility
SHOWN : on subdivision map prepared by Masao Fujishige, Registered Professional Land Surveyor, dated January 7, 1993
5. DESIGNATION OF EASEMENT "C" (20 feet wide)

PURPOSE : utility
SHOWN : on subdivision map prepared by Masao Fujishige, Registered Professional Land Surveyor, dated January 7, 1993
6. NOTICE OF DEDICATION

DATED : December 23, 1994, effective January 1, 1995
RECORDED : Document No. 94-215333
BY : MICHAEL DICK
RE : dedication of land for agriculture purposes
PERIOD : 10-year
7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : FARM DWELLING AGREEMENT

DATED : May 8, 1996
RECORDED : Document No. 96-075873
PARTIES : JAMES LIESSE, LYNDA LIESSE, PAUL GARCIA and TERESA O'DOLAN, and the COUNTY OF KAUAI PLANNING DEPARTMENT
8. MORTGAGE

LOAN/ACCOUNT NO. 1743327

MORTGAGOR : PAUL GARCIA and TERESA M. O'DOLAN, husband and wife

MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., as nominee for GUARANTY RESIDENTIAL LENDING, INC., a Nevada corporation

DATED : December 23, 2003
RECORDED : Document No. 2004-001854
AMOUNT : \$272,000.00

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

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "KALALEA O'KAI CONDOMINIUM" CONDOMINIUM PROJECT

DATED : October 4, 2004 PAUL GARCIA and TERESA M. O'DOLAN, husband and wife
RECORDED : Document No. 2004-207986
MAP : 3857 and any amendments thereto

Said Declaration was amended by instrument dated February 5, 2005, recorded as Document No. 2005-038390.

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : October 4, 2004
RECORDED : Document No. 2004-207987

11. MORTGAGE (WITH FUTURE ADVANCE CLAUSE)

LOAN/ACCOUNT NO. 0654-654-1597665-1998

MORTGAGOR : PAUL GARCIA, widower

MORTGAGEE : WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association

DATED : August 23, 2005
RECORDED : Document No. 2005-195266
AMOUNT : \$56,000.00

EXHIBIT F

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>	
1	\$30	\$360
2	\$30	\$360
		\$720

RE: INSURANCE:

In the event that none of the structures comprising the improvements portion of the Project contain more than one apartment, but rather each of the individual units of the Project is comprised of a separate detached agricultural or single family dwelling set back within the boundaries of its own limited common element, the Association may, at its option, and subject to the requirements of law, elect to exempt the Project from Section XIV of the Declaration and allow individual unit owners to provide for their own casualty and liability insurance; PROVIDED, HOWEVER, that any such decision to allow individual unit owners to insure themselves must be by unanimous agreement of all the unit owners of the Project. In the event, payment of any premiums pursuant hereto shall not be a common expense, but shall be the responsibility of each individual unit owner and neither the Association nor the other unit owners shall be responsible therefore. The Association shall, however, be named as an "additional insured" in all such policies.

RE: REPLACEMENT RESERVE STUDY:

DEVELOPER DISCLOSES THAT NO RESERVE STUDY WAS DONE IN ACCORDANCE WITH CHAPTER 514A-83.6, HRS, AND NO REPLACEMENT RESERVE RULES, SUBCHAPTER 6, TITLE 16, CHAPTER 106 HAWAII ADMINISTRATIVE RULES, AS AMENDED.

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
 - common elements only
 - common elements and apartments
- Elevator
- Gas
 - common elements only
 - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance \$60 \$720

Reserves(*)

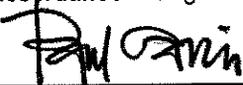
Taxes and Government Assessments

Audit Fees

Other

TOTAL \$720

I, Paul Garcia, Developer, as agent for/and/or employed by _____, the condominium managing agent/developer for the KALALEA O' KAI condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



 Signature

August 21, 2006

 Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

EXHIBIT G

SUMMARY OF SALES CONTRACT

Each sales contract ("Contract" herein) for a Unit in KALALEA O' KAI CONDOMINIUM project (the "Project") will be on a Hawaii Association of Realtors standard printed form of Deposit Receipt Offer and Acceptance (DROA), into which a Special Terms Addendum "A" is incorporated. The Contract will contain, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized here):

1. The total purchase price and the timing and method of payment of it to the escrow agent, subject to other terms in the Contract. A buyer must obtain his/her own financing.

2. The additional costs and expenses not included in the purchase price to be paid respectively by Buyer and Seller relative to the purchase and sale of the Unit.

3. That all deposits and payments of Buyer shall be delivered to escrow and disbursed in accordance with the Condominium Escrow Agreement and the Buyer is subject to all of the terms of that agreement. Entitlement to any interest accruing on the deposits shall be subject to the terms of the DROA and the Condominium Escrow Agreement.

4. Whether, at the time of execution of the Contract, an effective date for a Final Public Report has been issued. If not, then the contract is merely a reservation agreement and may be cancelled at any time by either the Buyer or Seller and no deposit shall be accepted on behalf of the Seller.

5. The terms and conditions of the sale which include, among other provisions, the following:

(a) That buyer receive copies of the Final Public Report for the Condominium Property Regime, the Condominium Map, the Declaration of Condominium Property Regime, Bylaws of the Association of Apartment Owners, the form of Apartment Deed, and the Condominium Escrow Agreement and be given a stated period of time to read those documents; it shall be required that Buyer acknowledge that he/she has had such opportunity and accepts those documents.

(b) Risk of loss to the apartment and percentage interest in the common elements will be borne by Seller until the date of closing as defined in the Contract. Buyer will not be entitled to possession of the apartment until the date of closing.

(c) Until the Apartment Deed conveying title is delivered to Buyer, the Seller may exercise all of the powers of the Association and of the Buyer as a member thereof.

(d) After issuance of the Final Public Report and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Buyer shall have the right to rescind the Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of Buyer's apartment or appurtenant limited common elements or those amenities of the Project available for the Buyer's use, subject to waiver by

the Buyer pursuant to the terms set forth in the Contract and Hawaii Revised Statutes Section 514A-63.

(e) The closing date for the purchase. Time shall be of the essence of the obligations of Buyer under the Contract.

(f) The payment of commissions, if any.

(g) Acknowledgement by Buyer that neither the Seller nor any of its representatives have made any representations as to the rental income or profit to be derived from the Unit.

(h) Acknowledgement by Buyer that Sell makes no warranties of any kind regarding the Unit, the Project or any improvement, appliance or furnishing related thereto.

(i) The Contract shall not be construed as a present transfer of any interest in the Property, but it is instead an agreement to transfer in the future, contingent upon issuance of an effective date by the Real Estate Commission of a Final Public Report for the Project.

(j) In the event of default under the Contract by Buyer:

(i) Seller may bring an action against Buyer for breach of contract'

(ii) Seller may retain Buyer's deposit(s)'

(iii) Buyer shall be responsible for expenses incurred.

(k) In the event of default under the Contract by Seller:

(i) Buyer may bring an action against Seller for breach of contract;

(ii) Buyer may bring an action compelling Seller to perform under the Contract;

(iii) Seller shall be responsible for expenses incurred.

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

End of Exhibit G

EXHIBIT H

SUMMARY OF ESCROW AGREEMENT

The Condominium Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. a Hawaii Corporation (the "Escrow"), and Owner / Developer of KALALEA O' KAI CONDOMINIUM project, (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will deliver an executed copy of the sales contract to Escrow. Seller will require that all payments due under the sales contract on account of the purchase price be made to Escrow to be held and disbursed pursuant to the Agreement and Chapter 514A of Hawaii Revised Statutes.

2. Escrow will, within a reasonable time of receipt, deposit all funds in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in Hawaii, with interest to be paid as specified in the sales contract, and if not so specified, then as described in Paragraph 2 of the Agreement.

3. No disbursement of funds held under the Agreement shall be made, except by way of refunds, until an effective date for a Final Public Report has been issued by the Real Estate Commission and the potential Buyer has acknowledged, or is deemed as having acknowledged, receipt of a copy of the Final Public Report and Seller or Seller's attorney have delivered a written opinion to Escrow that the sales contract has become effective and that certain other legalities discussed in Paragraph 3 of the Agreement have been met.

4. Paragraph 4 of the Agreement describes the return by Escrow of funds to the Buyer under various circumstances of failed contingencies, rescission, cancellation and other failures of the purchase to conclude. It includes discussion of the circumstances when interest, cancellation fees and reimbursement of certain expenses may also be payable to the Buyer.

5. The Agreement describes the duties of Escrow to notify purchasers when funds are to be returned to them and what occurs when those funds are not claimed.

6. Escrow will be responsible to promptly and diligently arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract and shall act with diligence and dispatch, to perform all necessary and customary escrow functions to close the sale pursuant to the terms and conditions set forth in the sales contracts. Escrow will see to the transfer of title to the Buyer and the disbursement of the sales proceeds to Seller, and the recording and delivery of the appropriate conveyancing, loan, release and other transaction documents. Provision is made in Paragraph 8 for dealing with any defects in documents.

7. Developer shall give written notice to Buyer with a copy to Escrow of payments due under the sales contract. Escrow will collect payment due from Buyer as specified by Developer. Escrow will notify Seller of any default in such payment by Buyer or if Buyer fails to perform in any matter that is being handled by Escrow, and if Seller certifies in writing to

Escrow that Seller has terminated the sales contract in accordance with the terms thereof, and supplies Escrow with copies of the notices of termination, then Escrow shall thereafter treat all funds of the Buyer paid on account of the sales contract as funds of the Seller and not of the Buyer and shall hold them for the account of the Seller, free of the escrow. Upon written request of Seller, Escrow will pay such sums to Seller, less any escrow cancellation fee. Any partially executed conveyance documents held by Escrow shall be returned to Seller. Escrow shall hold all other documents theretofore delivered to Escrow for the statutory period.

8. Escrow, in carrying out its responsibilities under the Agreement, is provided several important protections and limitations to its liability. Escrow is not required to resolve any disputes and may instead await settlement or remove itself by depositing monies held by it into court. Seller and Buyer are required to indemnify and hold Escrow harmless from costs, damages and liabilities of all sorts incurred by Escrow for any act of Escrow that is not generally accepted as a reasonable business practice in the Honolulu business community.

9. Escrow's compensation for performance as escrow holder hereunder and for issuing title insurance shall be according to its scheduled rates plus applicable excise tax. In addition, Escrow will charge Buyer a fee of \$100 for each mortgage obtained by Buyer if it is not from a lender designated by Seller. Escrow will also charge a cancellation fee commensurate with its services, but not less than \$25 plus all costs incurred by Escrow, as well as a fee for changing documents previously approved.

SPECIAL NOTICE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH OR EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT, WHICH IS FAR MORE COMPREHENSIVE AND DETAILED THAN THIS SUMMARY. WHILE ONE CAN USE THIS SUMMARY AS A VERY GENERAL SUMMARY OF SOME KEY TERMS OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

End of Exhibit H

DISCLOSURE ABSTRACT STATEMENT (§ 514A-61)

FOR

KALALEA O' KAI CONDOMINIUM

Pursuant to Hawaii Revised Statutes, Section 514A-61, the Developer of KALALEA O'KAI CONDOMINIUM, located on Lot 3-B-1-C, being a portion of Lot 3-B, also being a portion of Lot 49-B of "MOLOAA HUI LANDS", at Anahola, Kauai, Hawaii, makes the following disclosures:

1. The Developer of the project is PAUL GARCA, who resides at 5053 Aliomanu Road, Anahola, Kauai, Hawaii, and whose mailing address is Post Office Box 673, Anahola, Hawaii 96703, telephone number 1 (808) 822-5807.
2. See Exhibit "F" to the Final Public Report for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles, but were made without a Reserve Study as defined in Section 514A-83.6 of Hawaii Revised Statutes.
3. No warranties are made regarding any individual apartments or common elements. Nor are warranties of any kind made with regard to the pre-existing structures on the project property.
4. The two existing agricultural units are being converted to condominium form. Residential use shall continue to be permitted, but hotel use shall not. No additional units are being created.
5. There will be no commercial use except those activities permitted by the Kauai County Comprehensive Zoning Ordinance.
6. Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed for the above-referenced project. There are two units, each of which sustains a residential structure. The limited common elements of the two units are equal in size. Neither unit is expected to disproportionately burden the common elements. Therefore, the assessment of undivided interests is 50% each for Unit A and Unit B.
7. The Developer states that, to the best of their knowledge and based upon a report prepared by an independent Hawaii registered architect, the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium units is normal, satisfactory and workable. However, no

statement or representation is made by the declarants as to any expected useful life of any of such components or installations.

8. The Project real property may be subject to rollback or retroactive real property taxes.

DEVELOPER:

Dated: August 21, 2006, 2006



Paul Garcia

RECEIPT

The undersigned has received a copy of the foregoing Disclosure Abstract Statement with Exhibit F this ____ day of _____, 20__.

Purchaser(s)

Exhibit "J" - Farm Dwelling Agreement

FOR ILLUSTRATION ONLY

AFTER RECORDATION RETURN BY MAIL TO:

COUNTY OF KAUAI

Planning Department

Building A, Suite 473

4444 Rice Street

Lihue, HI 96766

Document contains ____ pages

FARM DWELLING AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____,
20____, by and between _____

_____, whose residence and post office address
is _____

_____, hereinafter called the "APPLICANT(S)", and the COUNTY OF
KAUAI, Planning Department, its business and mailing address being 4444 Rice street, Building
A, Suite 473, Lihue, Hawaii 96766, hereinafter called the "DEPARTMENT".

WITNESSETH:

WHEREAS, the APPLICANT(S) warrant and represent that he/she/they is/are the
_____ of that certain parcel of land, Tax Map Key No. (4) _____,
more particularly described in Exhibit "A" attached hereto and made a part hereof; and

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

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

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

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

WHEREAS, the parcel identified by Tax Map Key No. (4) _____, is entitled to _____ residential units (and one guest house); and

WHEREAS, this Agreement is evidenced that _____ is entitled to one of those residential units; and

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

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

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

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

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

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

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

1. That the dwelling permitted to be constructed on the parcel of land described in Exhibit "A" classified Agriculture by the State Land Use Commission shall be a "farm dwelling"

as defined by Chapter 205, Hawaii Revised Statutes, and the State Land Use District regulations, as recited herein; and

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the ____ day of _____, 20__.

APPROVED:

APPLICANT(S)

Planning Director

APPROVED AS TO FORM AND LEGALITY:

County Attorney

STATE OF HAWAII)
) SS:
COUNTY OF KAUAI)

On this ____ day of _____, 20__, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

NOTARY PUBLIC, State of Hawaii
Print Name: _____
My commission expires: _____

STATE OF HAWAII)
) SS:
COUNTY OF KAUAI)

On this ___ day of _____, 20___, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

NOTARY PUBLIC, State of Hawaii
Print Name: _____
My commission expires: _____

STATE OF HAWAII)
) SS:
COUNTY OF KAUAI)

On this day of _____, 20___, before me appeared _____ to me personally known, who being by me duly sworn, did say that (s)he is the _____ of the PLANNING DEPARTMENT of the COUNTY OF KAUAI; and that said instrument was executed on behalf of said PLANNING DEPARTMENT; and that said _____ acknowledged that (s)he executed the same as his/her free act and deed of the PLANNING DEPARTMENT of the COUNTY OF KAUAI. Said Department has no seal.

NOTARY PUBLIC, State of Hawaii
Print Name: _____
My commission expires: _____

End of Exhibit "J"

BRYAN J. BAPTISTE
MAYOR



IAN K. COSTA
DIRECTOR OF PLANNING

GARY K. HEU
ADMINISTRATIVE ASSISTANT

MYLES S. HIRONAKA
DEPUTY DIRECTOR OF PLANNING

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

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

DATE: April 21, 2006

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

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Recertification of Inspection of Existing Buildings

Project Name: **KALALEA O'KAI**
Condominium Project (204)
Tax Map Key: (4) 4-9-004: 045

The developer of the above-mentioned condominium project has rectified the zoning violations as indicated in our letter dated March 10, 2005. Therefore, this office, as an agency of the County of Kauai having reviewed the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, (Section 514 A-40 (b), (1), Hawaii Revised Statutes, subject to the disclosures and waivers (item "5" below) specified herein, we certify the following:

1. The developer has contracted architect Robert Hotten to certify that the existing buildings on the proposed project referred to as Kalalea O'Kai Condominium Unit A and Unit B are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that

Exhibit "K"

Cynthia M.L. Yee, Esq.
Senior Condominium Specialist
Kalalea O'Kai Condominium
TMK: (4) 4-9-004: 045
April 21, 2006
Page two

certification as it pertains to the rules and regulations administered solely by the Department.

2. There are no variances approved for the subject property.
3. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes and regulations.
4. There are no notices of violations of County building or zoning codes outstanding according to our records.

5. **WAIVER**

The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements to the regulations of condominiums under subsection 514 A-40, (b), and (1), Hawaii Revised Statutes.

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

cc: Peter Miller, Attorney at Law
Paul Garcia, Project Developer
Bonnie Morris

Robert Hotten, Architect
PO Box 626, Lawai, Kauai, Hawaii 96765
(808)332-5666, (831)229-5976

ARCHITECT'S CONDITION REPORT

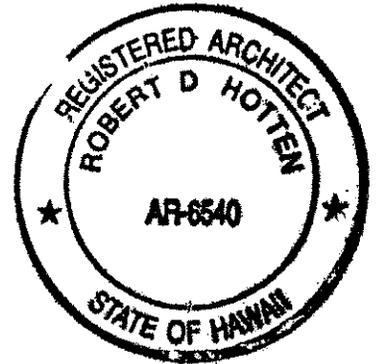
The undersigned, being a licensed architect within the State of Hawaii and bearing Registration Number AR-6540, has inspected Unit A of the condominium project KALALEA O KAI CONDOMINIUM, consisting of a forty-six year old dwelling structure which may be occupied for residential use, situated at 5053 ALIOMANU Road, Anahola, Kauai, Hawaii and identified by Tax Map Key No. (4) 4-9-04: 45.

The inspection included the exterior roof, foundation, visible electrical and plumbing systems, and I find that the systems and components of the structure, including visible structural, electrical and plumbing, appear to be in satisfactory condition for the stated age thereof and appear to be in sound condition. The structure and related systems and components have a probable expected useful life in excess of twenty years.

DATED: August 15, 2006, Kauai, Hawaii.



ROBERT HOTTEN



Robert Hotten, Architect
PO Box 626, Lawai, Kauai, Hawaii 96765
(808)332-5666, (831)229-5976

ARCHITECT'S CONDITION REPORT

The undersigned, being a licensed architect within the State of Hawaii and bearing Registration Number AR-6540, has inspected Unit B of the condominium project KALALEA O KAI CONDOMINIUM, consisting of an nine year old dwelling structure which may be occupied for residential use, situated at 5053 ALIOMANU Road, Anahola, Kauai, Hawaii and identified by Tax Map Key No. (4) 4-9-04: 45.

The inspection included the exterior roof, foundation, visible electrical and plumbing systems, and I find that the systems and components of the structure, including visible structural, electrical and plumbing, appear to be in satisfactory condition for the stated age thereof and appear to be in sound condition. The structure and related systems and components have a probable expected useful life in excess of fifty years.

DATED: August 15, 2006, Kauai, Hawaii.



ROBERT HOTTEN

