

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Daryl Yoshio Wakuta and Alison Faith Wakuta
Address 21326 Mildred Avenue, Torrance, California, 90503

Project Name (*): KU'U LEI MOKIHANA
Address: 5904-5890 Kaapuni Road, Kapaa, Hawaii 96746

Registration No. 6141 Effective date: December 29, 2006
Expiration date: January 29, 2008

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

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

X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

And [] Supersedes all prior public reports.
[] Must be read together with
[] his 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 86/986/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - Disclosures covered in this report.
As Exhibit "D"

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. There are County of Kauai restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, there are no assurances that the Purchaser will be able to build a residential dwelling on the property. There is also no assurance that the Purchaser will be able to convert an existing non-residential structure to a residential use. The Purchaser should consult with the appropriate County of Kauai agencies to determine whether the Purchaser may build a residential dwelling, or any other type of structure, on the property.

- 1 There are presently two farm dwellings on this project, each of which may be defined as an "apartment" under the Condominium Property Act.
- 2 This public report does not constitute an "approval" of the project by the Real Estate Commission, or any other governmental agency, nor does it warrant that all applicable County Codes, ordinances and subdivision requirements have necessarily been complied with.
- 3 The land area beneath and immediately appurtenant to each apartment is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated area of the land comprising the limited common elements are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
- 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 owners and emergency traffic, drainage facilities, etc. may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

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

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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: Daryl Yoshio Wakuta and Alison Faith Wakuta Phone: (310) 543-2103
Name* (Business)
21326 Mildred Avenue
Business Address
Torrance, CA 90503

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

N/A

Real Estate Broker*: None selected, see page 20 Phone: _____
Name (Business)

Business Address

Escrow Title Guaranty Escrow Services, Inc. Phone: (808) 245-3381
Name (Business)
4414 Kukui Grove St., Ste. 104
Business Address
Lihue, Hawaii 96766

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

Business Address

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

Attorney for Developer: Curtis H. Shiramizu Phone: (808) 632-2267
Name (Business)
4357 Rice Street, Suite 201
Business Address
Lihue, Hawaii, 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:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2006-116446
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments: First Amendment to Ku`u Lei Mokihana Declaration of Condominium Property Regime, dated August 24, 2006, recorded as Document No. 2006-158723; Second Amendment to Ku`u Lei Mokihana Declaration of Condominium Property Regime, dated December 12, 2006, recorded as Document No. 2006-233048.

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. 4262
 Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2006-116447
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> </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:

1. Upon alteration of any apartments in the Project owned by the Developer, the Developer shall amend the Declaration and the condominium Map in accordance therewith. Declaration, Sections 14.0 and 22.0.
2. Anytime prior to the first conveyance to a party other than Developer, and to file the "as-built" verified statement required by Section 514A-12, Hawaii Revised Statutes, The Developer can amend the Declaration, Bylaws and/or Condominium Map. Declaration, Section 20.0
3. The right to grant certain easements and amend the Declaration and Condominium Map in accordance therewith. Declaration, Section 21.0.
4. The right to amend the Declaration, Bylaws and the Condominium Map to comply with laws that apply to the Project. Declaration, Section 23.0.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable [] Monthly [] Quarterly
[] Semi-Annually [] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [] Month [] Year

For Sub-leaseholds:

[] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: [] Canceled [] Foreclosed

[] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [] Monthly [] Quarterly
[] Semi-Annually [] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [] Month [] Year

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 5904 & 5890 Kaapuni Road Tax Map Key (TMK): (4) 4-6-011-072
Kapaa, Kauai, Hawaii 96746

Address TMK is expected to change because _____

Land Area: 1.0 square feet acre(s) Zoning: Agriculture

Fee Owner: Daryl Yoshio Wakuta and Alison Faith Wakuta
 Name
21326 Mildred Avenue
 Address
Torrance, California 90503

Lessor: Not Applicable
 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: 2 Floors Per Building: 1
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Uses Permitted by Zoning:

	No. of Apts.	<u>Use Permitted By Zoning</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: _____

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Apt. 1	1	3/1½	1,000	539	carport/storage
Apt. 2	1	3/1	871	304	carport/stor./w.c.
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

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:

The boundaries of each apartment are determined by the legal description of the limited common element appurtenant to each apartment, which is attached to the Declaration, and as shown on Condominium Map for the Project.

Permitted Alterations to Apartments:

Apartments may be altered in accordance with the Declaration, the Building Code, applicable zoning and subdivision ordinances, and Building and House Rules, if any.

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: 2

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

Each apartment will have the exclusive use of at least 1* parking stall(s).

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

*Each apartment has ample area within its appurtenant limited common element for parking purposes.

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):

Pursuant to the Architect's Condition Report of Avery Youn dated February 7, 2006, the systems and components of the structures in the Project, including visible structural, electrical and plumbing, appear to be in satisfactory and sound condition for the stated age thereof.

Developer makes no statement in regard to expected useful life.

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.

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

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

D. Common Elements, Limited Common Elements, Common Interest:

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

described in Exhibit A .

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

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

described in Exhibit "A".

as follows:

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 "B".

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 "C" describes the encumbrances against the title contained in the title report dated September 14, 2006 and issued by Title Guaranty of Hawaii.

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	Buyer's interest may be terminated, in which event Buyer will be entitled to a refund of deposit less an 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:**

The dwelling in Apartment 1 was completed in 1940 and renovated in 1975.
The dwelling in Apartment 2 was completed in 1991.

H. **Project Phases:**

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

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

Pursuant to Paragraph 14.0 of the Declaration of Condominium Property Regime, the Developer has reserved the right to create one or more additional apartments from existing apartments it owns, as long as, among other things, the total common interest appurtenant to the newly created apartment(s) shall equal the common interest appurtenant to the original apartment, as set forth in Exhibit "B" to the Declaration.

A similar right is also reserved for the owner (other than the Developer) of an apartment, subject to compliance with Paragraph 14.0 of the Declaration and all Federal, State and County laws.

ALTHOUGH THE DECLARATION PROVIDES FOR THE MECHANISM TO DO THIS, THERE IS NO GUARANTY OR ASSURANCE THAT IT CAN BE DONE. THE PURCHASER ASSUMES THE FULL RISK IF, FOR ANY REASON, LEGAL OR OTHERWISE, ADDITIONAL APARTMENTS CANNOT BE SO CREATED. PURCHASER IS STRONGLY ADVISED TO CONSULT WITH ALL THE APPROPRIATE FEDERAL, STATE AND COUNTY GOVERNMENTAL AGENCIES WITH JURISDICTION OF THE FOREGOING AND OTHER MATTERS OF CONCERN PRIOR TO PURCHASE OF AN APARTMENT, AND BEFORE CONSTRUCTION.

PURCHASER IS ALSO ADVISED TO CAREFULLY REVIEW PARAGRAPH 14.0 OF THE DECLARATION, WHICH IS EXCERPTED IN ITS ENTIRETY IN **EXHIBIT "G"** ATTACHED HERETO, AND PARAGRAPH C ON PAGE 20 OF THIS FINAL PUBLIC REPORT FOR ADDITIONAL INFORMATION.

IV. CONDOMINIUM MANAGEMENT

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

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

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

not affiliated with the Developer the Developer or Developer's affiliate
 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 "D" 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 "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated September 5, 2006
Exhibit "F" contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

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

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. 6141 filed with the Real Estate Commission on October 2, 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

Pursuant to Paragraph 21.0, of the Declaration, up until December 31, 2016, Developer has reserved certain rights to grant and realign easements and rights of way over the common elements of the Project to facilitate the optimum use of the property.

SUBJECT TO ALL EXISTING LAWS, THE DECLARATION AND THE OTHER PROJECT DOCUMENTS, OWNERS MAY CONSTRUCT ADDITIONAL STRUCTURES AND/OR IMPROVEMENTS WITHIN AN APARTMENT'S LIMITED COMMON ELEMENT LAND AREA OR ALTER EXISTING STRUCTURES AND/OR IMPROVEMENTS WITHIN THE LIMITED COMMON ELEMENT LAND AREA; PROVIDED, HOWEVER, THAT PURSUANT TO PARAGRAPH 7.0 OF THE DECLARATION, AS AMENDED, THE OWNERS OF UNITS 1 AND 2 SHALL EACH HAVE THE RIGHT TO CONSTRUCT AND/OR OCCUPY NOT MORE THAN ONE "FARM DWELLING", AS THAT TERM IS DEFINED IN CHAPTER 205 OF THE HAWAII REVISED STATUTES, WITHIN A UNIT'S APPURTENANT LIMITED COMMON ELEMENT, AS WELL AS ACCESSORY STRUCTURES AS MAY BE ALLOWED BY LAW; PROVIDED, FURTHER, THAT IF THE PROJECT IS ENTITLED TO CONSTRUCT A GUEST HOUSE, UNIT 2 SHALL HAVE THAT RIGHT. EACH OWNER IS SOLELY RESPONSIBLE FOR OBTAINING ALL REQUIRED GOVERNMENTAL APPROVALS AND PERMITS PRIOR TO ALTERATION OR CONSTRUCTION. SEE SECTION 22.0 OF THE DECLARATION AND SECTION 7.0 OF THE DECLARATION, AS AMENDED BY FIRST AMENDMENT TO DECLARATION.

THE PURCHASER SHOULD BE AWARE THAT THE LAND ON WHICH THE PROJECT IS LOCATED HAS BEEN DESIGNATED AGRICULTURE BY THE STATE OF HAWAII AND COUNTY OF KAUAI. EXCEPT AS LIMITED SPECIFICALLY BY THE PROJECT DOCUMENTS, ALL USES PERMITTED BY APPLICABLE STATE AND COUNTY LAWS, INCLUDING BUT NOT LIMITED TO, CHAPTER 205 OF THE HAWAII REVISED STATUTES AND ARTICLE 7 OF THE COMPREHENSIVE ZONING ORDINANCE OF THE COUNTY OF KAUAI, ARE PERMITTED. HOWEVER, THE PURCHASER MAY BE REQUIRED TO EXECUTE A FARM DWELLING AGREEMENT IN THE FORM ATTACHED HERETO AS **EXHIBIT "H"**, AS PART OF THE COUNTY APPROVAL TO RECONSTRUCT OR ALTER A DWELLING IN THE PROJECT. A "FARM DWELLING" IS A SINGLE-FAMILY DWELLING LOCATED ON OR USED IN CONNECTION WITH A FARM, WHERE AGRICULTURAL ACTIVITY PROVIDES INCOME TO THE FAMILY OCCUPYING THE DWELLING. PURCHASER IS STRONGLY ADVISED TO INVESTIGATE THE PERMITTED USES AND RESTRICTIONS AND OTHER REQUIREMENTS APPLICABLE TO THE PROJECT AND THE APARTMENT TO ASCERTAIN WHETHER THE PURCHASER WILL BE ABLE TO LEGALLY USE THE APARTMENT IN THE MANNER PURCHASER INTENDS AND FOR THE PURPOSE THE APARTMENT IS BEING PURCHASED.

PURCHASERS ARE ADVISED THAT OWNERS WHO DEVELOP THEIR APARTMENTS OR PROPERTIES LATER THAN OTHERS IN THE PROJECT MAY FIND THAT LAND USE AND ZONING CHANGES OR INSUFFICIENT UTILITY CAPACITIES MAY THWART OR OTHERWISE AFFECT THEIR EXPECTATIONS. AS AN EXAMPLE, CURRENTLY, THE LAW PERMITTING THE CONSTRUCTION OF AN "ADDITIONAL DWELLING UNIT" AS DEFINED ABOVE ON AGRICULTURALLY ZONED LAND PURSUANT TO CZO SECTION 8-26.1 WILL BE REPEALED EFFECTIVE DECEMBER 31, 2006 AND, IF NOT EXTENDED, NO BUILDING PERMITS WILL BE ISSUED FOR AN ADDITIONAL DWELLING UNIT ON AGRICULTURALLY ZONED LAND AFTER THAT DATE. OWNERS SHALL ASSUME THE RISK OF CHANGES IN THE REQUIREMENTS OF THE GOVERNMENTAL APPROVALS TO CONSTRUCT AND ALTER DWELLINGS AND/OR IMPROVEMENTS IN THE APARTMENTS. PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT WITH THE APPROPRIATE KAUAI COUNTY AGENCY WITH JURISDICTION OF THE FOREGOING AND OTHER MATTERS OF CONCERN PRIOR TO PURCHASE OF AN APARTMENT AND BEFORE CONSTRUCTION.

THERE IS NO ASSURANCE THAT A PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL APARTMENT TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCY TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING OR ANY OTHER TYPE OF STRUCTURE OR IMPROVEMENT ON THE PROPERTY PRIOR TO PURCHASE OF AN APARTMENT.

THE PROPERTY ON WHICH THE PROJECT IS LOCATED HAS BEEN DEDICATED TO AGRICULTURAL USE WITH THE COUNTY OF KAUAI. A COPY OF THE NOTICE OF DEDICATION TO AGRICULTURE IS ATTACHED HERETO AS **EXHIBIT "I"**. HOWEVER, BECAUSE THE PROPERTY WAS SUBMITTED TO A CONDOMINIUM PROPERTY REGIME, THE COUNTY WILL CANCEL THE DEDICATION RESULTING IN ROLLBACK OR RETROACTIVE REAL PROPERTY TAXES AND PENALTIES WHICH WILL BE PAID BY THE DEVELOPER. PURCHASER IS ADVISED TO CONSULT WITH THE COUNTY OF KAUAI REAL PROPERTY ASSESSMENT DIVISION ON THIS MATTER.

Disclosure re: Selection of Real Estate Broker

This public report shall not bind a purchaser to the sale of any apartment until (1) the Developer first submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and a duly executed copy of a broker listing agreement with a Hawaii licensed real estate broker, and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report.

LEAD WARNING STATEMENT

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

HAZARDOUS MATERIALS

The developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representation or warranties whatsoever. The developer has made no independent investigation as to the asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous waste, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", hazardous materials" or "toxic substances" under or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

RESERVE STUDY

The Developer discloses that no reserve study was done in accordance with Chapter 514A 83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

- 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.

 12/22/06

 DARYL YOSHIO WAKUTA Date

 12/22/06

 ALISON FAITH WAKUTA 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.

EXHIBIT "A"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

The common elements of the Project consist of the following:

- (a) All of the land in fee simple.
- (b) The central and appurtenant facilities for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities, when and only when those items are on shared installations.
- (c) All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project, or normally in common use.

The land surrounding and under each apartment is a limited common element of the apartment and is for the exclusive use of said apartment, for the support of the building(s) and other improvements comprising said apartment and for driveway, parking and yard purposes. The limited common element areas appurtenant to each apartment, as shown on the Condominium Map, are more particularly described in **Exhibits "C" and "D"**, attached to the Project's Declaration.

The limited common elements of the Project consist only of the following:

- (a) The land surrounding and under each apartment is a limited common element of the apartment and is for the exclusive use of said apartment, for the support of the building(s) and other improvements comprising said apartment and for driveway, parking and yard purposes. The limited common element areas appurtenant to Units 1 and 2 are more particularly described in **Exhibits "C" and "D"**, respectively, attached to the Declaration.
- (b) The portion of the fence on the Project located within the boundaries of Unit 1 as shown on the Site Plan of the Condominium Map shall be a limited common element appurtenant to Unit 1 and the portion of the fence located within the boundaries of Unit 2 as shown on said Site Plan shall be a limited common element appurtenant to Unit 2.
- (c) The cesspools located in the Project as shown on the Site Plan of the Condominium Map, shall be limited common elements appurtenant to the unit they are located within.
- (d) Any other common elements or improvements of the Project which are rationally related to and/or used by less than all of the units or buildings shall be limited common elements appurtenant to such units or buildings.

EXHIBIT "B"

PERCENTAGE COMMON INTEREST

<u>Apartment</u>	<u>Limited Common Element Land Area</u>	<u>Percentage Common Interest</u>
Unit 1	.333 acre	40%
Unit 2	.667 acre	60%

EXHIBIT "C"

ENCUMBRANCES AGAINST TITLE

For real property taxes due and owing, reference is made to the County of Kauai Real Property Assessment and Tax Billing Divisions.

- (1) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in LAND PATENT GRANT NO. 13,210 dated November 21, 1956.
- (2) Three (3) feet future road widening reserve along Kaapuni Road as shown on Surveyor's Map prepared by Dennis M. Esaki, registered Professional Land Surveyor approved by the Planning Commission of the County of Kauai on January 25, 1990.
- (3) Building setback line and drainage way as shown on Surveyor's Map prepared by Dennis M. Esaki, Registered Professional Land Surveyor approved by the Planning Commission of the County of Kauai on January 25, 1990.
- (4) Easement "F" as shown on Surveyor's Map prepared by Dennis M. Esaki, Registered Professional Land Surveyor approved by the Planning Commission of the County of Kauai on January 25, 1990.
- (5) The terms and provisions contained in DEED dated July 6, 1990, recorded as Document No. 90-103081.
- (6) Any claim or boundary dispute which may exist or arise by reason of the failure of the DEED referred to in item (5) above to locate with certainty the boundaries of Easements A-5 and A-6 described in the DEED.
- (7) NOTICE OF DEDICATION DATED January 6, 1993 and recorded as Document No. 93-009187 by DARYL Y. WAKUTA and ALISON F. WAKUTA re: dedication of land for change of use purposes.
- (8) MORTGAGE between MORTGAGORS DARYL YOSHIO WAKUTA and ALISON FAITH WAKUTA, husband and wife, and MORTGAGEE MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., solely as nominee for IRWIN MORTGAGE CORPORATION, organized and existing under the laws of The State of Indiana, dated April 23, 2003 and recorded as Document No. 2003-082134.
- (9) NOTICE OF DEDICATION DATED October 23, 2003 and recorded as Document No. 2003-244870 by DARYL Y. WAKUTA and ALISON F. WAKUTA RE dedication of land for agriculture purposes for a period 10 years.
- (10) The terms and provisions contained in the DECLARATION OF CONDOMINIUM PROPERTY REGIME for KU`U LEI MOKIHANA CONDOMINIUM

PROJECT dated May 31, 2006 and recorded as Document No. 2006-116446, as amended, and Condominium Map 4262 and any amendments thereto.

Said Declaration was amended by instruments dated August 24, 2006, and December 12, 2006, recorded as Document Nos. 2006-158723 and 2006-233048, respectively.

- (11) The terms and provisions contained in the BY LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KU`U LEI MOKIHANA CONDOMINIUM dated May 31, 2006 and recorded as Document No. 2006-116447.

EXHIBIT "D"

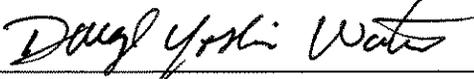
KU`U LEI MOKIHANA
REGISTRATION NO. 6141

DISCLOSURE STATEMENT

1. Project: KU`U LEI MOKIHANA
5904 & 5890 Kaapuni Road, Kapa`a, Kauai, Hawaii
2. Developer: Daryl Yoshio Wakuta and Alison Faith Wakuta
21326 Mildred Avenue, Torrance, CA 90503
Telephone: (310) 543-2103
3. Project Manager: Daryl Yoshio Wakuta
21326 Mildred Avenue,
Torrance, CA 90503
Telephone: (310) 543-2103
4. Maintenance Fees: Due to the character of the Project, where there are no common elements requiring maintenance, a substantial portion of the common elements constitute limited common elements appurtenant to a particular unit and the requirement that each unit owner maintain at the unit owner's expense the limited common elements appurtenant to the unit owner's apartment, it is anticipated that funds for the operation and maintenance of the common areas will be collected by special assessments rather than regular monthly assessments. Accordingly, no initial maintenance fees are anticipated.
5. Warranties: None
6. Non-residential Use: The Project is on land designated agricultural under applicable State and County land use laws. The land's dedication to agricultural use under applicable County of Kauai real property tax ordinance and rules will be cancelled due to submission of the land to a condominium property regime and the Developer will be responsible for any rollback tax liability. Both units within the Project will be sold as agricultural units.
7. Condition of Project: Based on an Architect's Certification prepared by Avery Youn dated February 7, 2006, the systems and components of the Project, including visible structural, electrical and plumbing, appear to be in satisfactory and sound condition. The Developer makes no representation in regard to the expected useful life of these components.

8. Zoning/Building/Other Compliance: There are no outstanding notices of uncured violations of building code or other County regulations. The Project is in compliance with all ordinances, codes, rules or other regulations in force at the time of its construction and the Project, and its structures and uses, conform to present zoning requirements.

DATED: September 28, 2006.



DARYL YOSHIO WAKUTA


ALISON FAITH WAKUTA

EXHIBIT "E"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) A buyer must obtain his own financing. In this case, deadlines apply for submitting the application and obtaining the final approval for the financing. If these deadlines are not met, then the Seller may terminate the contract.

(b) That the buyer's money will be held in escrow, under the terms of the Escrow Agreement.

(c) That the apartment will be subject to various legal documents, including the Declaration, Bylaws, Final Public Report, Escrow Agreement, Apartment Deed, Certificate of Architect and Condominium Map, and any other documents which the buyer is given a copy of and for which the buyer has received.

(d) That the buyer must close the purchase on a date certain and pay closing costs, in addition to the purchase price.

(e) If the buyer defaults, and the seller is not in default, seller may terminate the Sales Contract and retain the buyer's deposits as liquidated damages. Seller may in addition pursue any other remedy, and all costs by reason of such default shall be borne by the buyer in accordance with the Sales Contract.

(f) If the buyer has made all payments required under the Sales Contract, the buyer shall be entitled to seek specific performance.

The Sales Contract contains various other provisions with which the buyer should become acquainted.

Exhibit "F"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral third party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

(a) Escrow will let purchasers know when payments are due.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) No disbursements of funds held in escrow will be made unless the following has occurred:

1. An effective date for a Final Public Report is issued and the purchaser shall have acknowledged or be deemed to have acknowledged receipt of same and Seller's attorney delivers a written opinion to Escrow that the Sales Contract has become effective;
2. Seller delivers a written opinion to Escrow that the requirements of Sections 514A-40, 514A-62 and 514A-63 of the Condominium Act have been met, and if this is a conversion project, that Section 521-38 of the Residential Landlord-Tenant Code has been complied with, as applicable;
3. Escrow receives a written waiver of any option to cancel the Sales Contract; and
4. Escrow receives a statement from Seller's architect that the project complies with the Federal Fair Housing Amendments Act of 1988, if applicable.
5. Escrow shall have received owner-occupant affidavits affirmed by the owner-occupant(s), along with proof of the date of receipt of the final public report, if applicable.

(d) A refund of purchaser's funds will be made upon request by purchaser under the following conditions:

1. Escrow receives a written request from seller to return purchaser's funds held by Escrow; or
2. Escrow receives written notification of seller's exercise of any option to rescind the Sales Contract; or

3. The conditions providing for a refund under Sections 514A-62 or 63 of the Condominium Property Regime Act have been met.

(e) Upon a purchaser's default under the Sales Contract, the purchaser's funds will be retained by the Seller as liquidated damages.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

Note: Section 514A-63 of the Condominium Act provides for rescission rights to a purchaser under a binding contract if there is a material change in the project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the project available for such purchaser's use.

EXHIBIT G

14.0 ALTERATION OF APARTMENTS IN PROJECT. Notwithstanding anything provided to the contrary, and except as otherwise provided by law:

(a) Declarant shall have the right, without obtaining the approval of any party with an interest in the property, including any other apartment owner and/or mortgagee, to (i) add additional buildings or alter the location of the buildings of any apartment which it owns at any time, provided that the common interest appurtenant to the apartment shall not change; (ii) cause the division of any apartment which it owns at any time to create two or more apartments provided that the total common interest appurtenant to the newly created apartments shall equal the common interest appurtenant to the original apartment; and (iii) convert certain portions of any existing apartment to common element or limited common element status to facilitate any division provided that the total common interest appurtenant to the newly created apartment(s) shall equal the common interest appurtenant to the original apartment.

(b) The owner (other than Declarant) of any apartment who desires to install, alter and/or rearrange partitions and other improvements within his apartment as appropriate to its intended utilization or who desires to cause the division of any apartment which he owns to create two or more apartments or who desires to convert portions of his existing apartment to common element or limited common element status to facilitate any division, may do so on the basis of the land area and common interest that is provided in Paragraph 4.0 of this Declaration, provided that (i) all construction activity necessary to any such division, installation or alteration shall be completed within a reasonable period of time after commencement thereof, subject to delays beyond the control of the apartment owner or his contractors, whether caused by strikes, the unavailability of construction materials or otherwise, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence; (ii) the apartment owner shall indemnify, defend and hold the Declarant and Association harmless from and against any and all claims, damages, liens and encumbrances which may arise from or are in any way related to the alteration or division of the apartment by the apartment owner; (iii) all costs and expenses of any alteration or division of an apartment which are incurred by the Project, the Association or any of its owners shall be paid by the owner of the apartment being divided or altered; (iv) all applicable laws, ordinances or regulations are strictly observed by the owner of the apartment being divided or altered; and (v) the total common interest appurtenant to the newly created apartment(s) shall equal the common interest appurtenant to the original apartment.

(c) Any such alteration, division or consolidation of apartment(s) as provided above shall be effective provided that the party doing the alteration, division or consolidation:

(1) Shall record or cause to be recorded an amendment to this Declaration describing the apartment(s) in question and setting forth at least:

(A) a description of the additional improvements or the newly formed apartment(s);

(B) in the case of the division of an apartment by Declarant or an apartment owner, the undivided percentage interest of the newly formed apartments, which shall equal the total of the undivided interests for the respective divided apartment.

(2) Shall record or cause to be recorded an amendment to the Condominium Map for the apartment(s) being altered, subdivided or consolidated to show an amended site plan or floor plan, as appropriate and necessary, together with a verified statement of registered architect or professional engineer, in the manner required by Section 514A-12 of the Act, that said Condominium Map, as so amended, is an accurate copy of portions of the plans of the altered apartment(s) as filed with and approved by the county officer having jurisdiction over the issuance of permits for the completion of buildings, and that the plans fully and accurately depict the layout, location, apartment numbers, and dimensions of the apartments as built; and

(3) Shall, if required by the title insurance company insuring title to the affected apartment(s), record or cause to be recorded either (i) an amendment to any existing apartment deed; or (ii) a cancellation of any existing apartment deed and the issuance of replacement apartment deed(s), to reflect the changed status of the apartment(s) involved. The Declarant agrees to join in any such amendment, cancellation and/or reissuance of apartment deeds provided that the terms thereof do not affect the respective rights of Declarant under any originally-issued apartment deed.

Any such alteration shall comply in all respects with all applicable governmental codes, statutes, ordinances and rules and regulations.

(d) Any apartment owner seeking to alter his apartment as described above or seeking to divide his apartment or consolidate his apartments, shall have the right to so amend the aforesaid Declaration and Condominium Map to effect said alteration or division of the apartment, or the consolidation of apartments; and, subject to obtaining any required approvals, said apartment owner shall not be required to gain the further consent or joinder of the Association, the Board or any apartment owner or other persons to execute and record amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or

exercising the rights, powers or privileges herein granted to said apartment owner.

(e) Each and every party acquiring an interest in the Project, by such acquisition, consents to any such alteration, division and/or consolidation of apartments in accordance with the provisions hereinabove stated, and to the amendment or amendments of this Declaration and the Condominium Map to effect the same; agrees to execute such documents and do such other things as may be necessary or convenient to effect the same; and appoints the Declarant or the apartment owner in question and their respective assigns as such party's attorney-in-fact, with power of substitution, to execute such documents and do such things on such party's behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by disability of such party. Each and every person also acknowledges, accepts and agrees that construction activity may occur and/or continue on the property submitted to this Declaration after he has taken occupancy in the Project in order that the alteration, division and/or consolidation of apartments as aforesaid may be effected, and that such activity or activities may result in noise, dust or other annoyances to him, and said persons waive any rights, claims or actions which they may have or acquire against the Declarant or the apartment owner in question, their contractors, subcontractors and their other respective agents or employees as a result of such activity or activities.

(f) Each apartment owner, prior to construction or making any physical alterations, must obtain all applicable governmental approvals and permits. The owner assumes the risk of change in the matter of obtaining applicable governmental approvals and permits for any structure that owner desires to construct in addition to what is provided in this Declaration. Such owner who makes such an addition or alteration shall in each instance publish a notice of completion of any additional structure as provided by law in a newspaper of general circulation, which, along with the affidavit of publication of the notice, shall be filed with the clerk of the Fifth Circuit Court, State of Hawaii, or such other office as provided by law.

(g) Notwithstanding any of the foregoing, 1) no apartment owner may construct or alter any physical structure that would prevent or impair the availability of utility service or any type of drainage easement to an adjoining owner, 2) for any future construction of improvements, each owner will observe the minimum setback required by the applicable provisions of the Comprehensive Zoning Ordinance of the County of Kauai ("CZO") from the perimeter of the land area of the limited common element appurtenant to the apartment applied as if the apartments were separate subdivided lots or parcels, 3) each apartment shall be allocated a portion of the maximum lot coverage for the Land as allowed by the CZO, equal to the common interest of the apartment. For example, if an apartment's common interest is 50%, that apartment shall be entitled to use up to 50% of the maximum lot coverage for the Land, and (4) each owner shall observe the drainage way and building setback line as set forth on the Condominium Map.

WHEREAS, this document pertains only to _____
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.
_____ is entitled to _____ residential units
and one guest house; and

WHEREAS, this agreement is evidenced that _____
is entitled to one of those residence units; and

WHEREAS, a "family" as used in the definition of a "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
Agriculture 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;

WHEREAS, the APPLICANT(S) wish to construct a dwelling unit on
that certain parcel of land described 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).

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 _____,

APPROVED:

Applicant(s)

Planning Director
County of Kauai
Planning Department

APPROVED AS TO FORM
AND LEGALITY:

County Attorney

EXHIBIT "I"

(THE ORIGINAL OF THE DOCUMENT
RECORDED AS FOLLOWS:
STATE OF HAWAII

BUREAU OF CONVEYANCES
NOV 06 2003 801
DATE..... TIME
DOCUMENT NO. 2003 244820

After recordation,
Return by mail to:

County of Kauai
Real Property Assessment Division
Department of Finance
4444 Rice St., Ste-454
Lihue, HI 96766

NOTICE OF DEDICATION TO AGRICULTURE

All persons are hereby informed that the foregoing property is subject to the terms, conditions and restrictions of an approved dedication with the County of Kauai.

Tax Map Key: See Attached Exhibit A

Owner: Daryl Y. Wakuta
Alison F. Wakuta

Area of Parcel: See Attached Exhibit A

Petition Number: See Attached Exhibit A

Mailing Address: 21326 Mildred Avenue
Torrance, CA. 90503

Effective Date: January 1, 2004

Term of Dedication:

 X 10-year

 20-year

RESTRICTIONS

Upon the dedication of the land to agriculture, the owner forfeits the right to change the use of the land to a use other than the approved agricultural use for a minimum period of ten or twenty years as the case may be. Upon any conveyance or change in ownership during the period of dedication the dedication shall be cancelled, unless the new owner shall, in writing to the director, agree to the terms and conditions of the dedication. Any new parcel, apartment or unit of a condominium property regime created from the dedicated land, which has not been canceled or released, shall be subject to the covenants, obligations, and liabilities of the dedication.

BREACH OF DEDICATION

Failure to observe the restrictions on the use of the land shall cancel the dedication and special tax assessment privilege retroactive to the date of the dedication. The difference in the amount of taxes that were paid and those that would have been due from the assessment in the higher use shall be payable with a ten per cent per annum penalty. The additional taxes and penalties, due and owing as a result of a breach of the dedication, shall be a paramount lien upon the property. Contact the Real Property Assessment Division, Department of Finance, County of Kauai, for information regarding the dedicated area and use restrictions.

Said tax liens affect the following registered lands of the taxpayer(s) covered by the Certificates of Title shown below:

Land Court System: Certificates of Title Nos.

Documents Nos.

Signed: Daryl Y. Wakuta Date: 10-23-03
Daryl Y. Wakuta

Signed: Alison F. Wakuta Date: 10-23-03
Alison F. Wakuta

STATE OF CALIFORNIA)
)SS:
COUNTY OF LOS ANGELES)

On this 23RD day of OCTOBER, 2003, before me appeared

DARYL Y. WAKUTA + ALISON F. WAKUTA
to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that they
executed the same as THEIR free act and deed.

Edgar L. Legaspi
Print Name EDGAR L. LEGASPI
Notary Public, State of CALIFORNIA

My commission expires: APRIL 16, 2006

