

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

CONDOMINIUM PROJECT NAME	ALIOMANU MANA 3
Project Address	5061-E Aliomanu Road Anahola HI 96703
Registration Number	6273
Effective Date of Report	April 3, 2007
Developer(s)	Peter Frederick Gaulke and Susan Kirk Gaulke

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.]

SPECIAL NOTICE:

1. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission, or any other governmental agency, nor does it imply that all County codes, ordinances and subdivision requirements have been complied with.
2. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a LIMITED COMMON ELEMENT for that unit and does not represent a legally subdivided lot. The dotted lines on the Condominium Map merely represent the location of the limited common element assigned to each unit.
3. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., are provided for and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

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

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General Information On Condominiums

A condominium is a special form of 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	The developers are the fee owneres	
Address of Project	5061-E Aliomanu Road Anahola, HI 96703	
Address of Project is expected to change because	each unit is entitled to its own address	
Tax Map Key (TMK)	(4) 4-9-004: 044	
Tax Map Key is expected to change because	the County of Kauai may assign new CPR numbers for each unit	
Land Area	5.605 acres	
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	3
Floors Per Building	1 - Unit A 2 - Unit B
Number of New Building(s)	3
Number of Converted Building(s)	
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	wood and metal - Unit A Wood frame construction with metal roof - Unit B

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
A	1	0 / 0		424	lanai storage	126 298
B	1	1 / 1/2	671	457	lanai/walkway storage	360 97
See Exhibit A.						

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:	
Number of Parking Stalls Assigned to Each Unit:	Unit A – 2 Unit B – 2 *There is ample room on each unit's limited common element for at least two parking spaces
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: (a) structures and improvements of any kind located wholly within the limited common element(s) of the individual units; (b) all pipes, wires, conduits or other utility and service lines in or on such unit building, or if the same are not utilized by more than one apartment; and (c) each addition, replacement and other improvement of the apartment as permitted by law. The costs and expenses incurred for such additions, replacements and improvements to the apartment as permitted under the laws of the State of Hawaii or the County of Kauai shall be charged to the owners of the unit which is altered, changed or improved.

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):

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 – 50%; Unit B – 50%

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>D</u></p>									
<p>Described as follows:</p>									
<table border="1"> <thead> <tr> <th>Common Element</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Elevators</td> <td>N/A</td> </tr> <tr> <td>Stairways</td> <td>N/A</td> </tr> <tr> <td>Trash Chutes</td> <td>N/A</td> </tr> </tbody> </table>		Common Element	Number	Elevators	N/A	Stairways	N/A	Trash Chutes	N/A
Common Element	Number								
Elevators	N/A								
Stairways	N/A								
Trash Chutes	N/A								

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 <u>E</u></p>
<p>Described as follows:</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>	
X	<p>Pets: Dogs, cats and other household pets in reasonable numbers are permitted. See Bylaws Section 5.3 and proposed House Rules</p>
	<p>Number of Occupants: N/A</p>
	<p>Other:</p>
	<p>There are no special use restrictions.</p>

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>F</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: January 18, 2007</p>
<p>Company that issued the title report: Title Guaranty of Hawaii, Inc.</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 type="checkbox"/>	Residential		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix 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 checked="" type="checkbox"/>	Agricultural	1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Open
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other (specify) agriculture structure	1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Open
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.		N/A			

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 type="checkbox"/> Applicable <input checked="" 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: N/A</p>	
<p>Developer's statement of the expected useful life of each item reported above: N/A</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: N/A</p>	
<p>Estimated cost of curing any violations described above: N/A</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>G</u> 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: N/A</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 checked="" type="checkbox"/> Yes <input 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 checked="" 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 checked="" 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: It is anticipated that the storage structure on Unit A will be replaced with a farm dwelling and construction will commence within approximately one (1) year from the date of recording of the Declaration for the project.</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: Peter Frederick Gaulke and Susan Kirk Gaulke</p> <p>Business Address: 606 Raymond Ave, #3, Santa Monica CA</p> <p>Business Phone Number: (310) 314-2269 E-mail Address: susangaulke@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>N/A</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Coldwell Banker Bali Hai Realty, Inc. Business Address: PO Box 930, Hanalei, HI 96714</p> <p>Business Phone Number: (808) 826-7244 E-mail Address:</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: PO Box 1678, Honolulu HI 96813</p> <p>Business Phone Number: (808) 521-0211</p>
<p>2.4 General Contractor</p>	<p>Name: Chad Rausch Construction, Inc. Business Address: PO Box 56, Hanalei, HI 96714</p> <p>Business Phone Number: (808) 635-1453</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Self Managed by the Association Business Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Steven R. Lee, Esq. Business Address: 4334 Rice St., #204C, Lihue, HI 96766</p> <p>Business Phone Number: (808) 246-1101</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	December 21, 2006	2006-001651

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 of Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	December 21, 2006	2006-001652

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	4358
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"/>	February 6, 2007
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 checked="" type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input type="checkbox"/>	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:

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p>Management of the Common Elements: 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>Estimate of the Initial Maintenance Fees: 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 <u> H </u> 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. There are no maintenance fees for this project.</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 checked="" type="checkbox"/>	Other (specify) Maintenance of Common Element access Easements E and F

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 type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input 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> I </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 of Hawaii, Inc. Exhibit <u> J </u> contains a summary of the pertinent provisions of the escrow agreement.
<input checked="" type="checkbox"/>	Other: Specimen Apartment Deed

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. N/A

<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 <u> </u> .
<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	LENDER HAS PRIORITY OVER A BUYER'S RIGHTS UNDER A SALES CONTRACT, AND HAS A RIGHT TO TERMINATE SALES CONTRACT UPON FORECLOSURE OF ITS MORTGAGE BEFORE AN APARTMENT SALE IS CLOSED. IN SUCH EVENT BUYER SHALL BE ENTITLED TO A REFUND OF ALL DEPOSITS, LESS ESCROW CANCELLATION FEES.

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. Units to be conveyed "as is". Developer is not making any warranties on the materials and workmanship of the Units

Appliances: None. Appliances to be sold "as is".

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

Status of Construction: Units A and B were completed in August 2006.
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: N/A
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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 cancelled 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.
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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>Box A []</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 []</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 purchaser 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 restriction 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, 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 cancelled 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 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

1. Not a Subdivision. This is a condominium project which should not be confused with a subdivision. A purchaser of a unit will be conveyed a condominium unit together with an "undivided" interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.
2. Reserves. Developer discloses that no "reserve study" was done in accordance with Section 514B-148, Hawaii Revised Statutes.
3. Open Zone Building Restriction. This Project is subject to a setback and construction restrictions the Kauai County designation of Open zoning and for drainage/flood constraints. All or parts of the property are in or may be in the Shoreline Management Area ("SMA") as defined by law. Each unit owner will be required to ascertain whether the SMA restrictions apply to the respective units and the extent of development limitation that may apply. This should be done prior to development of any Unit. Construction is prohibited or restricted within certain setbacks. It is possible that the County of Kauai will require a flood or drainage study to establish or verify a boundary for the purpose of determining the areas within the project which are suitable for construction of residential and other improvements. The owners of the Units are responsible for contacting the appropriate agency(ies) of the County of Kauai to determine whether such requirements will be imposed as a condition of further development on the Project.
4. Flood Zone Building Restriction. The southern portion of the project runs through the middle of Aliomanu Stream and is therefore subject to a building/flood setback area placed on the property as depicted on the condominium map. Construction is prohibited within the floodway setback and permitted only on satisfaction of legal requirements within the "flood fringe". As a condition to future development it is possible that the County of Kauai will require a flood or drainage study to establish or verify the limits of the floodway and flood fringe for the purpose of determining the areas within the project which are suitable for construction of residential improvements. Each owner will be responsible for contacting the appropriate agencies of the County of Kauai to determine whether such requirements will be imposed as a condition of further development on the Project. The stream crossing the property also serves as a drainage facility and by law must be maintained to allow the free flow of storm runoff and stream water. No improvements of any kind except to facilitate drainage will be permitted. The location of the stream may change from time to time AND the owner may not artificially channel or prevent natural movement of the stream. In the absence of action by the County of Kauai, the stream will always be a drainage facility.
5. Additional Dwelling Unit. An Additional Dwelling Unit Facilities Clearance must be obtained from the County of Kauai prior to June 20, 2007 or the right to build a second house will be lost.
6. Farm Dwelling. Purchasers should be aware that Chapter 205, Hawaii Revised Statutes (RS), does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling". The term "farm dwelling" is defined in Chapter 205-4.5(a)(4), HRS, as a "single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State or where agricultural activity provides income to the family occupying the dwelling." The penalty for violation of Chapter 205-4.5, HRS, is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation. The County of Kauai can also require removal of an offending residence.

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.

Peter Frederick Gaulke and Susan Kirk Gaulke
Printed Name of Developer
Peter Frederick Gaulke 3-25-07
By: *Susan Kirk Gaulke* 3-25-07
Duly Authorized Signatory* Date

Peter Frederick Gaulke and Susan Kirk Gaulke
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"

Description of Units

TWO (2) freehold estates are hereby created and designated, and hereinafter referred to as "condominium units" (also referred to herein as "unit" or "units"). Specifically, the two (2) estates so created and designated are referred to hereinafter as Units A and B. Said units consist of the undivided interest in the common elements of the project, the limited common element(s) appurtenant to the unit, as shown on the Condominium Map for the project and the apartment, if any, constructed or to be constructed on the limited common element. The apartments are designated on plans incorporated herein by reference and being filed separately with the Bureau of Conveyances of the State of Hawaii simultaneously herewith as part of the Condominium Map referenced on the first page hereof. The units are described as follows:

(a) Unit A consists of a one-story agricultural structure constructed in June 2006. The structure is fabricated of slab-on-grade foundation and wood frame construction with a metal roof. The structure contains a work room and a half-bathroom for a total net area of 298 square feet. There is also 126 square feet of lanai area. The structure is located in the northwestern portion of a 4.470 acre limited common element. There are no designated parking areas but there is ample room for parking of two or more vehicles on this unit's limited common element.

(b) Unit B consists of a single-family dwelling which was completed in June 2006. The structure is fabricated of masonry foundation and is wood framed with a metal roof. The residence contains 671 net square feet of living space. It has 360 square feet of lanai and walkway areas. The lanai areas are covered with a removable canvas roof structure. The first floor contains one-half bathroom, a living room, and a kitchen/dining/laundry room combination, for a total of two rooms on this floor. The second floor contains a bedroom and closet. The structure is located centrally within a 0.684 acre limited common element. There are no designated parking areas but there is ample room for parking of two or more vehicles on this unit's limited common element. This unit also contains a 97 square foot two-level storage structure with covered storage/deck area on the second level.

END OF EXHIBIT "A"

EXHIBIT "B"

Limits of Apartments

Each apartment shall be deemed to include the building comprising the apartment, including specifically, but not limited to:

(a) all perimeter walls, floors, foundations and roof of such building, all fences, outbuildings, structures and improvements of any kind located wholly within the limited common element(s) of the individual units; and

(b) all pipes, wires, conduits or other utility and service lines in or on such unit building, or if the same are not utilized by more than one apartment; and

(c) each addition, replacement and other improvement of the apartment as permitted by law. The costs and expenses incurred for such additions, replacements and improvements to the apartment as permitted under the laws of the State of Hawaii or the County of Kauai shall be charged to the owners of the unit which is altered, changed or improved.

END OF EXHIBIT "B"

EXHIBIT "C"

Alteration and Transfers of Interests

Except as otherwise provided in this Declaration, the common interest and easements appurtenant to each condominium unit shall have a permanent character and shall not be altered without the approval of all the unit owner(s) affected, expressed in a duly recorded amendment to this Declaration, which amendment shall contain the consent thereto by the holders of all mortgages of any affected unit which are filed of record. Although the common interest may be reduced by the total number of dwelling units in the Project, the common interest and easements shall not be separated from the unit to which they appertain and shall be deemed to be conveyed, leased, or encumbered with such unit even though such interest or easement may not be mentioned or described expressly in the instrument of transfer.

END OF EXHIBIT "C"

EXHIBIT "D"

Description of Common Elements

One freehold estate is hereby designated of all the remaining portions of the Project, herein referred to as "common elements", including specifically, but not limited to:

- (a) the land in fee simple;
- (b) all commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone; and
- (c) any and all other future elements and facilities in common use or necessary to the Project.
- (d) The Developer has the right to establish and maintaining a uniform pleasant and attractive appearance in an area up to fifty feet in depth along the frontage of the Project along Aliomanu Road (the "frontage"). Thus the landscaping of the units at the frontage shall be deemed subject to common control and a right of entry over the frontage shall be deemed a common element of the Project. A standard to establish a uniform appearance may be established by the Developer at any time prior to the closing of the sale of the last unit in the Project, and shall have approval power over any variation from the standard so long as either member of Developer shall own a unit or hold a security interest in a unit after sale. Within a reasonable interpretation of the standard each owner shall have discretion as to specific plant selection and maintenance of a height that allows view of the Project and safe entry and exit from it. Disagreements as to proper interpretation of the standard or enforcement shall be resolved by arbitration, and no self-help enforcement may occur if there is a written confirmation of disagreement over such matters.

All driveway improvements shall be kept neat, clean and clear for easy passage, though each owner may establish a fence and gates not inconsistent with this Declaration and the standard of appearance established for the frontage of the Project. If an owner fails to maintain the standard the Developer or either owner of a unit who is in compliance shall have the right to give fifteen days' notice of failure to maintain the standard. Failure to remedy or substantially respond with appropriate remedial suggestions shall give the party providing the notice the right to enter the frontage

The common elements shall remain undivided and no right shall exist to partition or divide any part thereof, except as provided in the Condominium Property Act. To the extent allowed by law, such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of any condominium unit(s) which are filed of record should they reasonably deem their security would be impaired thereby.

END OF EXHIBIT "D"

EXHIBIT "E"

Description of Limited Common Elements

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

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
A	4.470 acres
B	1.135 acre

Except for liability created by excessive use, negligence or intentional acts, all costs of every kind pertaining to the aforesaid limited common elements or easements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner(s) of the unit(s) to which said limited common elements or easements are appurtenant.

END OF EXHIBIT "E"

EXHIBIT "F"

Encumbrances Against Title

The following encumbrances apply to all Units:

1. Real Property Taxes, if any, that may be due and owing. Check with the County of Kauai Department of Finance for further information.

-Note:- Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Matters arising out of the failure of a patent to have issued on Land Commission Award 5087, Apana 1 to Kahawaiolaa. The Company assumes no obligation to procure any patent or to pay commutation, if any, which may be owed thereon.
4. Location of the boundary of Aliomanu Stream and the effect, if any, upon the area of the land described herein, and the free flowage thereof.
5. Riparian rights in and to the free and unobstructed flow of the water Aliomanu Stream, as set forth in DEED dated January 6, 1988, recorded in Liber 21520 at Page 297.
6. Rights in favor of others, if any, or access to and from Tax Map Keys (4) 4-9-004-002 and (4) 4-9-004-003.
7. A 100 year flood line as shown on subdivision map by Dennis M. Esaki, Land Surveyor, with Esaki surveying and Mapping, Inc., approved September 13, 1990, and as set forth in Warranty Deed dated October 6, 1993, recorded as Document No. 93-164594.
8. Flood way and flood fringe as shown on subdivision map prepared by Masao Fujishige, Land Surveyor, with Peter N. Taylor Inc., dated January 7, 1993.
9. SETBACK (13 feet wide)

ALONG : Aliomanu Road (future road widening reserve)
SHOWN : on subdivision map by Masao Fujishige, Land Surveyor,
with Peter N. Taylor Inc., dated January 7, 1993

10. DESIGNATION OF EASEMENT "B" (20 feet wide)

PURPOSE : utility
SHOWN : on subdivision map prepared by Masao Fujishige, Land Surveyor, with Peter N. Taylor Inc., dated January 7, 1993

11. DESIGNATION OF EASEMENT "F" (15 feet wide)

PURPOSE : vehicular access
SHOWN : on subdivision map by Masao Fujishige, Land Surveyor, with Peter N. Taylor, Inc., dated January 7, 1993

12. Any claim or boundary dispute which may exist or arise by reason of the failure of the DEED dated October 1, 1993, recorded as Document No. 93-164594 referred to in Schedule C to locate with certainty the boundaries of the Vehicular Access and Underground Utility Easement "E" described in said instrument.

13. MORTGAGE

LOAN/ACCOUNT NO. 2026589292

MORTGAGOR : PETER FREDERICK GAULKE and SUSAN KIRK GAULKE, husband and wife

MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., solely as a nominee for AMERICAN SAVINGS BANK, F.S.B., a federal savings bank

DATED : January 12, 2005
RECORDED : Document No. 2005-012414
AMOUNT : \$940,000.00

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : December 29, 2005
RECORDED : Document No. 2006-012040

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : February 24, 2006
RECORDED : Document No. 2006-045645

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : June 16, 2006
RECORDED : Document No. 2006-121000

14. GRANT

TO : KAUAI ISLAND UTILITY COOPERATIVE and
HAWAIIAN TELCOM, INC

DATED : August 9, 2005

RECORDED : Document No. 2005-204200

GRANTING : a perpetual right and easement for utility purposes over
Easements "E-1 and "E-2" as shown on the map
attached thereto

15. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY
REGIME FOR
"ALIOMANU MANA 3" CONDOMINIUM PROJECT

DATED : December 21, 2006

RECORDED : Document No. 2007-001651

MAP : 4358 and any amendments thereto

16. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT
OWNERS

DATED : December 21, 2006

RECORDED : Document No. 2007-001652

END OF EXHIBIT "F"

STEVEN R. LEE
ATTORNEY AT LAW

Watumull Plaza
4334 Rice St., 204C
Lihue, Kauai, Hawaii 96766
Telephone: (808) 246-1101
Facsimile: (808) 246-9481
Email: stevenr.lee@verizon.net

OF COUNSEL: ROBERT MARK GRINPAS, ESQ.
A LAW CORPORATION

Email: bob@bobstropicals.com

January 8, 2007

IAN K. COSTA, Director
County of Kauai Planning Department
Building "A", Suite 473
4444 Rice Street
Lihue, Hawaii 96766

Re: ALIOMANU MANA 3
TMK No. (4) 4-9-004: 044

Dear Mr. Costa:

Pursuant to the policy of the State of Hawaii Real Estate Commission, enclosed are copies of the Application, Final Condominium Public Report draft, the Additional Dwelling Unit Facilities Clearance Form, and the condominium map including floor plans and elevations of the structures on the property for the referenced project. These documents are furnished for your review and comment as you deem appropriate.

If you find that the density of the proposed project does not correspond to that required by the Kauai Comprehensive Zoning Ordinance or there are other matters your office is concerned with, please direct any comments or questions in this regard to the Real Estate Commission, Department of Commerce and Consumer Affairs, State of Hawaii, 335 Merchant Street, Room 333, Honolulu, Hawaii, 96813.

Pursuant to administrative decision of the Real Estate Commission, your response to this office or to the Real Estate Commission should be forwarded within three weeks of your receipt of these materials, or the Public Report for this project may be issued without your input.

If there are questions your office feels are better directed toward myself, please do not hesitate to contact me personally regarding same.

Sincerely yours,

Connie Otero
for Steven R. Lee

Encl.

EXHIBIT "G"

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u>	x	12 months	=	<u>Yearly Total</u>
_____	_____				_____
_____	_____				_____
_____	_____				_____
_____	_____				_____
_____	_____				_____

THERE ARE NO MAINTENANCE FEES FOR THIS PROJECT

THE PURCHASER'S OBLIGATION TO PAY MAINTENANCE FEES COMMENCES AS OF THE DATE OF CLOSING AND WILL BE PRORATED FOR ANY PARTIAL MONTH OF OWNERSHIP

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

EXHIBIT "I"

Summary of Pertinent Provisions of Sales Contract

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

1. The fact that the Act controls over any portion of a contract to sell a condominium unit.
2. That an effective date for a final or supplementary public report must be in place and a receipt for the same signed by the buyer to have a contract.
3. That all purchaser funds must be held in escrow until the law allows closing and disbursement of the funds. The conditions precedent to release of the funds are enumerated, including in part:
 - a. That Purchaser will receive a copy of the final public report for the project.
 - b. That the Purchaser will be deemed to have had an opportunity to read the Final Public Report(s) within forty-eight (48) hours after receiving them, unless specifically indicated otherwise. Both Seller and Purchaser have the right to cancel the Contract at any time prior to the date when the Contract becomes effective. Seller and Purchaser also have the right to cancel the Contract at any other time explicitly stated by the Act.
 - c. Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.
 - d. If there is a dual agency by a single broker, it will be disclosed in the contract.
 - e. If the Purchaser shall default:
 - i. The contract may, at the Seller's option, be terminated by written notice to the Purchaser; and
 - ii. Any sums paid by the Purchaser shall belong to the Seller as liquidated damages (up to a maximum of all deposits made, Section C.28 of standard DROA); and
 - iii. The Seller may pursue any other remedy, including specific performance, permitted by law or equity. All costs, including reasonable attorney's fees, incurred by reason of default by the Purchaser shall be borne by the Purchaser.

Further, if the Purchaser shall default in making any payment when due, a late charge of one percent (1%) per month shall accrue from the due date until such payment, together with such late charge, is paid, or at any time prior to the time that such payment and late charge is paid in full, the Seller may, at its option, terminate this contract as provided above.

- f. If the Seller shall default:

In the event of default by the Developer, the Purchaser may cancel the contract, may bring an action for damages for breach of contract or seek specific performance under the contract and hold the Developer responsible for costs incurred (see paragraph C-29 of the Standard Form Deposit Receipt and Offer and Acceptance). Further, the Purchaser may

resort to mediation and arbitration in the even of a dispute over the contract or a claimed default, as does the Developer.

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

END OF EXHIBIT "I"

EXHIBIT "J"

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

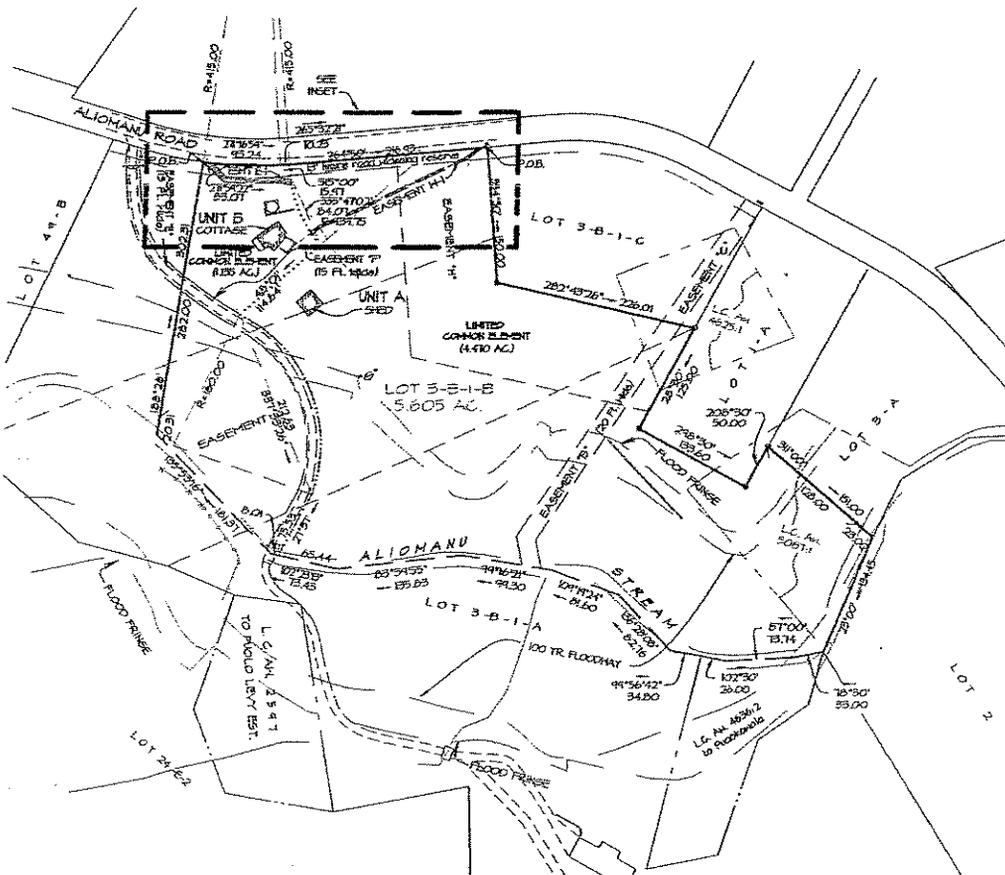
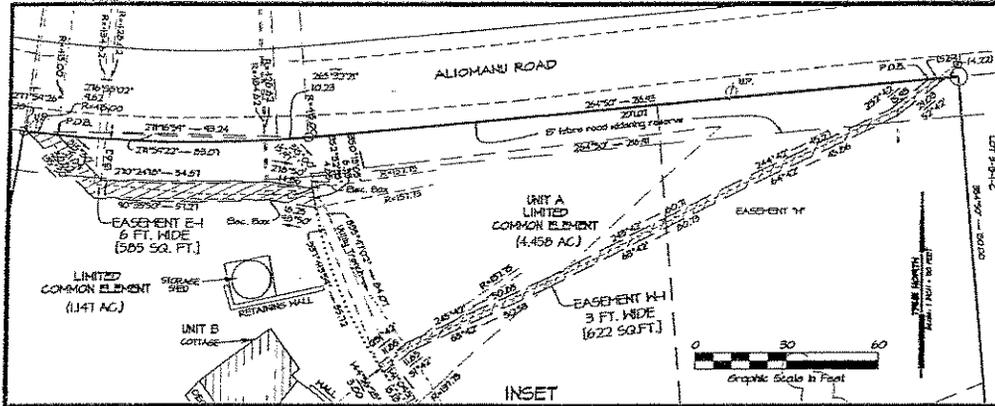
The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (the "Escrow"), and PETER FREDERICK GAULKE and SUSAN KIRK GAULKE, husband and wife (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.
2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.
3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected to cancel the contract as provided by HRS Section 514B-86 or 90 and receive all funds paid, with an Escrow cancellation fee of up to a maximum of \$250.00; or (b) the Real Estate Commission has not issued an effective date for a Final Public Report on the project or the Seller's requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met, in which case there shall be no escrow cancellation fee. Provisions of Hawaii's Owner-Occupant law to not apply to this project.
4. Escrow will return deposited sums to the Buyer without interest if Seller and Buyer give Escrow written notice to return the funds to Buyer or if there is a right to cancellation and refund of monies under the sales contract or otherwise. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, which will be up to a maximum of \$250.00. If Buyer defaults for more than ten days in performing the purchase contract, Buyer will forfeit all deposits as liquidated damages.
5. Escrow will arrange for and supervise the signing of all documents, which are to be signed subsequent to and contemplated by the sales contract.
6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its scheduled rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon scheduled rate and assessed to the Buyer.

NOTE: Section 514B-87, Hawaii Revised Statutes, provides rescission rights to a purchaser under a binding contract if there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the project for such purchaser's use.

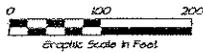
SPECIAL NOTICE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF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

END OF EXHIBIT "J"



TRUE NORTH
Scale: 1 INCH = 100 FEET

Prepared for:
 SUSAN GAULKE
 C/O TONY DELEVIS, AIA
 P.O. BOX 8-43
 KAPAA, KAUAI, HI 96746
 MAY 14, 2006
 REV. OCTOBER 10, 2006



MAP OF
 "ALIOMANU MANA 3" CONDOMINIUM
 SHOWING

UNITS A & B
 AND DESIGNATING
 EASEMENTS "E-1", "W-1"
 being

LOT 3-B-1-B
 Being a Portion of Lot 49-B,
 Molokaa Hui Lands
 L. C. AW. 4625:1
 and
 L. C. AW. 5087:1
 at Aliomanu, Kawaihau, Kauai, Hawaii

Exhibit K



THIS MAP WAS PREPARED BY ME OR UNDER MY SUPERVISION

Ronald J. Wagner
 RONALD J. WAGNER
 Licensed Professional Land Surveyor
 Certificate No. 5074
 Expires 04/30/08



Wagner Engineering Services, Inc.

P.O. Box 851 Hanalei, HI 96714 (808) 826-7256

Tax Map Key: (4) 4 -9-04:44

ALIOMANU MANA 3**HOUSE RULES**

THESE HOUSE RULES are made this 6th day of February, 2007, by PETER FREDERICK GAULKE and SUSAN KIRK GAULKE, husband and wife, hereinafter referred to as the "Declarant."

WITNESSETH:

The purpose of these Protective Covenants and House Rules, herein referred to as "House Rules," is to protect all owners and occupants from annoyance and nuisance caused by improper conduct and improper use of the Aliomanu Mana 3 Condominium Project (the "Project") and to provide for the maximum enjoyment of the premises, with protection of all owners' reasonable expectations. All owners and occupants, their agents, employees and invitees shall be bound by these House Rules and by standards of reasonable conduct, whether covered by these House Rules or not.

1. Generally. The uses in each unit of the Project means use of the appurtenant building(s) and the limited common element set aside for the exclusive use of each Unit owner.
2. Undergrounding of Utilities in Common Easement and Driveways. No future aboveground utilities shall be place in the access and utility common element for the Project.
3. Common Areas to be Kept Clear. An apartment owner or occupant shall not place, store or maintain any items of personal property or objects of any kind other than those used in the normal use and occupancy of land in the common element of the Project nor in the portions of any unit facing the public street. The common element shall not be obstructed at any time and shall be used for no other purpose than for normal transit and any other purpose for which the common elements were specifically dedicated or designed.
4. Unsignhtiness. No refuse, garbage or trash of any kind shall be thrown, placed or allowed to accumulate or kept on the units or any common elements except when placed within disposal facilities, if any, provided for such purpose by each owner. There shall be no unsightliness, no trash dumping or indefinite storage of construction or other materials and no storage or repair of inoperable vehicles other than a single vehicle owned by the unit owner. Such activities shall never occur in or on the common element or on the limited common elements, unless the same is completely screened from the view of the public and other apartment owners.

Every apartment owner and occupant shall at all times keep such owner's apartment and all limited common elements appurtenant thereto in a clean and orderly condition which is pleasant to look at and maintains or enhances the appearance of the project and the neighborhood. Each owner and occupant shall observe and perform all terms and conditions of

the Declaration and the Bylaws and all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association of the Project that are applicable hereto.

5. External Lighting Limits. No apartment owner or occupant shall erect or install any outdoor lighting fixtures which causes light to interfere with the other unit or apartment owner's use and enjoyment of their unit.
6. Noise and Nuisance Uses. No apartment owner or occupant shall use or operate any equipment, machine, vehicle or other item which generates an unreasonable amount of noise in the Project, except as may temporarily be necessary to make repairs to, to maintain or to construct buildings on apartments in the Project (and not after 8:00 p.m. or before 7:30 a.m. daily except in bona fide emergencies). Each apartment owner or occupant shall exercise extreme care about making noises and in the use of yard tools, musical instruments, radios, television sets and amplifiers that may disturb other occupants. Any loud or repetitive noise heard inside a residence on the Project that comes from activities on another unit shall be prohibited. This shall not apply to normal grass and tree cutting during permitted hours, or normal construction, repair and maintenance activities undertaken in daylight hours or in the event of bona fide emergencies.
7. Protection from Liens and Violations of Law. Any improvements made, or activities engaged in, by an owner or occupant on his or her apartment shall be at the sole cost and expense of that owner or occupant, and no other owner or occupant shall bear any liability or responsibility of any nature whatsoever for such cost and expense, except as otherwise stated herein or agreed to in advance by the party sought to be charged for any expense related to the Project.
8. Animals/Nuisance. Except as otherwise provided herein, animals shall be permitted so long as the presence and ownership of such animals does not create or result in any unreasonable noise, smell or other nuisance or unreasonable inconvenience to any other apartment owners or occupants. Unless designated for agricultural use, no horses, pigs, cows, chickens, sheep, goats, peafowl or shall be allowed. No hunting-type dogs, vicious dogs or dogs which have previously attacked or bitten people or domestic pets shall be allowed on the Project without written agreement of both units. Any prior permission may be revoked should an otherwise permitted animal become vicious or creates unreasonable noise or smells or engages in other objectionable actions on the Project. Notwithstanding the above, Unit owners may have two (2) dog(s), two (2) cat(s) and two (2) caged bird(s) (except parrots and macaws or similarly noisy birds are prohibited) or one (1) other small and controlled household pet. Owners are required to insure that all pet waste is properly disposed of and not a nuisance for the other Unit. No breeding or commercial use of any animal is allowed. In the event the complaint is substantiated, offending owner(s) shall have thirty (30) days in which to remedy the problem or to dispose of the offending animal(s).
9. Approval of Staking. There has been a recent survey of the property. Any purchase owner will, by taking title, approve existing staking and shall at Buyer's own cost provide any stakes that are not visible and any map and/or metes and bounds necessary for the sale of this property. The staking shall be deemed approved by the act of closing.

10. Driveway. The Units share a common access and utility element. Each Unit owner shall be jointly responsible for clearing all vegetation and growth from his area to the extent it enters the roadway element. The Units shall use the driveway for access and utility purposes only and shall not park in or otherwise obstruct or use this area. Each residence is limited to not more than four (4) vehicles. All vehicles must be parked in a garage, carport or other designated parking area at all times.
11. Building Permits. Any owner desiring to construct buildings or other structures in a unit shall comply with Hawaii laws and the County of Kauai building and zoning codes, as the same may be changed from time to time. The Developer or, thereafter, the president of the Association, shall apply for building permits for all Units. The Developer or president may give written authority to individual Unit Owners to apply for permits, after review of plans to insure compliance with these House Rules. Each unit may also authorize the other unit, in writing, to obtain permits.
12. Limitation on Building. Structures higher than thirty feet (30') are prohibited in the flood plane and are subject to all laws and ordinances.
13. Enforcement and Changes. It is the responsibility of each Unit owner to insure that family members, guests and vacation renters are in full compliance with all House Rules.
14. Legal Effect. The House Rules are subordinate to and subject to all contrary provisions of the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, and the Declaration of Condominium Property Regime (the "declaration") for the Project, but only to the extent they are more restrictive than the provisions of these House Rules.
15. Promise to Follow House Rules. By accepting the title to individual interests in a unit of the Project the owners thereof and thereby covenant and agree, for the benefit of the owners from time to time of all other units in said Project, to at all times observe, perform comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in these House Rules, as the same exist or may hereafter be amended in accordance with law and does hereby accept and approve them. The covenants of the Individual unit owner(s) herein contained shall run with the land and title to the ownership of all units in the Project.
16. Arbitration. At the request of any party, any dispute concerning or involving one or more unit owners and the Association, its Board, Managing Agent, or one or more other unit owners relating to the interpretation, application or enforcement of the Condominium Property Act (Chapter 514B, Hawaii Revised Statutes, as amended), or the Declaration of Condominium Property Regime, Bylaws or these House Rules adopted in accordance with the Bylaws, shall be submitted to arbitration. Arbitration shall be conducted, unless otherwise agreed by the parties, before a single arbitrator in accordance with the provisions of Chapter 514B (Sections 514B-161, et seq.), of the Hawaii Revised Statutes. Failure to agree on the identity of an arbitrator after fifteen (15) days of attempts to do so shall cause selection of an arbitrator to be referred to the American Arbitration Association pursuant to its then-current rules for selection of a single arbitrator.

17. Miscellaneous. The term "Declarant" and "Individual unit owner(s)", or any pronoun used in place thereof, shall mean and include the masculine, feminine or neuter, the singular or plural number, individuals, trustees, partnerships or corporations, and their and each of their respective successors, heirs, personal representatives, successors in trust and assigns.

**REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY
SIGNATURE PAGE FOLLOWS**

IN WITNESS WHEREOF, the Declarant has executed these presents to be effective on the day and year first above written.

DECLARANT:


PETER FREDERICK GAULKE


SUSAN KIRK GAULKE