DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	**FOLSTER-NITTA ESTATES**
Project Address	**Lot D-1-B, por of Grants 10,333 & 10,329** **Kekaha, Kauai, Hawaii 96752**
Registration Number	**6475 (Conversion)**
Effective Date of Report	January 16, 2008
Developer(s)	**Michael W. Folster and Sharon S. Nitta-Folster**

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, and property being offered or proposed to be offered for sale."

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

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

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, 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.]

Also See Developer's Disclosure Abstract attached to this report as Exhibit G.

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

1. There are presently NO RESIDENTIAL STRUCTURES on Unit 1 of the Project. The only building on this unit is a shade structure, which may be defined as an "apartment" under the Condominium Property Act.

2. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission or other agency, nor does it imply that all County codes, ordinances or other requirements have been complied with.

3. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted lines on the Condominium Map merely represent the location of the limited common element assigned to each unit.

4. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

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

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EXHIBIT H: Architect's Condition Report
EXHIBIT I: Memorandum from the County of Kauai Planning Department dated
EXHIBIT J: Use Permit U-2006-5, Class IV Zoning Permit Z-IV-2006-7
EXHIBIT K: Additional Dwelling Unit Facilities Clearance Form

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: (I) 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	[X] Fee Simple [ ]Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	[X] Yes [ ] No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	Kekaha Road, Kekaha, Kauai, Hawaii 96752
Address of Project is expected to change because	each Unit is entitled to a separate address
Tax Map Key (TMK)	(4)1-3-009-019
Tax Map Key is expected to change because	each Unit is entitled to a separate Tax Map Key number
Land Area	1.27 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	4
Floors per Building	Unit 1 and 2 have 1 floor and unit 3 has 2 floors
Number of New Building(s)	0
Number of Converted Building(s)	4
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Unit 3 residence and Unit 2 patio: wood Unit 1 shed: metal posts and shade cloth Unit 2 office: concrete block

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 1	1	0/0	0	20 sq ft	Shed	20 sq ft
Unit 2	1	0/0	0	1,150 sq ft	Office	1,150 sq ft
	1	0/0	0	172 sq ft	Patio	172 sq ft
Unit 3	1	2/1	1,082 sq ft	0		1,082 sq ft
See Exhibit C.						

3	**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: *	6
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit A 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). * There is ample space on each unit's limited common element for the parking of at least 2 vehicles.	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. N/A	

1.5 Boundaries of the Units

Boundaries of the unit:
(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;
(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):

Individual unit owners may remodel, expand or otherwise alter their unit, provided same is permitted by and done in complete accordance with all applicable ordinances, codes, rules regulations or other requirements in force at the time of said construction.

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 C.

As follows: Unit 1, 2, and 3 : 33 1/3rd%

1 .8 Recreational and Other Common Facilities (Check if applicable): none

	Swimming pool
	Laundry Area
	Storage Area
	Tennis Court
	Recreation Area
	Trash Chute/Enclosure(s)
	Exercise Room
	Security Gate
	Playground
	Other (describe):

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1 .8 above, the common elements for this project, as described in the Declaration, are set forth below.
Described in Exhibits A and E.
Described as follows: (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.

Common Element	**Number**
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.
Described in Exhibits A and E.
Described as follows: Unit 1 0.327 acre Unit 2 0.260 acre Unit 3 0.641 acre

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
	Pets:
	Number of Occupants:
	Other:
X	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).
Exhibit F describes the encumbrances against title contained in the title report described below.
Date of the title report: October 12, 2007
Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
X	Residential	1	[X] Yes [ ] No	Open
X	Commercial	1	[X] Yes [ ] No	Open *
	Mix Residential/Commercial		[ ] Yes [ ] No	
	Hotel		[ ] Yes [ ] No	
	Timeshare		[ ] Yes [ ] No	
	Ohana		[ ] Yes [ ] No	
	Industrial		[ ] Yes [ ] No	
	Agricultural		[ ] Yes [ ] No	
	Recreational		[ ] Yes [ ] No	
X	Other(specify) shed	1	[X] Yes [ ] No	Open

Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?	[X] Yes [ ] No
Variances to zoning code have been granted.	[ ] Yes [X] No
Describe any variances that have been granted to zoning code.	N/A

* Pursuant to Use Permit U-2006-5 and Class IV Zoning Permit Z-IV02006-7, the County of Kauai approved the Developer's request for commercial use of the building located on Unit 2 of the Project subject to specific conditions and restrictions. See attached Exhibit J .

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots

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.

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.

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.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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:
N/A

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	[X] **Applicable** [ ] **Not Applicable**
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: Said components and mechanical and electrical installations are in satisfactory condition for the stated age thereof and appear to be in sound condition. See Architect's Condition Reports attached as Exhibit H.	
Developer's statement of the expected useful life of each item reported above: Based upon the attached Architect's Condition Reports, the structures on the following units have an expected useful life as follows: Unit 1: 3 years, Unit 2 20 years, Unit 3 20 years	
Estimated cost of curing any violations described above: N/A	

Verified Statement from a County Official
Regarding any converted structures in the project, attached as Exhibit I is a verified statement signed by an appropriate county official which states that either: (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: (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; or (B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.
Other disclosures and information:

1.16 Project In Agricultural District

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.**	**[X] Yes** **[ ] No**
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? [X] Yes [ ] No If the answer is No", provide explanation.	
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? [X] Yes [ ] No If the answer is No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information:	

1.17 Project with Assisted Living Facility

Does the project contain any assisted living facility units **If answer is "Yes", complete information below.**	**[ ] Yes** **[X] No**
Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.	
The nature and the scope of services to be provided.	
Additional costs, directly attributable to the services, to be included in the association's common expenses.	
The duration of the provision of the services.	
Other possible impacts on the project resulting from the provision of the services.	
Other disclosures and information.	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer	Name: Michael W. Folster and Sharon S. Nitta-Folster Business Address: P.O. Box 1238 Kalaheo, Hawaii 96752 Business Phone Number: (808) 337-9132 E-mail Address: N/A
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).	Not applicable
2.2 Real Estate Broker	Name: None selected, see page 18 Business Address: Business Phone Number: E-mail Address: N/A
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, 1st Floor Honolulu, HI 96813 Business Phone Number: (808) 533-6261
2.4 General Contractor	Name: not applicable Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Self managed by the Association Business Address: Business Phone Number:
2.6 Attorney for Developer	Name: Patrick J. Childs Business Address: 4365 Kukui Grove Street, Suite 104 Lihue, Hawaii 96766 Business Phone Number: (808) 245-2863 E-mail address: hm.rodgers.kauai@hawaiiantel.net

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	March 15, 2007	2007-073368

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

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	March 15, 2007	2007-073369

Amendments to Declaration of 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	4436

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	[ ]
Have Been Adopted and Date of Adoption	[ ]
Developer does not plan to adopt House Rules	[X]

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%	100%

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

[X]	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
[ ]	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

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.

The Initial Condominium Managing Agent for this project is (check one):	
	Not affiliated with the Developer
X	None (self-managed by the Association)
	The Developer or an affiliate of the Developer
	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

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
Exhibit H contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.2 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
	Electricity for the common elements
	Gas for the common elements
	Water
	Sewer
	TV cable
	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
X	Electricity for the Unit only
X	Gas for the Unit only
X	Water
X	Sewer
X	TV cable
	Other (specify) phone and internet connection

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:	
[X]	Specimen Sales Contract Exhibit B contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
[X]	Escrow Agreement dated: May 1, 20007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
[ ]	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. N/A	
[ ]	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
[ ]	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit _____.
[ ]	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.	
[ ]	There are no blanket liens affecting title to the individual units.
[X]	There are blanket liens 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: N/A
Appliances: N/A

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

Status of Construction: The shed on Unit 1 was constructed in 2006 The office and patio on Unit 2 were constructed in 1940; and The residence on Unit 3 was constructed in 1995
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. N/A
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 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

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

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
[ ]	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
[ ]	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):

Box A [ ]	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. If Box A is checked, you should read and carefully consider the following notice, which is required by law: **Important Notice Regarding Your Deposits: 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.**
Box B [ ]	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. 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 **Important Notice Regarding Your Deposits** 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, **you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.** (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. You should understand that, although the **Important Notice Regarding Your Deposits** 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.

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:

(I) 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 (I) 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:

(I) Checking the waiver box on the rescission form; or

(2) Letting the 30-day rescission period expire, without taking any action to rescind; or

(3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30 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

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially the recorded restrictive covenants (if any) for the subdivision within which this project is located. You should also conduct your own investigations and ascertain the validity of information provided.

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

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

This Project is entitled to the construction of two residences and a commercial building. Due to the open zoning designation affecting the Project, the total allowable lot coverage for the entire Project is restricted to 10% of lot area. Unit 1 and Unit 3 have been each been allocated the right to residential use and Unit 2 is limited to non-residential use as provided in the Section IX of the Declaration. Unit 1 shall be limited to a combined maximum lot coverage of 1,000 square feet for all improvements on this Unit. Units 2 and 3 shall be limited to the total lot coverage for the structures currently located on each unit. No unit owner shall construct any improvements that would exceed their allowable lot coverage or interfere in any way with the 1,000 square feet of allowable improvements allocated to Unit 1.

This Project is entitled to the construction of an "Additional Dwelling Unit," as defined by, described in and limited by the Comprehensive Zoning Ordinances of the County of Kauai (CZO), Section 2, Chapter 8, Article 26, and Section 8-3.3(d). This means that only one residence can be constructed as a matter of right. The second residence anticipated to be constructed on Unit 1 must be constructed by compliance with the referenced sections of CZO pertaining to a Additional Dwelling Units. The Buyer is cautioned that the County of Kauai has amended portions of Section 8-26.1 of the CZO in respect to Additional Dwelling Units located on non-residential zoned lots (i.e. agricultural or open zoned lots) and will only issue a building permit for Additional Dwelling Units that received a approved Additional Dwelling Unit Facilities Clearance Form by June 15, 2007. **The Buyer is herby advised that pursuant to said ordinance, no building permit for an Additional Dwelling Unit will be issued after December 15, 2009.** (See attached Exhibit K) In the event Unit 1 is unable to construct the Additional Dwelling Unit, it shall be thereafter be entitled to construct the Guest House allocated to the project.

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: the Developer executes a listing agreement for the sale of this condominium project, 2) amends this Developer's Public report to reflect the new information, and 3) delivers this Public Report and amendment to the prospective purchaser. The conditions for binding sales contract are listed on pages 16-17 paragraph 5.8.1.

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.

Michael W. Folster, Developer — March 15 2007 Date

Sharon S. Nitta-Folster, Developer — March 15, 2007 Date

Distribution:

Department of Finance, County of Kauai, State of Hawaii

Planning Department, County of Kauai, State of Hawaii

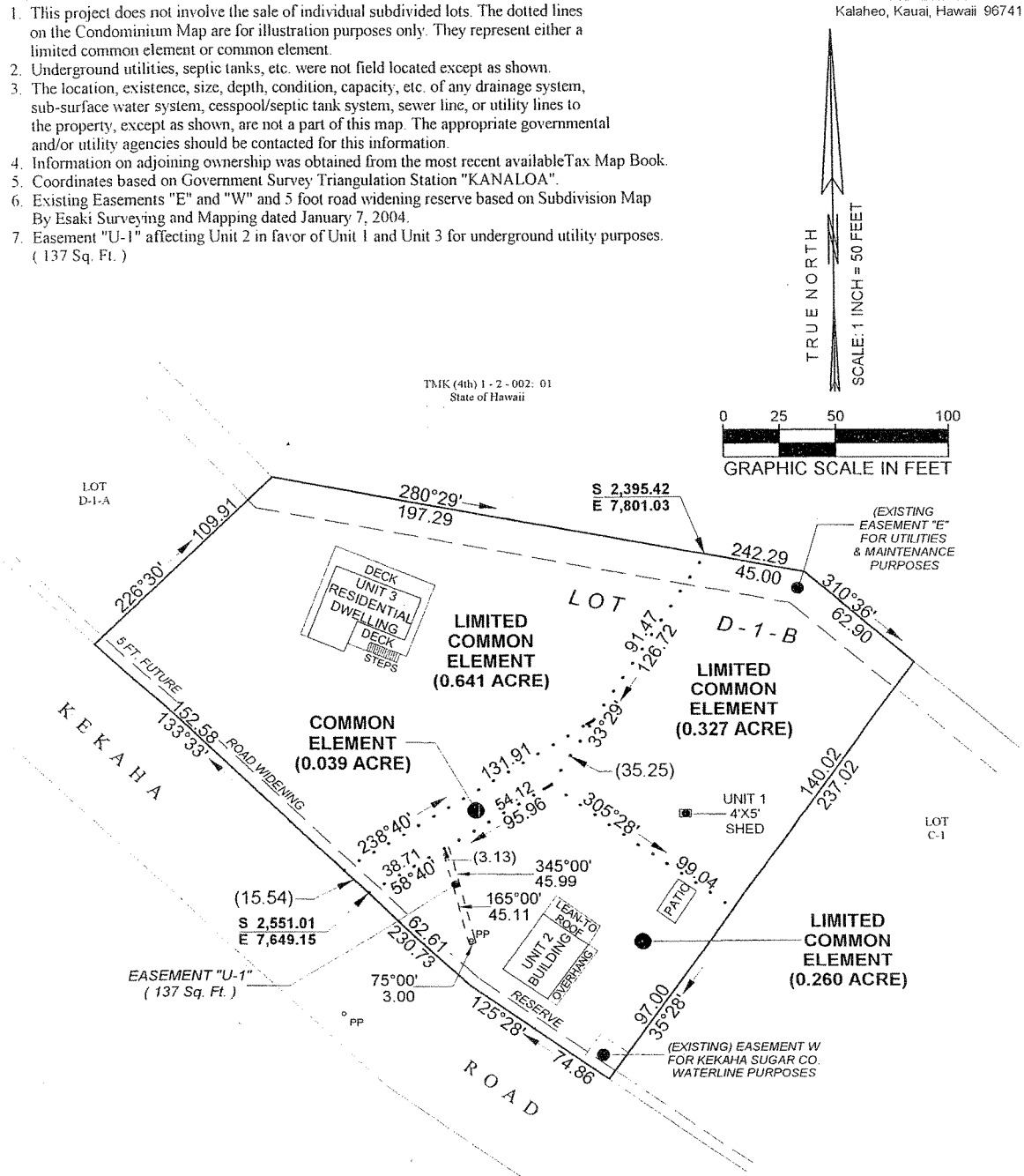
***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT A

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

NOTES:

1. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.
2. Underground utilities, septic tanks, etc. were not field located except as shown.
3. The location, existence, size, depth, condition, capacity, etc. of any drainage system, sub-surface water system, cesspool/septic tank system, sewer line, or utility lines to the property, except as shown, are not a part of this map. The appropriate governmental and/or utility agencies should be contacted for this information.
4. Information on adjoining ownership was obtained from the most recent availableTax Map Book.
5. Coordinates based on Government Survey Triangulation Station "KANALOA".
6. Existing Easements "E" and "W" and 5 foot road widening reserve based on Subdivision Map By Esaki Surveying and Mapping dated January 7, 2004.
7. Easement "U-1" affecting Unit 2 in favor of Unit 1 and Unit 3 for underground utility purposes. (137 Sq. Ft.)



CONDOMINIUM MAP FOR "FOLSTER-NITTA ESTATES" UNITS 1, 2, 3, AND COMMON ELEMENT AND DESIGNATION OF EASEMENT "U-1" BEING LOT D-1-B

BEING PORTIONS OF
GRANT 10,333 AND GRANT 10,329

KEKAHA, WAIMEA, KAUAI, HAWAII

Tax Map Key: (4) 1 - 3 - 009: 019
Area: 1.267 Acre
Owner: Michael W. Folster & Sharon Nitta-Folster
Date: June 3, 2005

ROGER M. CAIRES
LICENSED PROFESSIONAL LAND SURVEYOR NO. 7919
HAWAII U.S.A.

THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION.

ROGER M. CAIRES
Licensed Professional Land Surveyor
Certificate Number 7919
Expires 04/30/06

M5108CP3

EXHIBIT "B"

SUMMARY OF SALES CONTRACT

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

1. The fact that the Act controls over any portion of a contract to sell a condominium unit.
2. That an effective date for a public report must be in place and a receipt for the same signed by the buyer.
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 public report for the project.
   (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.
   (c) If there is a dual agency by a single broker, it will be disclosed in the contract.

4. In the event the Project includes the new construction or substantial remodeling of a premise, Hawaii law mandates that the Seller provide a specific notice to the Buyer in respect to filing lawsuits or other actions for defective construction against the contractor.

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

EXHIBIT "C"

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Unit No.	Area of Limited Common Element* (acres)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	% of Common Int.
Unit 1	0.327	0/0	0	20 (shed)	33 1/3 rd %
Unit 2	0.260	0/0	0	1,150 (office) 172 (patio)	33 1/3 rd %
Unit 3	0.641	2/1	1,082	0	33 1/3 rd %

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. Units 1, 2, and 3 will each burden the common elements as shown above. Therefore, the assessment of undivided interest both for common expense and for voting is 33 1/3rd% for each unit.

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

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

EXHIBIT "D"

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC. (the "Escrow"), and MICHAEL W. FOLSTER and SHARON NITTA-FOLSTER (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) the Real Estate Commission has not issued a Public Report on the project; (b) the Buyer has exercised its 30-day right of cancellation; (c) there have been material changes to the project after the sales contract became binding that are not disclosed in the Public Report; or (d) Seller has failed to satisfied any other requirements of the purchase contract that were to be performed prior to closing.

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 of cancellation under the sales contract. 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, up to a maximum of $250.00, except in the case of a rescission, where there is no cancellation fee.

5. Escrow will arrange for and supervise the signing of all documents, which are to be signed subsequent to and contemplated by the sales contract.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

7. In the event of default by the Buyer, Buyer may forfeit his or her deposit, which will be paid to the Seller, less any cancellation fees charged by Escrow.

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

EXHIBIT "E"

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

(a) the land in fee simple;

(b) a 0.39 square foot common element driveway for access and utility purposes and designated on the Condominium Map;

(c) 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

(d) any and all other future elements and facilities in common use or necessary to the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements," have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit is that certain land area upon and around which Units 1, 2 and 3 are located, shown and designated on the Condominium Map and the table below.

Unit Number	Area of Limited Common Element*
Unit 1	0.327 acre
Unit 2	0.260 acre
Unit 3	0.641 acre

*Land areas referenced herein are not legally subdivided lots.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

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

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

   Tax Key: (4) 1-3-009-019 Area Assessed: 55,234 sq. ft.

2. "... all existing rights of way, easements, leases and other encumbrances of every nature now existing or outstanding with reference to said lands or interests in lands."; as contained in DEED dated December 31, 1968, recorded in Liber 6370 at Page 26.

3. The terms and provisions contained in the following:

   INSTRUMENT : WAIVER AND INDEMNITY AGREEMENT

   DATED : October 21, 1981
   RECORDED : Liber 15964 Page 741
   PARTIES : KEKAHA SUGAR COMPANY, LIMITED, a Hawaii corporation
   RE : tsunami, stormwave or surface water flooding

4. The terms and provisions contained in the following:

   INSTRUMENT : WAIVER AND RELEASE

   DATED : August 23, 1989
   RECORDED : Liber 23584 Page 269
   RE : water service

5. The terms and provisions contained in the following:

INSTRUMENT : QUITCLAIM DEED

DATED : January 19, 1995
RECORDED : Document No. 95-010554

The foregoing includes, but is not limited to, matters relating to the reservation of the perpetual right and easement to transmit surface water etc. for activities incidental to the operation of a sugar cane plantation, diversified agricultural operation or energy projects

6. Easement "W" for water line purposes, as shown on Subdivision Map dated January 7, 2004.

7. Easement "E" for utilities and maintenance purposes, as shown on Subdivision Map dated January 7, 2004.

8. SETBACK (5 feet wide)

PURPOSE : future road widening reserve
ALONG : Kekaha Road
SHOWN : on Subdivision Map dated January 7, 2004

9. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "FOLSTER-NITTA ESTATES" CONDOMINIUM PROJECT

DATED : March 15, 2007
RECORDED : Document No. 2007-073368
MAP : 4436 and any amendments thereto

10. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : --- (acknowledged March 15, 2007)
RECORDED : Document No. 2007-073369

11. Any unrecorded leases and matters arising from or affecting the same

EXHIBIT "G"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee	x	12 months	= Yearly Total
Unit 1	$10.00			$120.00
Unit 2	$10.00			$120.00
Unit 3	$10.00			$120.00
Total	$30.00			$360.00

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

Estimate of Maintenance Fee Disbursements:

	Monthly Fee	x 12 months	= Yearly Total
Utilities and Services			
Air Conditioning			
Electricity			
[ ] common elements only			
[ ] common elements and apartments			
Elevator			
Gas			
[ ] common elements only			
[ ] common elements and apartments			
Refuse Collection			
Telephone			
Water and Sewer			
Maintenance, Repairs and Supplies			
Building			
Grounds			
Roadway	$30.00	x 12	= $360.00
Management			
Management Fee			
Payroll and Payroll Taxes			
Office Expenses			
Insurance			
Reserves(*)			
Taxes and Government Assessments			
Audit Fees			
Other			
TOTAL			$360.00

We, Michael W. Folster and Sharon S. Nitta-Folster, the Developers, for the FOLSTER-NITTA ESTATES condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Michael W. Folster — March 15, 2007
Michael W. Folster — Date

Sharon S. Nitta-Folster — March 15, 2007
Sharon S. Nitta-Folster — Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514B-148, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. (See Disclosure Abstract, Item 6, attached hereto as Exhibit "I")

Pursuant to §514B-148, HRS, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT H

FOLSTER-NITTA ESTATES
ARCHITECT'S CONDITION REPORT

The undersigned, being a licensed Architect within the State of Hawaii, and bearing Registration Number 5921, has inspected Unit 1 Unit 2, and Unit 3 located at 8285 KEKAHA RD., Tax Map Key, 4th Division, 1-3-009:001.

Unit 1: Shed
Unit 2: Building (Shop, Shop Office, 1bath)
Unit 2: Patio
Unit 3: Residence (2 bedrooms, 1 bath, living room, dining area, kitchen, and utility room)

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

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

2. Without conducting invasive examinations of covered structural, electrical, and plumbing components, the Units appear to be constructed in conformity with the County of Kauai Zoning Ordinances, Building Code, and Rules and Regulations applicable to the construction at the time of construction thereof for Unit 1, Unit 2, and Unit 3.

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

Unit 1: 3 years.

Unit 2: 20 years.
Building

Unit 2: 10 years.
Patio

Unit 3: 20 years.

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

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

DATED: Lihue, Kauai, Hawaii 3/29 2007.

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

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

RON AGOR
Registered Professional Architect
No. 5921

Subscribed and sworn to before me
this 29th day of March 2007.

NOTARY PUBLIC, STATE OF HAWAII
Clarissa M. Emayo

My commission expires: 8/17/2010

CLARISSA M. EMAYO
Notary Public
State of Hawaii

EXHIBIT I

BRYAN J. BAPTISTE
MAYOR

GARY K. HEU
ADMINISTRATIVE ASSISTANT

IAN K. COSTA
DIRECTOR OF PLANNING

IMAIKALANI P. AIU
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUA'I
PLANNING DEPARTMENT
4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHU'E, KAUA'I, HAWAI'I 96766-1326

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

DATE: September 21, 2007

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

FROM: Ian K. Costa, Director of Planning

SUBJECT: **Recertification of Inspection of Existing Buildings**

Project Name: **FOLSTER NITTA ESTATES Condominium Project (448)**
Tax Map Key: (4) 1-3-009: 019

The Developer of the above-mentioned condominium project has addressed the Planning Department's concerns regarding the Use Permit and Class IV Zoning Permit as stated in our letter dated May 2, 2007. Therefore, this office as an agency of the County of Kauai having reviewed the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, Sections 514 B-5 & B-6, Hawaii Revised Statutes, subject to the disclosures and waivers (item "4" below) specified herein, we certify the following:

1. The developers have contracted architect Ron Agor to certify that the units on the proposed project referred to as Folster Nitta Estates are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the

Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.

2. The parcel does not contain any outstanding nonconforming structures as a result of the adoption or amendments of any ordinances or codes and regulations.

3. The subject parcel holds a Class IV Zoning Permit (Z-IV-2006-7) and Use Permit (U-2006-5) for **Office Use Only** on Unit 2's structures. The County Zoning is OPEN, therefore; the allowable lot coverage is 10% of all impervious surfaces.

4. **WAIVER**
The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulations of condominiums under sections 514 B-5 & B-6, Hawaii Revised Statutes.

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

cc: Michael Folster, Project Developer
Heidi Rodgers, Project Services

EXHIBIT J

BRYAN J. BAPTISTE
MAYOR

GARY K. HEU
ADMINISTRATIVE ASSISTANT

IAN K. COSTA
DIRECTOR OF PLANNING

MYLES S. HIRONAKA
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUA'I
PLANNING DEPARTMENT
4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHU'E, KAUA'I, HAWAI'I 96766-1326

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

November 22, 2005

Michael Folster
PO Box 1238
Kekaha, HI 96746

SUBJECT: Use Permit U-2006-5
Class IV Zoning Permit Z-IV-2006-7
TMK 1-3-9: 19 Kekaha, Kaua'i, Hawai'i

The Planning Commission, at its meeting held on November 22, 2005, approved the subject permits to renovate, expand and allow office use of the former Kekaha Post Office on the subject property. Approval is subject to the following conditions:

1. Prior to building permit application, the Applicant shall resolve a final floor plan and elevations with the Planning Department after resolving any flood elevation requirements with the Department of Public Works.

2. The office use shall be conducted as represented. No retail use shall be made of the building. The lunchroom shall be approved only as accessory to the offices, and the building shall not contain cooking facilities, or be used as a dwelling unit.

3. Five parking stalls shall be provided for the office use, which may be unpaved. Landscaping shall be installed as represented in the application. Prior to building permit approval, excess asphalt concrete on the property shall be removed, as represented, and lot coverage with the proposed renovation and expansion shall not exceed 10%.

4. A waste receptacle enclosure shall be provided, accessible from the parking area.

5. Prior to or at the time of building permit application, the applicant shall remit payment of an Environmental Impact Assessment Fee. The fee shall be based on $100 per required parking stall.

6. In order to minimize adverse impacts on the Federally Listed Threatened Species, Newell's Shearwater and other seabirds, if external lighting is to be used in connection with the proposed project, all external lighting shall be only of the following types: shielded lights, cut-off luminaires, or indirect lighting. Spotlights aimed upward or spotlighting of structures shall be prohibited.

7. The applicant shall resolve and comply with all applicable conditions as recommended by the Water, Fire, and Public Works Departments, and with the State Departments of Health and DLNR Historic Preservation Division.

8. The Planning Commission reserves the authority to impose additional conditions, modify or delete conditions stated herein, or to revoke the subject permits through proper procedures should the applicant fail to comply with the conditions of approval or if unforeseen problems are generated by the proposed use at the project site.

9. The applicant is advised that additional government agency conditions may be imposed. It shall be the applicant's responsibility to resolve those conditions with the respective agency(ies).

IAN K. COSTA
Planning Director

cc: DPW Engineering Div.; Water Dept.; State Dept. of Health; DLNR Historic Preservation Div.; Fire Dept.; Finance Dept. Real Property Div.

COUNTY OF KAUAI
ADDITIONAL DWELLING UNIT FACILITIES CLEARANCE FORM

EXHIBIT K

OWNER: Print MICHAEL + SHARON FOLSTER Sign M W Folster

Print SHARON NITTA-FOLSTER Sign Sharon Nitta-Folster

TMK: 1-3-009:19 LOT SIZE: 1.267 ACRE STREET FRONTING ADU: KEKAHA RD

PHONE NO. 337 9132 MAILING ADDRESS: PO BOX 1238, KEKAHA HI 96752

PROPOSED: [X] One additional unit [ ] Two new units [ ] Convert guest house [ ] Other:

PLANNING DEPARTMENT USE ONLY

ZONING: OPEN SLUD: FEES: [✓] EIA $ 250 - PARK $ 150 - ZONING PERMIT $ 10 -

COMMENTS: SMA: yes [ ] no [✓]

Planning Department Date 5/2/05

REVIEW AGENCIES ONLY

PUBLIC WORKS

Street Name: KEKAHA ROAD Paved: [✓] Yes [ ] No Pavement Width: 20 ft.

Pavement continuous to major thoroughfare: [✓] Yes [ ] No Pavement Condition: [ ] Good [✓] Fair [ ] Poor

If road is not paved, or pavement is not continuous to a major thoroughfare, refer applicant to the Planning Department.

Flood Zone: [✓] Yes [ ] No 156D 9/30/05 AE 11' MSL

Engineering Division Date 5/02/05

Public Sewer Service Available: [ ] Yes [✓] No Public Sewer Service: [ ] Adequate [ ] Inadequate

Comments: NO PUBLIC SEWER

Wastewater Division Date 5/12/05

STATE DEPARTMENT OF HEALTH

Sanitary Sewer System: [ ] Private [✓] Individual Wastewater
[✓] Adequate [ ] Inadequate

Comments: Septic system or Cesspool to serve ADU must comply w/applicable requirements of Chap 11-62, HAR.

Department of Health MAY 6 2005 Date

FIRE DEPARTMENT

Fire Protection: [✓] Yes [ ] No If yes, fire protection is: [✓] Adequate [ ] Inadequate

Comments: meets minimum fire flow requirements

Fire Department Date 5/12/05

DEPARTMENT OF WATER

Water System: [ ] Private [✓] Public

Applicable charges must be paid prior to building permit approval. At the present time, these charges are:
[✓] $ 4600 Facilities Reserve Charge [✓] $ 760 Meter Installation (Upon request)

Requirements/conditions for approval are subject to change.

Comments:

Department of Water Date 5/2/05

PLANNING DEPARTMENT

Street name: KEKAHA ROAD Existing Width: 45 ft. Required Width: ____ ft.

Dedication: ____ ft. Reserve: ____ ft. [X] N/A

Roadwidening provisions: [X] Yes [ ] No If yes, specify: S-2003-49

Road Improvements required: [ ] Yes [ ] No No If yes, specify:

[X] Qualify [ ] Does not qualify

Planning Department Date 5/12/05

Requirements complied with: [ ] Yes [ ] No

[ ] Qualify [ ] Does not qualify

Planning Department Date

AFFIDAVIT FOR ADU FACILITY CLEARANCE FORM

MICHAEL FOLSTER & SHARON NITTA FOLSTER having been duly sworn on oath, deposes and says:

1. I (we) are the Owners of the property described as Tax Map Key No: (4)1-3-009-019 for the attached ADU Facility Clearance Form.

2. I (we) hereby verify that there are no restrictions or covenant applicable in any deed, lease, declaration, instrument or writing affecting the use of the lot (or portion thereof), or other document which prohibits the construction or placement or an Additional Dwelling Unit on the subject lot (or portion thereof).

3. I (we) fully understand that completion of the subject ADU Facilities Clearance Form or previously approved clearance form does not guarantee or vest any right to a building permit, and that all conditions and requirements in existence at the time of building permit application shall be met before a building permit can be issued.

4. I (we) fully understand the provisions of Ordinance No. 843, adopted by the County of Kauai on November 22, 2006, which states that a building permit for an Additional Dwelling Unit shall be granted only to a lot in existence as of December 31, 2006 that up to December 31, 2006 was eligible to apply for an additional dwelling unit under Section 8-26.1 (a) of the Kauai County Code, 1987, as amended, provided that an ADU Facilities Clearance Form was signed by the authorized employees of all agencies or departments listed on the ADU Facilities Clearance Form and submitted with a building permit application prior to November 22, 2006 or for which an ADU Clearance Form is certified complete by the Planning Director as of June 15, 2007. No ADU Clearance Form shall be certified to be complete after June 15, 2007. No Building Permit shall be issued for ADU with completed ADU Clearance Forms after December 15, 2009.

5. In the event of a sale, transfer, or other conveyance of all or any portion of the property identified on this form, we shall require, as a condition precedent to such sale, transfer, or conveyance, future owner(s) to execute a new affidavit(s) for the ADU Clearance form prior to the sale, transfer, or other conveyance of the subject property.

Further Affiant sayeth naught.

Owner (s)

Michael Folster

MICHAEL FOLSTER

Sharon Nitta-Folster

SHARON NITTA FOLSTER

In the event the subject lot is subject to a Condominium Property Regime (CPR) I (we) have attached to this affidavit a resolution, authorization, or other document from all persons with interest in the subject lot meeting the satisfaction of the Planning Director that shows that I (we) are allowed to construct or place an Additional Dwelling Unit on the subject lot.

STATE OF HAWAII)
)ss.
COUNTY OF KAUAI)

On this 11 day of JUNE, 2007 before me personally appeared MICHAEL FOLSTER to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

LAURA PITTMAN
Notary Public, of the above entitled State

My commission expires: 11.19.2010

STATE OF HAWAII)
)ss.
COUNTY OF KAUAI)

On this 11 day of JUNE, 2007, before me personally appeared SHARON NITTA FOLSTER to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

LAURA PITMAN LS NOTARY PUBLIC

Sharon Nitta Folster

LAURA PITMAN
Notary Public, of the above entitled State

My commission expires: 11-19-2010