

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by:

Developer: Sandra Kaauwai-Roe & Timothy Joseph Roe
Address: 6710 Puupilo Place
Kapaa, Hawaii 96746

Project Name(*): KJR ESTATES

Address: 6710 Puupilo Place
Kapaa, Hawaii 96746

Registration No. 6040
(Partial Conversion)

Effective date: August 7, 2006
Expiration date: September 7, 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, in any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

PRELIMINARY:
(yellow)

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

FINAL:
(white)

The developer has legally created a condominium and has filed complete information with the Commission.

- No prior reports have been issued.
 This report supersedes all prior public reports.
 This report must be read together with

SUPPLEMENTARY:
(pink)

This report updates information contained in the:

- Preliminary Public Report dated:
 Final Public Report dated:
 Supplementary Public Report dated:

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

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report As Exhibit "G" [] Not required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[X] No prior reports have been issued by the developer.
[] Changes made are as follows:

SPECIAL NOTICE:

This is a CONDOMINIUM PROJECT, not a subdivision. THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF DWELLINGS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING THE UNIT WITH THE EXISTING DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE RESIDENTIAL AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

1. There are presently NO RESIDENTIAL STRUCTURES on Unit 2 of the Project. The only building on this Unit is a shade structure, which may be defined as an "apartment" under the Condominium Property Act.
2. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission or other agency, nor does it imply that all County codes, ordinances or other requirements have been complied with.
3. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted lines on the Condominium Map merely represent the location of the limited common element assigned to each unit.
4. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

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

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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: Sandra Kaauwai-Roe & Timothy Joseph Roe Phone: (808) 821-9987
6710 Puupilo Place
Kapaa, Hawaii 96746

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

N/A

Real Estate Broker*: None selected (See Exhibit "G")

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

General Contractor*: Not applicable

Condominium Managing Agent*: Self managed by the Association of Apartment Owners

Attorney for Developer: Patrick J. Childs, Esq. Phone: (808) 245-6823
4365 Kukui Grove St., Suite 104
Lihue, HI 96766

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

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

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

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

The Declaration for this condominium is:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded - Bureau of Conveyances:	Document No. 2005-224974	
	Book	Page	
<input type="checkbox"/>	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 KJR ESTATES and Bylaws of the Association of Apartment Owners, recorded as Document No. 2006-083893

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

The Condominium Map for this condominium project is:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded - Bureau of Conveyances Condo Map No. <u>4111</u>	(see Exhibit "A")	
<input type="checkbox"/>	Filed - Land Court Condo Map No.		

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

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

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded - Bureau of Conveyances:	Document No. 2005-224975	
	Book	Page	
<input type="checkbox"/>	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]:

First Amendment to Declaration of Condominium Property Regime of KJR ESTATES and Bylaws of the Association of Apartment Owners, recorded as Document No. 2006-083893

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 interests 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%*	100%
Bylaws	65%	65%
House Rules	-----	NA

*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:

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

Exhibit _____ contains further explanation 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: 6710 Puupilo Place Tax Map Key: (TMK): (4) 4-2-02-058
Kapaa, HI 96746

[X] Address [X] TMK are expected to change because: each Unit is entitled to its own street
address and TMK number

Land Area: 21,669 [X] square feet [] acre(s) Zoning: R-2

Fee Owner: Sandra Kaauwai-Roe (Unit 1)
6710 Puupilo Place
Kapaa, Hawaii 96746

Timothy Joseph Roe (Unit 2)
6710 Puupilo Place
Kapaa, Hawaii 96746

Lessor: N/A

C. **Buildings and Other Improvements:**

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

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

Exhibit "C" contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood (residence)

Other: shade structure constructed principally of metal posts and shade cloth

4. Uses Permitted by Zoning:

	No. of <u>Apts.</u>	<u>Use Permitted by Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	<u> </u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other: shade structure	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/ these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

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: Household pets may be kept consistent with any applicable law and restrictive covenants applicable to the Project. Animals shall not include those defined as pests under §150-A-2 H.R.S. and prohibited from importation under §141-2, §150-5, or §150-6 H.R.S.
- Number of Occupants: _____
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identify
Unit 1	1	3/2	1,098	504 402	lanai carport
Unit 2	1	0	0	16	shade shed

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: Per the Declaration of Condominium Property Regime, the boundaries of each apartment shall be the outer surface of the entire building. Wires or conduits, pipes or any utility lines running over, under or through any apartment which are utilized for or serve more than one unit shall not be deemed a part of the apartment, the same being deemed common elements.

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by County of Kauai zoning ordinances and recorded restrictions on the project, if any. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime will be required 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.

Parking Stalls:

Total Parking Stalls: 4*

	<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)							4
Guest							
Unassigned							
Extra for Purchase							
Other:							
<hr/>							
Total Covered & Open:	4						4

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

Commercial parking garage permitted in condominium project.

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

* There are no assigned parking spaces for this Project; however, there is ample space for parking of at least two vehicles on each Unit's Limited Common Element

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):

As per the Architect's Condition Report prepared by Ron Agor, registered Professional Architect, the systems and components of the residence on Unit 1 have an expected useful life of approximately 20 years. (See Exhibit "I")

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

D. Common Elements, Limited Common Elements, Common 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 "E"**.

as follows:

3. Common Interests: Each apartment will have an undivided fractional interests in all of the common elements. This interest is called the "common interests." 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 "C".

as follows: Unit 1: 50%, Unit 2: 50%

- 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 on or your purchase and ownership of an apartment in the project.

Exhibit F describes the encumbrances against the title contained in the title report dated May 8, 2006 and issued by Title Guaranty of Hawaii, Inc..

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
MORTGAGE	LENDER HAS PRIORITY OVER A BUYER'S RIGHTS UNDER A SALES CONTRACT, AND HAS A RIGHT TO TERMINATE SALES CONTRACT UPON FORECLOSURE OF ITS MORTGAGE BEFORE AN APARTMENT SALE IS CLOSED. IN SUCH EVENT BUYER SHALL BE ENTITLED TO A REFUND OF ALL DEPOSITS, LESS ESCROW CANCELLATION FEES.

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 Completion Date:**

The residence on Unit 1 was constructed in 2003 and the shade structure on Unit 2 was constructed in May of 2005.

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):

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "B" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated May 11, 2006.
Exhibit "D" contains a summary of the pertinent provisions of the escrow agreement.
- Other: Specimen Apartment Deed

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all the 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 given 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 Easements, Covenants, and Restrictions (See Exhibit K).

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. 6040 filed with the Real Estate Commission on June 21, 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:

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially the recorded restrictive covenants for the subdivision within which this project is located. Among other things, the restrictive covenants govern land use, building type and materials, possession of animals, and cultivation of crops. You should also conduct your own investigations and ascertain the validity of information provided.

It is anticipated that the initial improvement on Unit 2 will be replaced by or supplemented with a residence. The prospective purchaser shall have the right to build such residence at purchaser's expense. The purchaser shall also, in such event, file the "as-built" certificate within thirty days of completion of the residence in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the residence. The County of Kauai Planning Department requires, in order to process the necessary permits for the construction of a residence, authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the Declaration and the Bylaws ("condominium documents").

This Project is entitled to the construction of an "Additional Dwelling Unit," as defined by, described in and limited by the Revised Code of the County of Kauai, Section 2, Chapter 8, Article 26, and Section 8-3.3(d) of the same code. This means that only one residence can be constructed as a matter of right. The other residence has been constructed by compliance with the referenced sections of the Revised Code of the County of Kauai. Any owner of an Additional Dwelling Unit will be subject to all provisions of the Comprehensive Zoning Ordinance ("CZO") of the County of Kauai. The CZO may limit future expansion or reconstruction occurring on the ADU unit.

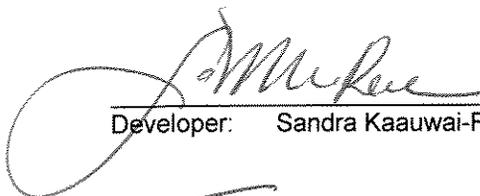
Except as limited specifically by the condominium documents and subdivision restrictive covenants (if any), all uses permitted in the residential zone is permitted. Uses in one zone are not the same as in the other, and the prospective purchaser should consult the appropriate county agency for information on uses and construction in the respective zones.

A buyer should understand that all development and use of the property shall be in compliance with County codes and ordinances, that owners in this condominium project will not necessarily receive the same County benefits as owners of approved subdivided lots and that owners who develop their limited common element later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations.

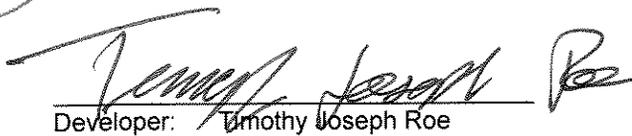
The Developer plans to sell the apartment in the project, but is not prepared to make any current offerings of sale. When the Developer begins selling or offers to sell, the Developer will use a real estate broker for the sale of an apartment. Prior to entering into a binding contract for such sale, the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of the public report.

PURSUANT TO THE TERMS OF THE BYLAWS FOR THIS PROJECT, A VOTE OF A MAJORITY OF APARTMENT OWNERS AT A DULY CALLED MEETING AT WHICH A QUORUM IS PRESENT SHALL BE BINDING ON ALL APARTMENT OWNERS. A QUORUM EXISTS WHEN AT LEAST 50% OF THE TOTAL VOTING INTEREST ARE PRESENT AT A MEETING. THEREFORE BECAUSE THIS PROJECT CONSISTS OF ONLY TWO UNITS EACH OF WHICH HAVE A 50% VOTING INTEREST, IN THE EVENT A UNIT OWNERS FAILS TO ATTEND, EITHER IN PERSON OR BY PROXY, THE REMAINING UNIT OWNER(S) WOULD REPRESENT A QUORUM AND THEREFORE BE ENTITLED TO CONDUCT BUSINESS ON BEHALF OF THE ASSOCIATION. HOWEVER, ANY AMENDMENT TO THE DECLARATION OR BYLAWS WOULD REQUIRE AT LEAST 67% OF THE TOTAL VOTING INTERESTS AND THEREFORE REQUIRE BOTH UNIT'S CONSENT TO APPROVE SAID AMENDMENT.

- 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.


Developer: Sandra Kaauwai-Roe

2/7/06
Date


Developer: Timothy Joseph Roe

2/25/2006
Date

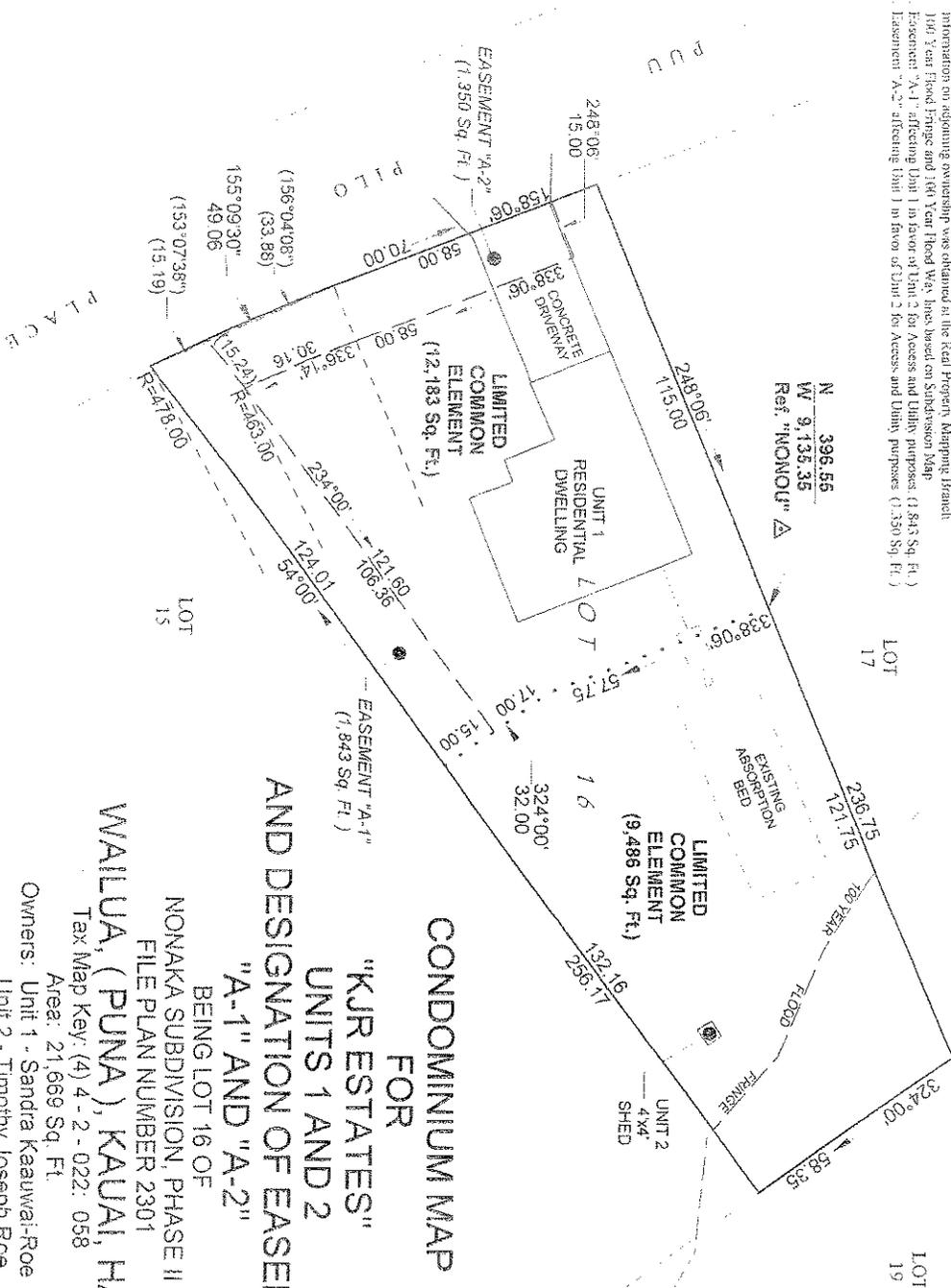
Distribution:

Department of Finance, COUNTY OF KAUAI

Planning Department, COUNTY OF KAUAI

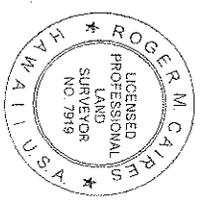
***Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner, Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.**

- NOTES
1. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.
 2. Underpinned utilities, septic tanks, etc. were not field located. See the System shown on C/R Map was scaled from as-built drawings by Peter N. Iversen, Engineer & Land Surveyor, Incorporated dated December 3, 2002.
 3. Maps based on Nonaka Subdivision, Phase II prepared by Kadron & Associates, Inc. certified by the County of Kauai Planning Department on September 28, 2004.
 4. Information on adjoining ownership was obtained at the Real Property Mapping Branch.
 5. 100 Year Flood Fringe and 100 Year Flood Way lines based on Subdivision Map.
 6. Easement "A-1" affecting Unit 1 in favor of Unit 2 for Access and Utility purposes (1,843 Sq. Ft.)
 7. Easement "A-2" affecting Unit 1 in favor of Unit 2 for Access and Utility purposes (1,350 Sq. Ft.)



**CONDOMINIUM MAP
FOR
"KJRESTATES"
UNITS 1 AND 2
AND DESIGNATION OF EASEMENTS
"A-1" AND "A-2"
BEING LOT 16 OF
NONAKA SUBDIVISION, PHASE II
FILE PLAN NUMBER 2301
WAILUA, (PUNA), KAUAI, HAWAII**

Owners: Unit 1 - Sandra Kaauwai-Roe
Unit 2 - Timothy Joseph Roe
Date: April 1, 2005



THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION.

Roger M. Cairns
ROGER M. CAIRNS
Licensed Professional Land Surveyor
Certificate Number 7919
Expires 04/30/06

CLS HAWAII
Land Surveying and Mapping
P.O. Box 777
Kalaheo, Kauai, Hawaii 96741

EXHIBIT "B"

SUMMARY OF SALES CONTRACT

This Project includes an Addendum to Sales Contract (the "Addendum") to be utilized in conjunction with a standard printed form contract provided by the Hawaii Association of Realtors. The Addendum protects the rights of the Purchasers and the handling of the funds under the Condominium Property Act (the "Act"), as well as the insuring compliance with the Act by all parties. Relevant portions of the Addendum are summarized as follows:

1. The fact that the Act controls over any portion of a contract to sell a condominium unit.
2. That an effective date for a final or supplementary public report must be in place and a receipt for the same signed by the buyer to have an effective date.
3. That all purchaser funds must be held in escrow until the law allows closing and disbursement of the funds.
The conditions precedent to release of the funds are enumerated, including in part:
 - (a) That Purchaser will receive a copy of the final public report for the project.
 - (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.
 - (c) If there is a dual agency by a single broker, it will be disclosed in the contract.
4. In the event the Project includes the new construction or substantial remodeling of a premise, Hawaii law mandates that the Seller provide a specific notice to the Buyer in respect to filing lawsuits or other actions for defective construction against the contractor.

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

EXHIBIT "C"

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Unit No.	Area of Limited Common Element* (Sq. Ft.)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)		% of Common Int.
1	1	12,183	3/2	1,098	504 lanai 402 carport		50%
1	2	9,486	0/0	0	16 shade shed		50%

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. Units 1 and 2 will each equally burden the common elements as shown above. Therefore, the assessment of undivided interest both for common expense and for voting is 50% for Unit 1 and 50% for Unit 2.

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration of Condominium Property Regime, each unit owner may use the unit, alter or add to it in any manner deemed desirable, so long as it is permitted by law and the Declaration of Protective Covenants and House Rules, if any. If adjoining unit owners desire to alter and/or transfer portions of their respective units, they can do so by the filing of an amendment to the Condominium Map and the Declaration of Condominium Property Regime together with their respective signatures.

*Note: Land areas referenced herein are not legally subdivided lots.

EXHIBIT "D"

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (the "Escrow"), and SANDRA KAAUWAI-ROE and TIMOTHY JOSEPH ROE (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.
2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.
3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected within seven days of signing the sales contract to cancel and receive all funds paid, without deduction; or (b) the Real Estate Commission has not issued a Final Public Report on the project or the requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met.
4. Escrow will return deposited sums to the Buyer without interest, if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven-day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00.
5. Escrow will arrange for and supervise the signing of all documents, which are to be signed subsequent to and contemplated by the sales contract.
6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.
7. In the event of default by the Buyer, Buyer may forfeit his or her deposit, which will be paid to the Seller, less any cancellation fees charged by Escrow.

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

EXHIBIT "E"

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (a) all of the Land, in fee simple, subject to the division of the same as limited common elements pursuant to Paragraph 6 of the Declaration;
- (b) the limited common elements described in Paragraph 6 of the Declaration, subject to the limitations and uses provided for therein;
- (c) all pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures retaining walls (if any) and yard fences, which are located outside the buildings and which are utilized for or serve more than one apartment. Specifically including the underground septic system and the cost, care and maintenance of which is to be equally shared by Unit 1 and Unit 2 as provided elsewhere herein. The septic system common element does not include the yard area located above the same.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements," have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit is that certain land area upon and around which Units 1 and 2 located, shown and designated on the Condominium Map and the table below.

<u>Unit Number</u>	<u>Area of Limited Common Element*</u>
Unit 1	12,183 square feet
Unit 2	9,486 square feet

*Land areas referenced herein are not legally subdivided lots.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

The following documents are listed in this Exhibit "F" as encumbrances against title:

1. Any and all Real Property Taxes that may be due and owing reference is hereby made to the Department of Finance for the County of Kauai, State of Hawaii for the following:.

Tax Key: (4) 4-2-022-058 CPR: 0001

-as to Item I

Tax Key: (4) 4-2-022-058 CPR: 0002

-as to Item II

2. Excepting and reserving therefrom the waters and all riparian and other rights in or to the Opaekaa Stream.
3. The terms and provisions contained in the following:

INSTRUMENT : RIGHT-OF-WAY AGREEMENT

DATED : September 11, 2000

RECORDED : Document No. 2000-142055

PARTIES : JINTA, LLC and BOARD OF WATER SUPPLY, COUNTY OF KAUAI

4. RIGHT-OF-ENTRY

TO : CITIZENS UTILITIES COMPANY, a Delaware company, whose interest is now held by KAUAI ISLAND UTILITY CO-OP

DATED : December 8, 1998

RECORDED : Document No. 2001-054809

GRANTING : a right-of-way for utility purposes, as shown on the map attached thereto

5. The terms and provisions contained in the following:

INSTRUMENT : CONVEYANCE OF WATER FACILITY

DATED : June 13, 2001

RECORDED : Document No. 2001-093883

PARTIES : JINTA, LLC, a Hawaii limited liability company, "Owner", and BOARD OF WATER SUPPLY, COUNTY OF KAUAI, "Board"

6. RIGHT-OF-ENTRY

TO : CITIZENS COMMUNICATIONS COMPANY, a Delaware corporation, and VERIZON HAWAII INC., now known as HAWAIIAN TELCOM, INC.

DATED : May 18, 2001
RECORDED : Document No. 2001-109833
GRANTING : a right-of-way for utility purposes, as shown on the map attached thereto

7. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF EASEMENTS, COVENANTS, AND RESTRICTIONS

DATED : April 19, 2001
RECORDED : Document No. 2001-124839

8. The terms and provisions contained in the following:

INSTRUMENT : DEED

DATED : September 17, 2002
RECORDED : Document No. 2002-169587

The foregoing includes, but is not limited to, matters relating to water reservation

9. MORTGAGE

LOAN/ACCOUNT NO. 4987111

MORTGAGOR : TIMOTHY JOSEPH ROE and SANDRA KAAUWAI-ROE, husband and wife

MORTGAGEE : WASHINGTON MUTUAL BANK, FA, a federal savings bank

DATED : September 17, 2002
RECORDED : Document No. 2002-169588
AMOUNT : \$176,000.00

10. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME
FOR
"KJR ESTATES" CONDOMINIUM PROJECT

DATED : September 30, 2005
RECORDED : Document No. 2005-224974
MAP : 4111 and any amendments thereto

Said Declaration was amended by instrument acknowledged February 25, 2006,
recorded as Document No. 2006-083893

11. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT
OWNERS

DATED : September 30, 2005
RECORDED : Document No. 2005-224975

Said By-Laws were amended by instrument acknowledged February 25, 2006,
recorded as Document No. 2006-083893

EXHIBIT "G"

DISCLOSURE ABSTRACT

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developers of "KJR ESTATES" ROAD condominium makes the following disclosures:

1. The Developers of the project are Sandra Kaauwai-Roe and Timothy Joseph Roe, whose mailing address is 6710 Puupilo Road, Kapaa, Kauai, Hawaii 96746, and telephone number is (808) 821-9887.

2. See Exhibit "H" 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.

3. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition

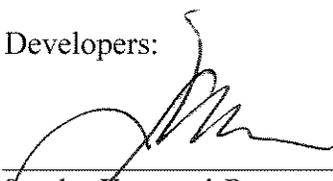
4. All of the apartments of the project are to be used for permitted residential purposes only. No apartments shall be used for hotel or timeshare purposes. There will be no commercial use except those activities permitted by county ordinance.

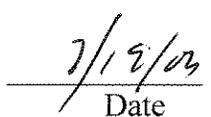
5. The Developers have not selected a real estate broker for the sales of the apartments in the Project. In the event the Developers choose to sell an apartment, prior to entering into a binding contract for such sale the Developers shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this public report.

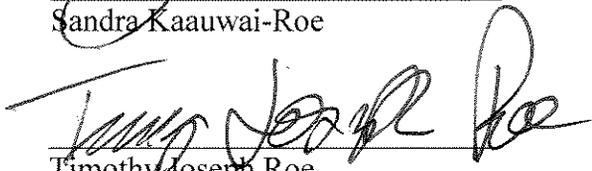
6. The Developers have not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. There are no depreciable common elements in the Project.

7. The Developers disclose that the Common Interest has been divided as shown: Units 1 and 2 are each entitled to 50% each.

Developers:


Sandra Kaauwai-Roe


Date


Timothy Joseph Roe


Date

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
- Roadway

\$20.00 x 12 = \$240.00

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(*)

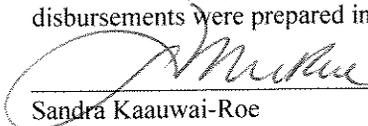
Taxes and Government Assessments

Audit Fees

Other

TOTAL \$20.00 x 12 = \$240.00

WE, SANDRA KAAUWAI-ROE & TIMOTHY JOSEPH ROE, the Developers, for the KJR ESTATES 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.


Sandra Kaauiwai-Roe

2/7/06
Date


Timothy Joseph Roe

2/25/06
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 \square 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. (See Disclosure Abstract, Item 6, attached hereto as Exhibit "G")

Pursuant to \square 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 I

AGOR ARCHITECTURE
4374 Kukui Grove Street, Suite 204
Lihue, Kauai, Hawaii 96766

ARCHITECT'S CERTIFICATION

The undersigned, being a licensed Architect within the State of Hawaii, and bearing Registration Number 5921, has inspected Unit 1 and Unit 2 of the "KJR ESTATES" condominium project, Tax Map Key, 4th Division, 4-2-022: 058.

Unit 1: 3 bedrooms, 2 baths, living room, laundry area, kitchen and dining area, front and rear lanais, and a 2 car carport. Completed 2003

Unit 2: 4'x4' Shed. Completed May of 2005

The inspection included the exterior roof, foundation, walls, visible electrical and plumbing systems, and I find as follows:

1. The systems and components, including visible structural, electrical, and plumbing, appears to be in satisfactory condition for the stated age thereof and appear to be in good sound condition.

2. Without conducting invasive examinations of covered structural, electrical, and plumbing components, the apartments appear to be constructed in conformity with the County of Kauai Zoning Ordinances, Building Code, and Rules and Regulations applicable to the construction at the time of construction thereof for Unit 1 and Unit 2.

3. The apparent useful life of the Units, provided that proper maintenance is applied to the Units, are as follows:

Unit 1: 20 years.

Unit 2: 1 year.

4. There are no non-conforming uses existing on the property and no variances from any zoning or building codes have been granted for structures or uses on the property.

THIS IS NOT A WARRANTY OF COMPLIANCE WITH ALL CODES, RULES, AND REGULATIONS, ONLY A WARRANTY THAT INSPECTION WAS MADE AND NO APPARENT VIOLATIONS APPEAR TO EXIST. NO RIGHT SHALL ACCRUE TO ANY THIRD PARTY FOR SUBSEQUENT DISCOVERY OF ANY PROBLEMS WITH CODE COMPLIANCE OR FOR FUTURE CHANGES IN SUCH CODES.

DATED: Lihue, Kauai, Hawaii _____ 2005.

STATE OF HAWAII)
) s.s.
COUNTY OF KAUAI)

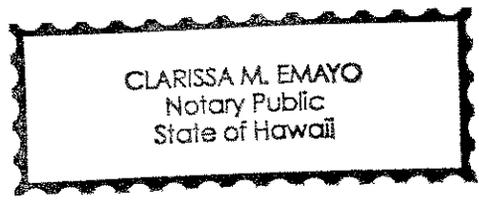
RON AGOR, being first duly sworn, deposes and says: That he is Registered Professional Architect No. 5921 in the State of Hawaii, has read the foregoing Certificate, knows the contents thereof and the same is true.



RON AGOR
Registered Professional Architect
No. 5921

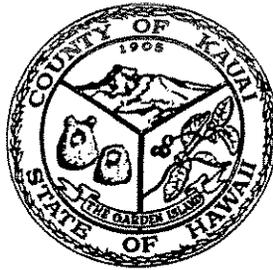
Subscribed and sworn to before me
this 9th day of May, 2005.

NOTARY PUBLIC, STATE OF HAWAII
Clarissa M. Emayo



My commission expires: 8/11/2006

BRYAN J. BAPTISTE
MAYOR



IAN K. COSTA
DIRECTOR OF PLANNING

GARY K. HEU
ADMINISTRATIVE ASSISTANT

MYLES S. HIRONAKA
DEPUTY DIRECTOR OF PLANNING

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

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

DATE: March 14, 2006

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

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: KJR ESTATES
Condominium Project (327)

Tax Map Key: (4) 4-2-022: 058

The attorney for the above-mentioned condominium project has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, (Section 514 A-40 (b), (1), Hawaii Revised Statutes, subject to the disclosures and waivers (item "5" below) specified herein, we certify the following:

1. The developer has contracted architect Ron Agor to certify that the buildings on the proposed project referred to as KJR Estates Condominium Unit 1 and Unit 2 are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.

Senior Condominium Specialist
KJR Estates Condominium
TMK: (4) 4-2-022: 058
March 14, 2006
Page two

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

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

cc: Heidi Rodgers and Patrick Childs, Attorneys at Law
Sandra Kaauwai-Roe, Project Developer

EXHIBIT "K"

R-249

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

AUG 10, 2001 08:01 AM

Doc No(s) 2001-124839

/s/CARL T. WATANABE
ACTING
REGISTRAR OF CONVEYANCES

Return by Mail (x) Pickup () To:

SHERMAN SHIRAISHI ESQ
2970 KRESS ST
LIHUE HI 96766

R/S
TG ACCOM A306451P

This Document Contains 6 Pages

TITLE OF DOCUMENT:

DECLARATION OF EASEMENTS, COVENANTS AND RESTRICTIONS

PARTIES TO DOCUMENT:

Declarant: JINTA, LLC, a Hawaii limited liability company

PROPERTY DESCRIPTION:

4-2-22-017

LIBER/PAGE

DOCUMENT NO.
TRANSFER CERTIFICATE OF
TITLE NO(S):

DECLARATION OF EASEMENTS, COVENANTS AND RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, JINTA, LLC, a Hawaii limited liability company, with its principal place of business in Lihue, Kauai, Hawaii, and post office address at P. O. Box 767, Lihue, Hawaii 96766, hereinafter called "Declarant," is the owner of all that certain parcel of land (being a portion of the land(s) described in and covered by Land Patent Grant Number 11,017 issued to Hideo Nonaka) situate, lying, and being at Wailua, District of Lihue, Island and County of Kauai, State of Hawaii, being Lot 15, same being portion of Lot 13 (revised Oct. 1941), of the "WAILUA HOMESTEADS, FIRST SERIES";

WHEREAS, said Lot 15 has been subdivided into the Nonaka Subdivision Phase II, consisting of Lots 1 through 26, inclusive, easements 1 through 7, inclusive, as described in File Plan No. 2301 recorded in the Bureau of Conveyances of the State of Hawaii which is incorporated herein by reference;

WHEREAS, Declarant intends to develop, sell and convey Lots 1 to 25 for residential use and desires to impose upon said lots mutual and beneficial easements, restrictions, covenants and conditions under a plan of development and improvement for the benefit of all lots in said Nonaka Subdivision Phase II;

WHEREAS, It is Declarant's intent to exclude Roadway Lot 26 from the provisions of this Declaration and dedicate same to the County of Kauai as a public roadway;

NOW, THEREFORE, Declarant does hereby declare that Lots 1 to 25, inclusive, of said Nonaka Subdivision Phase II, as more particularly described in said File Plan, exclusive of roadway or street lots shown or described therein, are and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the following declarations:

1. Residential Use Only. All lots shall be utilized for residential purposes only. If the lots are agriculturally zoned, agricultural uses are permitted, except as specifically prohibited herein.

2. Used Construction Materials and Buildings: Roofing Material. No used or secondhand lumber or other material shall be used or incorporated in the construction of any improvements on any lot, nor shall there be placed or maintained upon any lot any used buildings which have been moved from another location. The use of the following types of roofs is prohibited: (1) Mineral surfaced asphalt felt roll roofing, and (2) metal roofing.

3. Set Backs. Certain lots in the subdivision are affected by the flood way and/or are located within the flood fringe, as shown on the said File Plan and on maps located at the Kauai County Department of Public Works and Planning Department. No structures or improvements shall be constructed on any lot in the subdivision without verifying the location of the flood way and flood fringe and obtaining governmental approvals for such structures or improvements.

4. Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

5. Maintenance of Lot. The owner of each lot shall at all times maintain said lot in a good, neat and clean condition so as to prevent it from becoming overgrown with grass and weeds, unsightly, unsanitary or a hazard to health. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall be kept in sanitary containers. All equipment for storage or disposal of such material shall be kept in a clean and sanitary condition.

6. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuildings shall be used on any lot at any time as a residence, either temporarily or permanently.

7. Animals, livestock and poultry. No pigs, chickens, bees, animals, livestock or poultry of any kind shall be raised, bred, or kept on any lot, except that a maximum total of three (3) dogs, cats, or other common household pets may be kept; provided, however, that they are not kept, bred, or maintained for any commercial purpose.

8. Lot Construction. No part of any lot shall be filled, excavated or otherwise altered as to grade in such manner as to adversely affect drainage of any adjoining lot.

9. Grading and Fill on Lots. Certain lots have been graded in order to facilitate the construction of the subdivision drainage facilities, roads, water, pipelines and other utilities, and in order to improve the buildable area of the lot. Declarant further discloses that in the course of the grading work on the lot, fill material may have been placed and compacted on certain lots.

10. Easement Within Lots.

a. Lot 23 is subject to Easement 1 described in said File Plan. Easement 1 is declared to be a perpetual easement for utility purposes and for ingress and egress over, under and across the easement premises in favor of Lots 21, 22, and 24.

b. Lot 22 is subject to Easement 2 described in said File Plan. Easement 2 is declared to be a perpetual easement for utility purposes and for ingress and egress over, under and across the easement premises in favor of Lots 21, 23, and 24.

c. Lot 13 is subject to Easement 3 described in said File Plan. Easement 3 is declared to be a perpetual easement for drainage purposes and maintenance of drainage facilities over, under and across the easement premises in favor of the Lots in the subdivision. Easement 3 may be dedicated to government agencies for maintenance purposes.

d. Lot 11 is subject to Easement 4 described in said File Plan. Easement 4 is declared to be a perpetual easement for utility purposes over, under and across the easement premises. Easement 4 may be dedicated to governmental agencies and/or utility companies for construction and maintenance purposes.

e. Lot 10 is subject to Easement 5 described in said File Plan. Easement 5 is declared to be a perpetual easement for utility purposes over, under and across the easement premises. Easement 5 may be dedicated to governmental agencies and/or utility companies for construction and maintenance purposes.

f. Lot 6 is subject to Easement 6 described in said File Plan. Easement 6 is declared to be a perpetual easement for utility purposes over, under and across the easement premises. Easement 6 may be dedicated to governmental agencies and/or utility companies for construction and maintenance purposes.

g. Lot 3 is subject to Easement 7 described in said File Plan. Easement 7 is declared to be a perpetual easement for utility purposes over, under and across the easement premises. Easement 7 may be dedicated to governmental agencies and/or utility companies for construction and maintenance purposes.

Direct access to Puupilo Road shall not be permitted from Lots 1 and 18, but shall only be permitted through the roadway Lot 26.

11. Declarant's Right of Dedication. Notwithstanding that all of the Lots in the Subdivision may have been sold, all easements, including but not limited to purposes of access, installation and maintenance of utilities, drainage facilities, and entry areas for subdivision signs, as shown on the File Plan or described herein, are reserved for the purpose and benefit of the Subdivision and for dedication by the Declarant, although the Declarant shall be under no obligation to so dedicate.

12. Road widening reserve. A two (2) foot wide strip of land along the subdivided lots fronting Puupilo Road is hereby established as and for a future road widening reserve as shown on the said File Plan. No new structures shall be permitted within the reserve; new structures shall be setback from the reserve. In addition, Lot 18 is subject to a wider road widening reserve as shown on the File Plan.

13. Wastewater Disposal. The subdivision is NOT currently served by a sewer system. Since the Wailua Homesteads area is not serviced by any wastewater treatment works, the use of individual wastewater systems may be allowed, provided that the minimum requirements of Chapter 62, Wastewater Systems, Title 11, Administrative Rules, State of Hawaii, are satisfactorily complied with.

14. Binding Nature of Declaration. Each and all of the foregoing covenants and restrictions shall run with the land, and jurisdiction may be taken in equity at suit of the Declarant, its successors or assigns, or of any other grantee of any of said lots within said subdivision, to restrict or prevent by injunction, mandatory or restraining, any violation of any of said covenants upon the part of any lot owner to be observed and performed, without prejudice to the right of the Declarant, its successors or assigns, or any other grantee, to adopt or pursue any other remedy thereafter for the same breach or failure, or for any subsequent breach or failure, or to take any action to recover damages for any such breach or failure. No deed, mortgage, lease or other instrument of conveyance affecting any lot of Nonaka Subdivision Phase II shall be made or delivered unless such deed, mortgage, lease or other instrument of conveyance shall contain or be subject to the same restrictive covenants as in this Declaration set forth, including this covenant.

15. Duration of Restrictive Covenants. The covenants herein shall run with the land and be binding on all lot owners in Nonaka Subdivision Phase II, their respective heirs, successors, assigns, and all persons claiming under them, for a period of thirty (30) years from the date this Declaration is recorded after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an

instrument signed by the owners of a majority of the lots has been recorded, agreeing to change said covenants in whole or in part, provided that such modification or change is not violative of any governmental rule, law, or regulation, nor violative of any condition imposed upon the grant of subdivision approval by the County of Kauai.

Anything to the contrary contained herein notwithstanding, the Declarant may amend the provisions of this Declaration without the consent of any Lot Owner for any purpose, including but not limited to conforming the provisions hereof to any governmental rule, law, or requirement. The Declarant's right to amend the provisions of this Declaration shall terminate upon the completion of all subdivision improvements and the approval and acceptance thereof by the County of Kauai.

16. Severability. Invalidation of any one of these covenants by judgment or court order shall in no wise affect any of the other covenants, which shall remain in full force and effect.

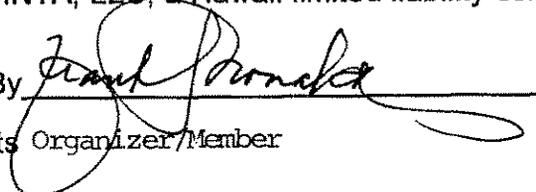
17. No Effect on Road Lots. The covenants herein shall not be applicable to any road lot nor to all or any portion of a lot which may hereafter be used for public road purposes, or which may be sold or conveyed to any public utility for public utility purposes or to the County of Kauai or the State of Hawaii for public purposes.

18. Captions. All captions in this Declaration are for convenience only and do not in any way limit or amplify the provisions hereof.

19. Gender and Number. The use of any gender herein shall include all genders, and the use of any number shall be construed as singular or plural, as the paragraph may require.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the 19th day of April, 2001.

JINTA, LLC, a Hawaii limited liability company

By 
Its Organizer/Member

STATE OF HAWAII)
 : ss.
COUNTY OF KAUAI)

On this 19th day of April, 2001 before me
personally appeared Frank Nonaka

- who is personally known to me
- whose identity I proved on the basis of _____
- whose identity I proved on the oath/affirmation of _____
_____, a credible witness;

who being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

A.C. Mitsuyoshi
A.C. Mitsuyoshi
Notary Public, State of Hawaii

My Commission expires: 1-30-2003

L.S.