

**DEVELOPER'S PUBLIC REPORT  
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	ORCHID POINT
Address	3720 KAMEHAMEHA ROAD, PRINCEVILLE, HAWAII 96722
Registration Number	6168
Effective Date of Report	February 14, 2007
Developer	JULIE ANNE CARSON, TRUSTEE OF THE CARSON LIVING TRUST

**Preparation of this Report**

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; or (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

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

## **SPECIAL ATTENTION**

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

1. This public report does not constitute an "approval" of the project by the Real Estate Commission.
  
2. This project will be self-managed, which means that there is no managing agent. Until such time as one of the unit owners or a person/agent designated by the Association of Unit Owners is appointed, the Developer will be responsible to collect the maintenance fees and pay the expenses of the project.
  
3. The subject matter of the letter from the County of Kauai Planning Department dated November 21, 2006, attached as Exhibit "F", was discussed previously with the Planning Department prior to and at the time of construction of the Project. Prior to receipt of the letter, Developer was unaware of any questions relating to this matter and has no other reason to believe that the Project is not in compliance with all County laws.

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## **General Information On Condominiums**

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

### **Operation of the Condominium Project**

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

**1. THE CONDOMINIUM PROJECT**

**1.1 The Underlying Land**

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner		
Fee Owner's Address	26315 Esperanza Drive, Los Altos Hills, CA 94022	
Address of Project	3720 Kamehameha Road, Princeville, HI 96722	
Address of Project is expected to change because		
Tax Map Key (TMK)	(4) 5-4-005-052	
Tax Map Key is expected to change because	CPR number will be added to the TMK No. for the Project	
Land Area	.3 acre	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not applicable	

**1.2 Buildings and Other Improvements**

Number of Buildings	One
Floors Per Building	Two
Number of New Building(s)	One
Number of Converted Building(s)	None
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	

**1.3 Unit Types and Sizes of Units**

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Area
A	1	2/2	1,477 sq. ft.	411 sq. ft.	lanais(2), garage	1,888 sq. ft.
B	1	2/2	1,435 sq. ft.	316 sq. ft.	lanais(2), garage	1,751 sq. ft.
C	1	3/3	2,386 sq. ft.	635 sq. ft.	lanais(3), garage	3,021 sq. ft.
See Exhibit _____						

<b>3</b>	<b>Total Number of Units</b>
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Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

**1.4 Parking Stalls**

Total Parking Stalls in the Project:	There are 3 enclosed garages in the Project
Number of Guest Stalls in the Project:	There are common element areas for guest parking
Number of Parking Stalls Assigned to Each Unit:	1 enclosed garage is assigned to each unit
Attach Exhibit ____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

**1.5 Boundaries of the Units**

Boundaries of the unit:  
 Each unit shall include the walls and partitions which are not load-bearing within its perimeter or party walls and the inner decorated or finished surfaces of all walls, floors and ceilings, any doors, door frames, windows, window frames or panels along the perimeters.

**1.6 Permitted Alterations to the Units**

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):  
 Units may be altered in accordance with the Declaration, the Building Code, applicable zoning and subdivision ordinances, and Building and House Rules, if any.

**1.7 Common Interest**

**Common Interest:** Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:  
 Described in Exhibit \_\_\_\_.  
 As follows:  
 Unit A - 24.5%  
 Unit B - 24.5%  
 Unit C - 51%

**1.8 Recreational and Other Common Facilities (Check if applicable):**

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

**1.9 Common Elements**

**Common Elements:** Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.

Described in Exhibit A \_\_\_\_\_ .

Described as follows:

Common Element	Number
Elevators	None
Stairways	None
Trash Chutes	None

**1.10 Limited Common Elements**

**Limited Common Elements:** A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

Described in Exhibit A \_\_\_\_\_ .

Described as follows:

**1.11 Special Use Restrictions**

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input checked="" type="checkbox"/>	Pets: Household pets weighing more than 50 pounds are prohibited (House Rules)
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

**1.12 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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit B \_\_\_\_\_ describes the encumbrances against title contained in the title report described below.

Date of the title report: October 12, 2006

Company that issued the title report: Title Guaranty of Hawaii, Inc.

**1.13 Uses Permitted by Zoning and Zoning Compliance Matters**

Uses Permitted by Zoning					
	Type of Use	No. of Units	Use Permitted by Zoning		Zoning
<input checked="" type="checkbox"/>	Residential	3	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R 10/Open
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Other(specify)		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.					

**1.14 Other Zoning Compliance Matters**

Conforming/Non-Conforming Uses, Structures and Lots	
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>	

	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p>    
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**1.15 Conversions**

<p><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input type="checkbox"/> <b>Applicable</b>  <input checked="" type="checkbox"/> <b>Not Applicable</b></p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p><b>Verified Statement from a County Official</b></p>
<p>Regarding any converted structures in the project, attached as Exhibit _____ is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

**1.16 Project In Agricultural District**

<p><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b>  <b>If answer is "Yes", provide information below.</b></p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p>	

**1.17 Project with Assisted Living Facility**

<p><b>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS?</b>  <b>If answer is "Yes", complete information below.</b></p>	<p><input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

**2. PERSONS CONNECTED WITH THE PROJECT**

<p><b>2.1 Developer</b></p>	<p>Name: Julie Anne Carson, Trustee of The Carson Living Trust          Address: 26315 Esperanza Drive, Los Altos Hills, CA 94022</p> <p>Business Phone Number: (650) 948-1662          E-mail Address: CarsonProperties@aol.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: Century 21 All Islands          Address: 4-831 Kuhio Highway, Suite 300          Kapaa, Hawaii 96746</p> <p>Business Phone Number: (808) 240-2474          E-mail Address: allislands@HawaiiMoves.com</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Title Guaranty Escrow Services, Inc.          Address: 235 Queen St., 1st Floor, Honolulu, HI 96813</p> <p>Business Phone Number: (808) 521-0211</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: Bittner Construction, LLC          Address: P.O. Box 456, Anahola, HI 96703</p> <p>Business Phone Number: 822-4053</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Self Managed by Association          Address: c/o          26315 Esperanza Drive, Los Altos Hills, CA 94022</p> <p>Business Phone Number: (650) 948-1662</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Curtis Shiramizu          Address: 4357 Rice St., Suite 201, Lihue, HI 96766</p> <p>Business Phone Number: (808) 632-2267</p>

### 3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

#### 3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	September 13, 2006	2006-202760

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number

#### 3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	September 13, 2006	2006-202761

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number

#### 3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4332
Dates of Recordation of Amendments to the Condominium Map:	

**3.4 House Rules**

The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.		
The House Rules for this project:		
Are Proposed	<input type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input checked="" type="checkbox"/>	September 13, 2006
Developer does not plan to adopt House Rules	<input type="checkbox"/>	

**3.5 Changes to the Condominium Documents**

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.		
Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

**3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents**

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <ol style="list-style-type: none"> <li>1. 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 Section 1.7 herein. Upon alteration of any units 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.</li> <li>2. Anytime prior to the first conveyance to a party other than Developer, and upon filing the "as-built" verified statement required by Chapter 514B, Hawaii Revised Statutes, the Developer can amend the Declaration, Bylaws and/or Condominium Map. Declaration, Section 20.0.</li> <li>3. The right to grant certain easements and amend the Declaration and Condominium Map in accordance therewith. Declaration, Section 21.0.</li> <li>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.</li> </ol>

## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

<b>Management of the Common Elements:</b> The Association of Unit 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.	
The Initial Condominium Managing Agent for this project is (check one):	
<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

### 4.2 Estimate of the Initial Maintenance Fees

<b>Estimate of the Initial Maintenance Fees:</b> The Association will make assessments against your unit 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 unit and the unit 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 C contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.	

### 4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

### 4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	Gas for the Unit only
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

## 5. SALES DOCUMENTS

### 5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>D</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>E</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

### 5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input checked="" type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit _____.
<input checked="" type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

### 5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input checked="" type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

### 5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: None
Appliances: None

**5.5 Status of Construction, Date of Completion or Estimated Date of Completion**

Status of Construction: Construction completed 12/20/05
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

**5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance**

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

**5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance**

<input checked="" type="checkbox"/>	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.
-------------------------------------	---

**5.6.2 Purchaser Deposits Will Be Disbursed Before Closing**

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

<p><b>Box A</b> <input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><b><u>Important Notice Regarding Your Deposits:</u></b> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p><b>Box B</b> <input type="checkbox"/></p>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <b><u>Important Notice Regarding Your Deposits</u></b> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <b><u>Important Notice Regarding Your Deposits</u></b> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

**Material House Bond.** If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

## 5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other:

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

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

## 5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

### 5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

### **5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed**

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

### **5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change**

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30<sup>th</sup> calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

## **6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT**

A Declaration of Restrictions, Covenants and Conditions by Eagle County Development Corporation, dated March 1, 1971, affecting the Project has been recorded in the Bureau of Conveyances of the State of Hawaii in Book 7444 at Page 93, as amended and supplemented (herein referred to as the "Princeville Declaration"). This document appears in Exhibit B, Encumbrances Against Title, to this public report. All owners and any other person or entities having a fee simple title to any unit in the Orchid Point condominium project, including contract purchasers, but excluding those having such interest merely as security for the performance of any obligation, are bound by, and shall comply strictly with provisions of said Princeville Declaration and shall also become a member of the Princeville at Hanalei Community Association. As a member of the Princeville at Hanalei Community Association, each owner shall be liable for his/her proportionate share of the general and special maintenance assessments and the assessments for capital contributions, such assessments to be fixed, allocated and collected from time to time as provided within said Princeville Declaration. In the event of any conflict between this Declaration and said Princeville Declaration, the provision of said Princeville Declaration shall take precedence and control over this Declaration except where Chapter 514B, Hawaii Revised Statutes, mandates otherwise.

Developer hereby discloses that the Ka Haku entry, the main entry to the Princeville Resort, and portions of the landscaping and roadway around the Ka Haku entry, are not subject to the Princeville Declaration, and belong to that development area designated as Princeville Phase 2 and shall be common elements or common area of the community association established for the projects developed on Princeville Phase 2 land. Developer hereby discloses that each owner of the Orchid Point condominium project shall have a non-exclusive appurtenant easement for road purposes over, upon and through the Ka Haku entry; being Lots 3 and 4 and Easement 3 as shown on File Plan 2056. Orchid Point and each owner thereof shall not be a member of the community association established for any projects developed on Princeville Phase 2 land and shall not have any votes or any right to vote or right to participate in the administration or management of said homeowners' association.

Developer also discloses that Unit C is not for sale at the present time.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report any pertinent or material change or both in any information contained in this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

Julie Anne Carson  
Printed Name of Developer

By: Julie Anne Carson  
Trustee of The Carson Living Trust 2-7-07  
Duly Authorized Signatory\* Date

Julie Anne Carson, Trustee of The Carson Living Trust dated 2/27/97  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

**\*Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

## EXHIBIT A

### COMMON AND LIMITED COMMON ELEMENTS

COMMON ELEMENTS. The common elements of the Project consist only of the following:

- (a) All of the Land in fee simple;
- (b) All structural components such as foundations, beams, supports, main walls, roofs (including roofing materials), floor slabs, unfinished perimeter, party and load-bearing walls and columns, if any;
- (c) Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central appurtenant transmission facilities and installations over, under or across the property which serve more than one unit for services such as power, light, gas, telephone, sewer, hot and cold water, air conditioning, radio and television signal distribution, if any, and like utilities;
- (d) All yards, grounds, landscaping, retaining walls, and refuse facilities, if any;
- (e) Any apparatus and installations existing for common use such as tanks, pumps, motors, fans, compressors, ducts, vents and other installations and apparatus;
- (f) The cement drive and walkway, including the grasscrete areas, located adjacent to the southwestern side of the building, as shown on **Exhibit "C"**, attached to the Declaration of Condominium Property Regime for the Project; PROVIDED, THAT, guest parking shall only be permitted on the grasscrete areas;
- (g) Any 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.

LIMITED COMMON ELEMENTS. The limited common elements of the Project consist only of the following:

- (a) The foyer located outside the entrances to Units B and C, as shown on the Condominium Map, is for the exclusive use of those units and shall be deemed appurtenant thereto;
- (b) The lanai of approximately 102 square feet located on the second floor of the Project, adjacent to and outside the master bedroom of Unit A, the lanai of

approximately 51 square feet located on the ground floor adjacent to and outside the living area of Unit A and an enclosed garage located on the ground floor containing approximately 258 square feet, all as shown on the Condominium Map, is for the exclusive use of Unit A and shall be deemed appurtenant thereto;

(c) The two lanais, one containing 47 square feet and the other 43 square feet, more or less, located on the ground floor of the Project, adjacent to and outside the combined living/dining area of Unit B, and an enclosed garage located on the ground floor containing approximately 226 square feet, all as shown on the Condominium Map, are for the exclusive use of Unit B and shall be deemed appurtenant thereto;

(d) The three lanais, containing a total of approximately 376 square feet located on the second floor of the Project, adjacent to and outside the second and third bedrooms and the living area of Unit C and an enclosed garage located on the ground floor containing approximately 259 square feet, all as shown on the Condominium Map, are for the exclusive use of Unit C and shall be deemed appurtenant thereto;

(e) All other common elements of the Project that are rationally related to less than all of the condominium units in the Project shall be limited to the use of such condominium units.

## EXHIBIT B

### ENCUMBRANCES AGAINST TITLE

1. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance.
2. The terms and provisions contained in Deed dated October 19, 1973, recorded in Liber 9560 at Page 438.
3. The terms and provisions contained in the DECLARATION OF RESTRICTIONS, COVENANTS AND CONDITIONS BY EAGLE COUNTY DEVELOPMENT CORPORATION dated March 1, 1971 and recorded in Liber 7444 at Page 93.

The foregoing includes, but is not limited to, matters relating to height limitations of building.

Note: The above Declaration of Restrictions, Covenants and Conditions carries numerous recorded amendments.

By Declaration of Declarant dated May 16, 1985, recorded in Liber 18662 at Page 485, Princeville Development Corporation was declared and designated the Declarant under said Declaration.

The interest of Princeville Development Corporation was assigned to Princeville at Hanalei Community Association, a Hawaii nonprofit corporation, by Notice of Transfer and Assignments dated May 1, 1990, recorded as Document No. 90-120777, and dated ----- (acknowledged January 7, 1994 and January 11, 1994), recorded as Document No. 94-009984.

The interest was further assigned to PRINCEVILLE DEVELOPMENT COMPANY, LLC, a Delaware limited liability company by QUITCLAIM ASSIGNMENT OF RESERVATIONS, RIGHTS AND PRIVILEGES dated March 7, 2005, recorded as Document No. 2005-053757.

4. The terms and provisions contained in the AGREEMENT between CONSOLIDATED OIL & GAS, INC., a Colorado corporation, "Grantor", and NORMAN LACAYO, "Grantee", dated June 2, 1981, recorded in Liber 15687 at Page 353.
5. Grant of RIGHT-OF-ENTRY for utility purposes to CITIZENS UTILITIES COMPANY, whose interest is now held by KAUAI ISLAND UTILITY CO-OP, and HAWAIIAN TELEPHONE COMPANY now known as HAWAIIAN TELCOM, INC., dated March 15, 1984, recorded in Liber 17863 at Page 593.

6. The terms and provisions contained in the WAIVER AND RELEASE AGREEMENT dated July 10, 2003 and recorded as Document No. 2003-144924.
7. The terms and provisions contained in the ENCROACHMENT AGREEMENT dated June 3, 2004, recorded as Document No. 2004-185045 between the APARTMENT OWNERS OF SEALODGE II ASSOCIATION, a Hawaii unincorporated association, and MARION KEL CARSON and JULIE ANNE CARSON, Trustees of the unrecorded Carson Living Trust dated February 27, 1997.
8. The terms and provisions contained in the DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR ORCHID POINT CONDOMINIUM dated September 13, 2006, and recorded as Document No. 2006-202760.
9. The terms and provisions contained in the BY LAWS OF THE ASSOCIATION OF UNIT OWNERS OF ORCHID POINT CONDOMINIUM dated September 13, 2006, and recorded as Document No. 2006-202761.
10. Condominium Map no. 4332.
11. Any unrecorded leases and matters arising from or affecting the same.
12. Encroachments or any other facts which a correct boundary and improvement survey would disclose

**END OF EXHIBIT "B"**

**EXHIBIT "C"**

**ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 month = <u>Yearly Total</u>
Unit A	\$243 x 12 = \$2,916.00
Unit B	\$243 x 12 = \$2,916.00
Unit C	\$504 x 12 = \$6,048.00

Unit owners will be obligated to start paying the unit owner's share of the common expenses upon conveyance of legal title to the unit owner.

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

Estimate of Maintenance Fee Disbursements:

	Monthly Fee x 12 months = Yearly Total
<b>Utilities and Services</b>	
Air Conditioning	
Electricity	
<input checked="" type="checkbox"/> common elements only	130.00 x 12 = 1,560.00
<input type="checkbox"/> common elements and apartments	
Elevator	
Gas	
<input type="checkbox"/> common elements only	
<input type="checkbox"/> common elements and apartments	
Refuse Collection	
Telephone	
Water & Sewer	150.00 x 12 = 1,800.00
<b>Maintenance, Repairs and Supplies</b>	
Building	200.00 x 12 = 2,400.00
Grounds	250.00 x 12 = 3,000.00
<b>Management</b>	
Management Fee	
Payroll and Payroll Taxes	
Office Expenses	
Insurance	208.00 x 12 = 2,496.00
Reserves	50.00 x 12 = 600.00
<b>Taxes and Government Assessments</b>	
<b>Audit Fees</b>	
<b>Other</b>	
<b>TOTAL</b>	<u>988.00 x 12 = \$11,856.00</u>

I, Julie Anne Carson, Trustee of the Carson Living Trust, as developer for the Orchid Point 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.

Julie Anne Carson Trustee      11-9-06  
Julie Anne Carson, Trustee/Developer      Date  
Developer

## EXHIBIT D

### 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, Public Report, Escrow Agreement, Unit 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 receipted.

(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 E

### 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, among other requirements, the following has occurred:

1. Seller shall have delivered to the purchaser a true copy of the Public Report including all amendments, with effective date(s) issued by the Real Estate Commission 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 514B-82 to 514B-93 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. Seller shall have delivered the notice of purchaser's 30-day right of cancellation to the purchaser which purchaser has waived or is deemed to have waived; 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 cancel or rescind the Sales Contract pursuant to any right under the Sales Contract or otherwise available to seller;  
or
3. The conditions providing for a refund under Sections 514B-86, 87 or 89 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 514B-87 of the Condominium Act provides for rescission rights to a purchaser under a binding contract if there is a material change in the project.

EXHIBIT "F"

**BRYAN J. BAPTISTE**  
MAYOR



**IAN K. COSTA**  
DIRECTOR OF PLANNING

**GARY K. HEU**  
ADMINISTRATIVE ASSISTANT

**MYLES S. HIRONAKA**  
DEPUTY DIRECTOR OF PLANNING

**COUNTY OF KAUA'I  
PLANNING DEPARTMENT**

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

TEL (808) 241-6677 FAX (808) 241-6699

DATE: November 21, 2006

TO: Senior Condominium Specialist  
Real Estate Commission  
P & VLD/DCCA  
250 South King Street, Suite 702  
Honolulu, Hawaii 96813

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Project Name: **ORCHID POINT**  
Condominium Project (406)  
Tax Map Key: (4) 5-4-005: 052

On November 15, 2006, the Planning Department took receipt of the condominium documents for Orchid Point Condominium Project and found the following pursuant to Hawaii Revised Statutes HRS 514 A-31 unavailable for review:

**1. Certified Survey Condo Map (Plot Plan)**

This property has building height and building setback concerns. The above aforementioned item will assist in our verification that the Project is in compliance with all zoning and building ordinances and codes applicable to the project at the time of its construction.

**NOV 27 2006**

Senior Condominium Specialist  
Orchid Point  
TMK: (4) 5-4-005: 052  
November 21, 2006  
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Therefore, we request that an Effective Date not be issued until the developer submits a certified survey plot plan which will determine to this Department that the subject proposed condominium project is in compliance with all the requirements.

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

cc: Curtis Shiramizu, Attorney at Law  
Julie Anne Carson, Project Developer