

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

CONDOMINIUM PROJECT NAME	RACCA ESTATES
Project Address	6010 Lokomaikai Place Kapaa, Kauai, HI 96746
Registration Number	6268
Effective Date of Report	November 26, 2007
Developer(s)	Allen Wayne Racca, Warren Racca, Paris K. Racca, Janice A. Racca

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; and (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, including any omitted material facts, 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.

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.]

This is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and NOT a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element's land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

1. This Public Report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County Codes, ordinances and subdivision requirements have been complied with.
2. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, county street lighting, electricity, upgraded water facilities, etc. may not necessarily be provided for, and services such as county street maintenance and trash collection will not be available for interior roads and driveways.
3. This Public Report was done by the Developer and not an attorney. 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 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		
Address of Project	6010 Lokomaikai Place Kapaa, HI 96746	
Address of Project is expected to change because	n/a	
Tax Map Key (TMK)	(4) 4-4-10: 52	
Tax Map Key is expected to change because	n/a	
Land Area	1 Acre	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	n/a	

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	1
Number of New Building(s)	1
Number of Converted Building(s)	1
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood, concrete, composition shingles, glass

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
Unit A	1	4/3	2409 sf	807 sf	lanai, garage	3216 sf
Unit B	1	0	0	16 sf	shed	16 sf
See Exhibit ____.						

2	Total Number of Units
---	------------------------------

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:	4
Number of Guest Stalls in the Project:	n/a
Number of Parking Stalls Assigned to Each Unit:	2 *
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. There is ample room on each Unit's Limited Common Element for the parking of at least 2 vehicles.	

1.5 Boundaries of the Units

Boundaries of the unit:
 The exterior surfaces of the structure and the description of the Limited Common Elements are set forth in the Condominium Map.

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 Bylaws, the Building Code, Zoning and all relevant County of Kauai and State of Hawaii Ordinances & Regulations.

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 A ____.
 As follows:

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

<p>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.</p>	
<p>Described in Exhibit <u>A</u>.</p>	
<p>Described as follows:</p>	
Common Element	Number
Elevators	
Stairways	
Trash Chutes	

1.10 Limited Common Elements

<p>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.</p>
<p>Described in Exhibit _____.</p>
<p>Described as follows: Unit A: 21,782 sf Unit B: 21,780 sf Note: The land area designated as Limited Common Element are not legally subdivided lots.</p>

1.11 Special Use Restrictions

<p>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.</p>	
<input checked="" type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>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).</p>
<p>Exhibit <u>B</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: October 19, 2006</p>
<p>Company that issued the title report: Security Title Corporation</p>

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	1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-1
<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 checked="" type="checkbox"/>	Other(specify)	1, Shed	<input checked="" type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	R-1
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>
--

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</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: Based on the Architect's Condition Report dated May 22, 2006 prepared by Avery Youn, Licensed Professional Architect, No. 3576, the Developer states that the systems and components of the structure, including visible structural, electrical & plumbing appear to be in satisfactory and sound condition for the stated age thereof.</p>	
<p>Developer's statement of the expected useful life of each item reported above: Based on the Architects' Condition Report dated May 22, 2006 prepared by Avery Youn, Licensed Professional Architect, No. 3576, the Developer states the structure and related systems and components have an expected useful life in excess of thirty(30) years for Unit A dwelling.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: None</p>	
<p>Estimated cost of curing any violations described above: None</p>	

<p>Verified Statement from a County Official</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"> (i) Any variances or other permits that have been granted to achieve compliance; (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 (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <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>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</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: This property is in a R-1 Zone. According to the Planning Department, County of Kauai the zoning was changed from Agriculture to a Residential District. It was approved by the Kauai County Council on 12/1/84, Ordinance No. PM-127-84. This Ordinance is on file with the Planning Dept. and County Clerk's office, County of Kauai.</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</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>2.1 Developer(s)</p>	<p>Name: Allen Wayne Racca, Warren Racca Paris. K. Racca & Janice A. Racca</p> <p>Business Address: 3249 Uiki Place Lihue, HI 96766</p> <p>Business Phone Number: 808-245-6749 E-mail Address:</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>n/a</p>
<p>2.2 Real Estate Broker</p>	<p>Name: None selected, see page 18. Business Address:</p> <p>Business Phone Number: E-mail Address:</p>
<p>2.3 Escrow Depository</p>	<p>Name: Security Title Corporation Business Address: 4370 Kukui Grove, Ste. 209 Lihue, HI 96766</p> <p>Business Phone Number: 808-245-6975</p>
<p>2.4 General Contractor</p>	<p>Name: n/a Business Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Self-Managed by the Association of Apartment Owners Business Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: None. This report was prepared by the Developer, pro se. Business Address: 3249 Uiki Place Lihue, HI 96766</p> <p>Business Phone Number: 808-245-6749</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	June 21, 2006	2006-190986

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	August 8, 2007	2007-161272
Bureau of Conveyances	November 2, 2007	2007-193784

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	June 21, 2006	2006-190987

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	August 8, 2007	2007-161273

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	n/a
Bureau of Conveyances Map Number	4323
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 type="checkbox"/>
Developer does not plan to adopt House Rules	<input checked="" 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%	75%
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> <p>Developer has reserved the right to alter the units in the project under paragraph 16.0 and to amend the Declaration under 17.0, including changes to the condominium map and the filing of "as-built" plans. The Developer may amend the Bylaws under Article IV, Section 1, and adopt Building Rules under Article V, Section 2 of the Bylaws.</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p><u>Management of the Common Elements:</u> 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.</p>	
<p>The Initial Condominium Managing Agent for this project is (check one):</p>	
<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

<p><u>Estimate of the Initial Maintenance Fees:</u> 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.</p>
<p>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.</p>

4.3 Utility Charges to be Included in the Maintenance Fee

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

4.4 Utilities to be Separately Billed to Unit Owner

<p>If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:</p>	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	Gas for the Unit only
<input checked="" 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: 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 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 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 type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" 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
Mortgage	Purchaser may lose rights to purchase unit, but would be entitled to return of all deposits, less escrow cancellation fee, if default & foreclosure occur before 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

<p>Status of Construction: Unit A: Construction was completed in 1992. Unit B: Construction was completed in February 2007.</p>
<p>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.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p>

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 type="checkbox"/>	<p>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.</p>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

<p>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):</p>	
<input type="checkbox"/>	<p>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</p>
<input type="checkbox"/>	<p>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.</p>

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

<p>Box A <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><u>Important Notice Regarding Your Deposits:</u> 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>Box B <input type="checkbox"/></p>	<p>The Developer has not 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 <u>Important Notice Regarding Your Deposits</u> 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, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (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 <u>Important Notice Regarding Your Deposits</u> 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.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
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
Website to access rules: 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 30th 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

UTILITIES:

Unit A: Unit A is serviced by an existing 5/8" water meter, cesspool (individual wastewater system) and utilities (electrical, telephone & cable).

Unit B: Unit B shall have its own 5/8" water meter, individual wastewater system and utilities servicing the proposed structure. They shall comply with all relevant County of Kauai and State of Hawaii ordinances, regulations, building and zoning codes.

DISCLOSURE RE: NON SELECTION OF REAL ESTATE BROKER

As of the effective date of this Developer's Public Report, the Developer has not executed a listing agreement for the sale of this condominium project with any duly licensed Hawaii real estate broker.

Thus, the Developer cannot offer to sell or sell any units in this registered condominium project until: 1) the Developer executes a listing agreement for the sale of this condominium project, 2) amends the Developer's Public Report to reflect the new information, and 3) delivers this Public Report and Amendment to the prospective purchaser. The conditions for a binding sales contract are listed on pages 16-17 paragraph 5.8.1.

ZONING:

This property is in a R-1 Zone. According to the Planning Department, County of Kauai the zoning was changed from Agriculture to a Residential District. It was approved by the Kauai County Council on December 4, 1984, Ordinance No. PM-127-84. This Ordinance is on file with the Planning Department and the County Clerk's Office, County of Kauai.

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 and include either or all material facts, material or pertinent changes to any information contained in or omitted from 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.

Allen W. Racca, Warren Racca, Paris K. & Janice A. Racca
Printed Name of Developer

By: Allen W. Racca 11/18/07
Duly Authorized Signatory* Date

Warren Racca
Printed Name & Title of Person Signing Above

Janice A. Racca 11/18/07
Janice A. Racca
PARIS RACCA
Warren Racca

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 Element. The common elements which the units have immediate access to include:
- a. The land in fee simple.
 - b. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

END OF EXHIBIT "A"

EXHIBIT "B"

1. TAXES Tax Map Key: KAUAI 4-4-010-052

KAUAI 2006-2007 TAX ROLL

	2006 VALUE	EXEMPTION	NET
BLDG	327,800	48,000	279,800
LAND	425,000	0	425,000
TOTAL	752,800		704,800

Taxes for the Fiscal Year 2006-2007 are a lien; payable as follows:

1st Installment: \$603.36 PAID
2nd Installment: \$603.36 PAID

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Floodway, Flood Fringe and Flood Elevations as disclosed by the survey of Oscar C. Portugal, Registered Professional Land Surveyor, Certificate No. 4973, dated December 15, 1986.
4. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions as contained in:

DEED

Dated: June 2, 1987
Book: 20744
Page: 37

To which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c)

5. The terms and provisions, including the failure to comply with any covenants, conditions, restrictions, reservations or obligations of that certain Farm Dwelling Agreement dated November 22, 1991, made by and between John R. Racca and Lita R. Racca, "Applicant(s)", and the County of Kauai Planning Department, "Department", recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-170850, to which reference is hereby made.

Subordination Agreement dated February 18, 2003, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-053336. Re: In the event of a default by the mortgagors herein, the County of Kauai Planning Department agrees to subordinate all claims or rights accruing under the foregoing Farm Dwelling Agreement, to Bank of Hawaii, under its mortgage dated February 18, 2003, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-037657.

6. MORTGAGE

Mortgagor: Allen Wayne Racca, husband of Cynthia Kanekapolei Palmeira, Marilyn Fernandez, married, Warren Racca, unmarried, and Orlando Racca, married
Mortgagee: Bank of Hawaii, a Hawaii corporation
Dated: February 18, 2003
Recorded: February 28, 2003
Document No. 2003-037657
To Secure: \$208,000.00
and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

7. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "RACCA ESTATES"

Dated: June 21, 2006
Document No. 2006-190986

Condominium Map No. 4323, to which reference is hereby made.

The individual units set forth in the foregoing Declaration are listed below:

<u>UNIT</u>	<u>UNDIVIDED INTEREST IN THE COMMON ELEMENTS</u>
A	50%
B	50%

8. BY-LAWS OF "RACCA ESTATES"

Dated: June 21, 2006
Document No. 2006-190987

9. Any and all easements encumbering the units herein identified, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration and/or as shown on said Condominium Map No. 4323.

EXHIBIT "B"

<u>UNIT NO.</u>	<u>LIMITED COMMON ELEMENT</u>	<u>COMMON INTEREST</u>
A	Approx. 21,782 sf	50%
B	Approx. 21,780 sf	50%

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 x 12 months = Yearly Total</u>	
Unit A	None	None
Unit B	None	None

Note: No maintenance fees are currently contemplated, as there are no common areas expected. The Bylaws allow the Association of Owners to set maintenance fees should they be required in the future.

END OF EXHIBIT "C"

EXHIBIT "D"
SUMMARY OF SALES CONTRACT

1. Seller shall furnish Buyer EVIDENCE OF SELLER'S MARKETABLE TITLE to the interest being conveyed to the Buyer. If Seller fails to deliver title as provided, Buyer has the option to terminate the agreement and have any of Buyer's deposits returned, without excluding any other remedies available to Buyer. Buyer will receive an Owner's standard coverage policy of title insurance at closing issued in the amount of the sales price, for which Seller shall pay 60% of the premium charged, and Buyer shall pay 40% of such premium.
2. RISK OF LOSS shall pass to Buyer upon transfer of title or upon occupancy, whichever occurs first.
3. In the event of DEFAULT BY EITHER PARTY, then either party may bring an action of breach of contract against the other and seek specific performance; the defaulting party shall be responsible for any costs incurred. In the event of a dispute between the parties, the Sales Contract provides for non-binding MEDIATION between the parties followed by BINDING ARBITRATION if mediation is unsuccessful.
4. Seller agrees to provide a SELLER'S DISCLOSURE STATEMENT using the Board of Realtor's current and standard form for such disclosure, and to provide additional disclosure for any newly discovered material facts which become known during the escrow process.
5. Buyer's obligation to purchase the Property is contingent upon Seller to provide the SPECIFIED DOCUMENTS as stated in the Sales Contract and any other documents required by Chapter 514B Hawaii Revised Statutes. If the Benefited Party elects to TERMINATE the Sales Contract because a Contingency for that party's benefit has not been satisfied, the Benefited Party must deliver to the other party a written notice terminating the Sales Contract prior to the Contingency Period. If the Benefited Party so terminates the Sales Contract, Buyer and Seller shall promptly execute all cancellation documents requested by Escrow. Any termination shall be in writing and delivered to the other party to be effective.
6. TIME IS OF THE ESSENCE in this contract. If, for reason's beyond Buyer's or Seller's control, a party cannot perform so as to close by the Schedule Closing Date, then such party may extend the Scheduled Closing Date by up to thirty (30) days by delivery of written notice to Escrow and the other party to allow performance. Thereafter, any further extension of the Scheduled Closing Date must be agreed to in writing by both parties.

7. SELLER'S AND BUYER'S BROKERS advise their clients to consult their respective attorneys, accountants, and other professionals regarding the transaction. Buyer and Seller acknowledge that they are not relying on the Brokers for such information, and that the Brokers shall not be held liable in the event of the Buyer's or Seller's failure to perform pursuant to the contract.

Note: The above summary explains only a portion of the terms and provisions contained in the Sales Contract. The Buyer should refer to the full Sales Contract to determine actual rights and obligations.

End of Exhibit "D"

EXHIBIT "E"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement between SECURITY TITLE CORPORATION ("Escrow") and ALLEN WAYNE RACCA, WARREN RACCA, PARIS & JANICE A. RACCA, contains the following provisions, among others, which may be modified or otherwise limited by provisions not here summarized:

1. Sales Contracts Deposited in Escrow. As and when Seller shall enter into a sales contract for the sale of a unit, Seller shall deliver an executed copy of such sales contract to Escrow. Each sales contract shall contain the correct names and addresses of the purchasers. It shall require that all payment be made to Escrow and it shall be accompanied by the initial deposit as required.
2. Public Reports. Each sales contract shall specify the effective date(s) of the Developer's and other amendments of the Public Report, which have been issued by the Real Estate Commission of the State of Hawaii.
3. Deposit of Funds by Seller. Seller shall pay over to Escrow any monies received by Seller from purchasers under sales contract covering units in the Project, including all disbursements made on loan commitments, if any lending institutions to individual purchasers. Escrow shall receive and hold in escrow and disburse as herein set forth (1) all payments received by Escrow under sales contracts made by Seller; (2) all sums received by Escrow hereunder from Seller; (3) all funds from lending institution pursuant to a mortgage loan for the purchase on any unit by individual purchaser; and (4) all sums received by Escrow from any other source on account of this Project.
4. Conditions to be met prior to Disbursement of Funds in Escrow. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled. a) Effective Public Report and Amendments have been provided to purchaser and Escrow. b) Waiver of Cancellation of Rights delivered to purchaser. c) Waiver of Rescission Rights delivered to purchaser, d) Receipt of Opinion by Escrow delivered by Seller or Seller's attorney.
5. Return of Purchaser's Funds and Documents. The Cancellation or Rescission of Sales Contract in which a purchaser shall be entitled to return of such purchaser's funds and Escrow shall pay funds to purchasers, together with any interest which may have accrued to the credit of the purchaser, if any one of the following has occurred: a) Seller and purchaser have requested Escrow in writing to return the funds of purchaser held by Escrow; b) Seller notified Escrow of Seller's exercise of the option to cancel or rescind the sales contract; c) The purchaser notified Escrow of purchaser's exercise of purchaser's right to cancel the sales contract pursuant to HRS Sec. 514B-86(thirty day right to cancel); d)The purchaser notified Escrow of purchaser's exercise of purchaser's right to rescind the sales contract pursuant to HRS Sec. 514B-87 by a valid rescission signed by all purchasers of the affected unit and postmarked no later than the

midnight of the thirtieth calendar day after the date the purchasers received the notice of rescission from Seller, in which case the purchasers shall be entitled to a prompt and full refund of any moneys paid. If any of the foregoing events occur Escrow shall refund funds less a cancellation fee commensurate with the work done by Escrow prior to cancellation, up to a maximum of \$250.00.

6. Purchaser's Default. Seller shall give notice in writing to Escrow of the occurrence of each event that initiates an obligation of a purchaser to make a payment to Escrow pursuant to the sales contract as well as notice of the amount and due date of such payment. If the purchaser fails to make such payment to Escrow on or before due date or if the purchaser fails to perform in any matter that being handled by Escrow, subsequently certifies in writing to Escrow that Seller has terminated the sales contract in accordance with the terms and provides to escrow copies of all such notices of termination sent to the purchaser's sales contract as funds of Seller and not as funds of purchasers. Such funds shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller, less any escrow cancellation fee.

7. Interest on Funds in Escrow. Interest earned on funds deposited in escrow shall accrue as specified in the sales contract. If the sales contract does not specify to whom interest is to accrue, any interest earned on funds deposited in escrow shall accrue to the credit of the Seller.

8. Closing. Except for the sales contracts and any note and mortgage that are to be closed by the mortgagee. Escrow shall promptly and diligently arrange for and supervise the execution of all documents related to the Project and shall promptly and diligently close the transaction and perform such services as are necessary.

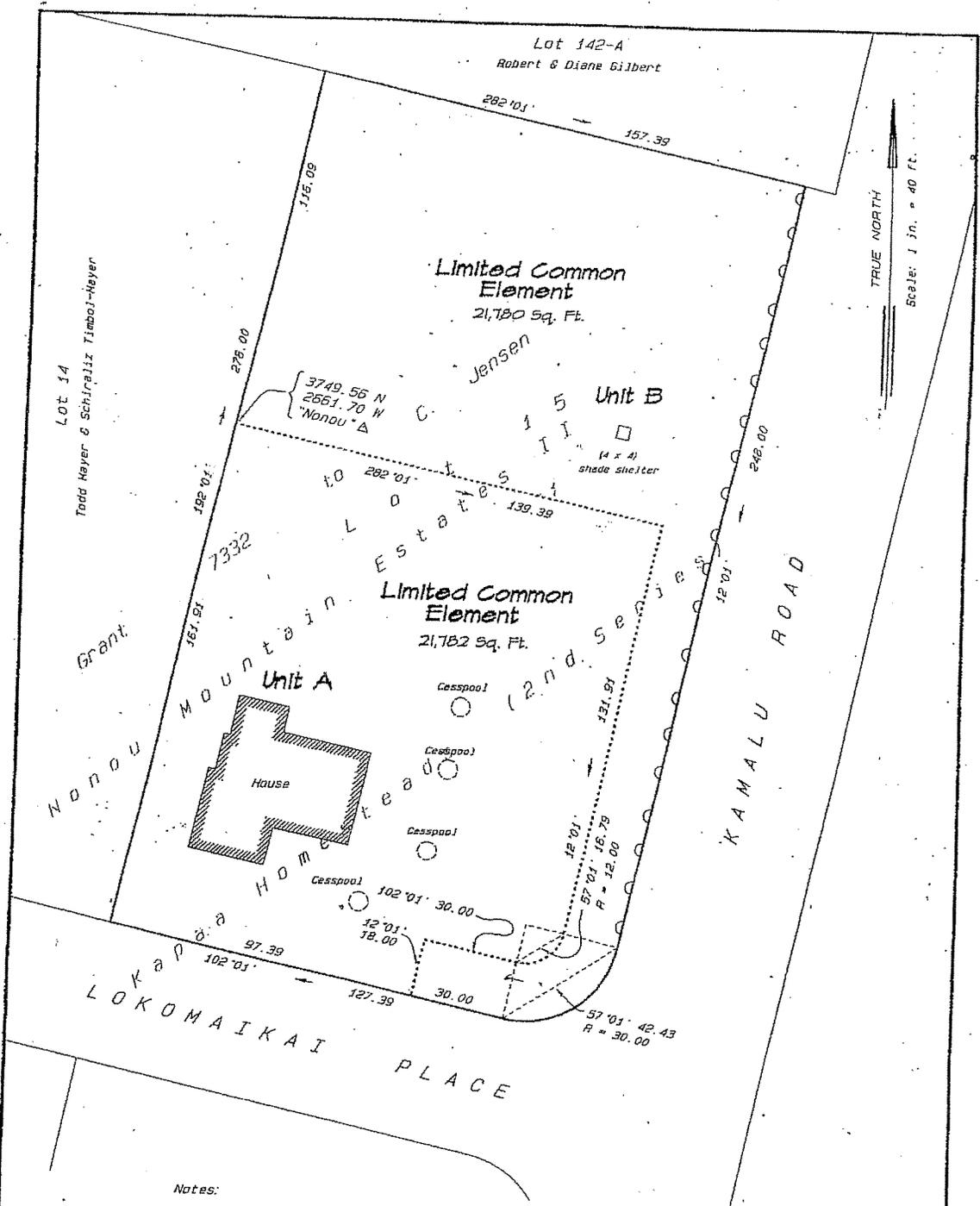
9. Compensation of Escrow. The compensation of Escrow for performance shall be based on the scheduled rate plus tax for each unit in the Project, on the condition that all sales of units in the Project are closed on or before two years after the date of Escrow Agreement. Escrow's compensation shall become due and payable with respect to a unit in the Project upon the first to occur of the following events: (a) the transfer to the purchaser of each unit of legal title, or (b) final disbursement of the funds held in escrow in connection with each unit. In the event of the cancellation of any sales contract that has been submitted to Escrow, a cancellation fee commensurate with the services rendered by Escrow prior to cancellation, up to a maximum of \$250.00, plus all costs incurred by Escrow, shall be charged to the purchaser, unless otherwise agreed to by Seller and the purchaser.

SPECIAL NOTICE:

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

END OF EXHIBIT "E"

EXHIBIT "F"
 CONDOMINIUM MAP NO. 4323



- Notes:
1. This project does not involve the sale of individual subdivided lots. The dotted lines on the condominium map are for illustration purposes only. They represent either a limited common element or a common element.
 2. No Access Permitted



THIS WORK WAS PREPARED
 BY ME OR UNDER MY SUPERVISION

Cesar C. Portugal
 Licensed Professional Land Surveyor
 Certificate Number 2225-SE

"RACCA ESTATES"
 Condominium Map Showing
 Units A and B

Being all of Lot 15, Nonou Mountain Estates II
 Being portion of Grant 7332 to C. Jensen
 Kapaa Homesteads (2nd Series)
 At Kapaa, Kaula, Hawaii

Owners:
 Racca, Allen
 Racca, Warren
 Racca, Paris