

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

CONDOMINIUM PROJECT NAME	PUUWAI HALE ESTATES
Project Address	5008-C Puuwai Road, Kalaheo, Hawaii 96741
Registration Number	6555 (Partial Conversion)
Effective Date of Report	April 11, 2008
Developer(s)	Ernest B. DeSilva, Malana K. DeSilva, Gregory Kenneth Yost and Robin Jan Yost

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

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

1. The Project is located within an R-2 residential district and is in compliance with state and county land use laws and the applicable county real property tax laws. Therefore a purchaser should be aware that the purchaser shall have a continuing obligation to comply with such land use and real property tax laws.
2. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances and in addition the subdivision requirements have necessarily 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 and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.
4. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

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

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

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first that the Developer will effectively control the affairs of the Association. It is frequently necessary for the Developer to do so during the early stages of development and the Developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner		
Address of Project	5008-C Puuwai Road, Kalaheo, Hawaii 96741	
Address of Project is expected to change because	N/A	
Tax Map Key (TMK)	(4) 2-4-005-083 and 086	
Tax Map Key is expected to change because	N/A	
Land Area	2.7733 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	1 - 2 story dwelling, 3 shade sheds
Floors Per Building	Unit 1 - 2 floors, Other units - 1 floor
Number of New Building(s)	3 shade sheds
Number of Converted Building(s)	1 dwelling
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood, steel, glass for dwelling. Steel posts and shade cloth for shade sheds.

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
1	1	3BR/3BA	2,519 s.f.	Storage - 148 s.f.	Deck/lanai	577 s.f.
					Carport	443 s.f.
2, 3, 4	3			Shade sheds		20 s.f.
See Exhibit ____.						

4	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:	eight
Number of Guest Stalls in the Project:	open
Number of Parking Stalls Assigned to Each Unit:	two
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: Unit 1 - Two story residential dwelling having a first floor living area, deck/lanai, storage and carport. A second story living area, deck and storage. Living area of 2,519 sf., deck/lanai of 577 s.f., storage room of 148 s.f. and carport of 443 s.f. without a basement. Units 2, 3 and 4 - Single story shade structures with 4 iron posts and 3 sides covered with shade cloth with no roof of 5 feet long and 4 weet wide of 20 s.f.

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): New construction of dwellings, restoration, replacement, renovation of individual dwelling unit with approval of owners that is permitted by the County of Kauai, through its land use ordinance, building code, zoning ordinances and any state land use laws, rules and regulations.

1.7 Common Interest

<u>Common Interest:</u> 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 1 - 25%, Unit 2 - 25%, Unit 3 - 25%, Unit 4 - 25%

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

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

1.9 Common Elements

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

Described in Exhibit _____.

Described as follows:

1. Land in fee simple.
2. Central and appurtenant installation for services.
3. Common easements for drainage and common or shared installations for utilities.
4. All other parts of project for common use or necessary to the existence, safety and maintenance of the project including easements for utilities and ingress and egress to Puuwai Road, Kalaheo, Hawaii

Common Element	Number
Elevators	none
Stairways	none
Trash Chutes	none

1.10 Limited Common Elements

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

Described in Exhibit _____.

Described as follows:

- Unit 1 - land area 0.6178 acres
- Unit 2 - land area 0.7164 acres
- Unit 3 - land area 0.4552 acres
- Unit 4 - land area 0.4678 acres

1.11 Special Use Restrictions

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

<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: By Laws, Article V, Section 3 - Use and Change of Use of Project
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit A describes the encumbrances against title contained in the title report described below.

Date of the title report: November 23, 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	
<input checked="" type="checkbox"/>	Residential	one	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Residential (R-2)	
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
<input checked="" type="checkbox"/>	Other(specify)	Three shade sheds	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Residential (R-2)	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
Describe any variances that have been granted to zoning code.						

1.14 Other Zoning Compliance Matters

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

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

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:

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units: Unit 1 dwelling was constructed in 1983 and may be occupied for residential use. The structure and components appear to be in satisfactory condition.</p>	
<p>Developer's statement of the expected useful life of each item reported above: The dwelling according to the architect has a probable expected useful life in excess of thirty years.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: none</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>B</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:</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</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: Ernest B. DeSilva, Malana K. DeSilva, Gregory Kenneth Yost, Robin Jan Yost</p> <p>Business Address: 5727 Kololia Place, Kapaa, Hawaii 96746</p> <p>Business Phone Number: (808) 2467001 E-mail Address: gy@hawaiiantel.net</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: Pacific Ocean Properties, Inc. Business Address: 2255 Poipu Road, Poipu Beach, Kauai, Hawaii 96756</p> <p>Business Phone Number: (808) 2467001 E-mail Address: pop@aloha.net</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 1417 Poipu Road, Suite 106, Koloa, Hawaii 96756</p> <p>Business Phone Number: (808) 7428490</p>
<p>2.4 General Contractor</p>	<p>Name: N/A Business Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Self managed by the Association Business Address: 5727 Kololia Place, Kapaa, Hawaii 96746</p> <p>Business Phone Number: (808) 2467001</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Hiroshi Sakai Business Address: 3773 Diamond Head Circle Honolulu, Hawaii 96815</p> <p>Business Phone Number: (808) 7348619</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
Declaration	October 15, 2007	2007-200717

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
First Amendment	March 13, 2008	Doc. No. 2008-048405
Second Amendment	April 1, 2008	Doc. No. 2008-052528

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
By Laws	October 15, 2007	2007-200718

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	4542
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		✓ December 3, 2007
Developer does not plan to adopt House Rules		

3.5 Changes to the Condominium Documents

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

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

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>Declarant for a period of ten years from the date the Declaration of Condominium Property Regime is recorded, shall have the right to amend this Declaration, the By Laws and the Condominium Map for the purpose of obtaining an existing use permit, variance, site development of cluster permit, or to convert any typographical or grammatical error, or to comply with any requirement of an institutional lender or title insurer or comply with any federal, State or local law or ordinance.</p>

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):

<input type="checkbox"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input checked="" type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	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 C contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input 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) At such time that the Easements AU-1 and AU-2 are improved as a roadway.

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>D</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: December 11, 2007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>E</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage dated 12/22/06. Finance Factors, Ltd. \$434,000.00 Doc. No. 2006-238232	Purchaser shall be entitled to a refund of all deposits less escrow cancellation fee.

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: Unit 1 was built in the year 1983. Units 2, 3 and 4 sheds, the notice of completion was published on October 1 and 8, 2007.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

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

5.7 Rights Under the Sales Contract

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

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

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

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

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

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

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

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

- (1) The purchaser has signed the sales contract.
- (2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.
- (3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.
- (4) The purchaser does at least one of the following:
 - (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

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 unit together with an "undivided" percentage 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.

MAINTENANCE FEES. Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each unit and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective unit owner. All utilities are separately metered, except for the septic system which is shared. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report. Developer discloses that no reserve study was done in accordance with Section 514B-148, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. No reserves are necessary because there are no common elements that require any type of replacement or major repair.

Section 514B-143, Hawaii Revised Statutes, requires the Association of Unit Owners to purchase fire insurance to cover the improvements of the Project, and that the premiums for the insurance be common expenses. Developer anticipates that the Association will elect to permit individual unit owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual unit owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.

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.

ERNEST B. DESILVA and MALANA K. DESILVA

Printed Name of Developer

By: *Ernest B. Desilva*
Malana K. Desilva
Duly Authorized Signatory*

December 11, 2007

Date

ERNEST B. DESILVA and MALANA K. DESILVA, DEVELOPER

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, COUNTY OF KAUAI

Planning Department, COUNTY OF KAUAI

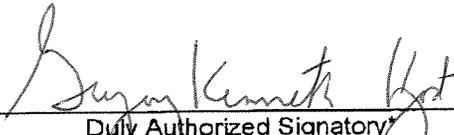
***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

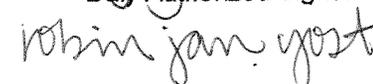
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Gregory Kenneth Yost and Robin Jan Yost
Printed Name of Developer

By:  December 11, 2007
Duly Authorized Signatory Date


Gregory Kenneth Yost and Robin Jan Yost, Developer
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
Encumbrances Against Title

The title report of Title Guaranty of Hawaii, Inc. reports that title to the land is subject to the following encumbrances:

1. Real Property Taxes. To have confirmation with respect to taxes contact the Director of Finance, County of Kauai:

-PARCEL FIRST:- is(are) covered by Tax Key: (4) 2-4-005-083.
-PARCEL SECOND:- is(are) covered by Tax Key: (4) 2-4-005-086.

2. -AS TO PARCEL FIRST:-

GRANT TO : KAUAI ISLAND UTILITY COOPERATIVE and HAWAIIAN TELCOM INC
DATED : March 8, 2007
RECORDED : Document No. 2007-073352
GRANTING : an easement for utility purposes

3. -AS TO PARCEL SECOND:-

(A) GRANT TO : ALVIN SOARES PERREIRA and BARBARA JEAN (VENTURA) PERREIRA, husband and wife
DATED : January 15, 1953
RECORDED : Liber 2662 Page 484
GRANTING : an easement for right of way purposes

(B) GRANT TO : CITIZENS UTILITIES COMPANY, whose interest is now held by KAUAI ISLAND UTILITY CO-OP, and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, now known as HAWAIIAN TELCOM, INC.
DATED : January 26, 1990
RECORDED : Document No. 90-054828
GRANTING : an easement for utility purposes

(C) GRANT TO : ROBERT S. VENTURA, Trustee under that certain unrecorded Robert S. Ventura Revocable Living Trust dated January 3, 2000
DATED : November 3, 2000
RECORDED : Document No. 2000-166034
GRANTING : a perpetual easement for utilities, ingress and egress, over Easement "AU-1" containing an area of 0.202 acre, said easement being more particularly described therein

- (D) GRANT TO: KAUAI ISLAND UTILITY COOPERATIVE and
HAWAIIAN TELCOM INC.
DATED : March 8, 2007
RECORDED : Document No. 2007-073353
GRANTING : an easement for utility purposes
- (E) Rights of others who may have easement or access
rights in the land described in Schedule Parcel
First and Parcel Second.

4. MORTGAGE LOAN/ACCOUNT NO. 602558

MORTGAGOR : ERNEST B. DESILVA and MALANA K. DESILVA,
husband and wife and GREG KENNETH YOST
and ROBIN JAN YOST, husband and wife
MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION
SYSTEMS, INC., solely as nominee for
FINANCE FACTORS, LIMITED, a Hawaii
corporation
DATED : December 22, 2006
RECORDED : Document No. 2006-238232
AMOUNT : \$434,000.00

5. The terms and provisions contained in the following:

INSTRUMENT : Declaration of Condominium Property Regime for "Puuwai
Hale Estates" condominium project
DATED : October 15, 2007,
RECORDED : Document No. 2007- 200717
MAP : 4542 and any amendments thereto.

INSTRUMENT : First Amendment to Declaration of Condominium
Property Regime for "Puuwai Hale Estates"
condominium project
DATED : March 13, 2008
RECORDED : Document No. 2008-048405

INSTRUMENT : Second Amendment to Declaration of Condominium
Property Regime for "Puuwai Hale Estates"
condominium project
DATED : April 1, 2008
RECORDED : Document No. 2008-052528

INSTRUMENT : By Laws of the Condominium Property Regime for
"Puuwai Hale Estates" condominium project
DATED : October 15, 2007
RECORDED : Document No.2007-200718.

BRYAN J. BAPTISTE
MAYOR

GARY K. HEU
ADMINISTRATIVE ASSISTANT



IAN K. COSTA
DIRECTOR OF PLANNING

COPY

IMAIKALANI P. AIU
DEPUTY DIRECTOR OF PLANNING

**COUNTY OF KAUA'I
PLANNING DEPARTMENT**

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

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

DATE: January 28, 2008

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

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: PUUWAI HALE ESTATES
Condominium Project (496)
Tax Map Key: (4) 2-4-005: 083/086

The developer for the above-mentioned condominium project has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, Section 514 B-5 & B-6, Hawaii Revised Statutes, subject to the disclosures and waivers (item "5" below) specified herein, we certify the following:

1. The developer have contracted architect Ron Agor to certify that the buildings on the proposed project referred to as Puuwai Hale Estates Condominium Unit 1 through Unit 4 inclusive 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.

Senior Condominium Specialist
Puuwai Hale Estates Condominium
TMK: (4) 2-4-005: 083/086
January 28, 2008
Page two

2. There are no variances approved for the subject property.
3. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes and regulations.
4. There are no notices of violations of County building or zoning codes outstanding according to our records.
5. **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 subsection 514 A-40, (b), and (1), Hawaii Revised Statutes.

If you have any questions, please contact Sheilah Miyake at (808) 241- 6677.

cc: Hiroshi Sakai, Attorney at Law
DeSilva and Yost, Project Developers

EXHIBIT C
PUUWAI HALE ESTATES
Registration No. 6555
DISCLOSURE STATEMENT AS OF 12/11/07

1. Name of Project: PUUWAI HALE ESTATES.
2. Address: 5008-C Puuwai Road, Kalaheo, Hawaii 96746, area 2,7733 acres.
3. Name of Owner and Developer: Ernest B. DeSilva, Malana K. DeSilva, Greg Kenneth Yost and Robin Jan Yost.
4. Address of Developer: 5727 Kololia Place, Kapaa, Kauai, Hawaii 96746.
Telephone: (808) 8221774.
5. Project Manager or Agent: Self managed by Association of Unit Owners.
6. Address of Association: same as paragraph 4.
7. Maintenance Fees; There is presently no maintenance fees. Unit 1 has direct access to Lot 38-G to Puuwai Road. Units 2, 3 and 4 has direct access to Easement AU-1 which is an easement for driveway, pedestrian and utility uses for all units and has direct access to Lot 38-G to Puuwai Road. Lot 38-G is used as a driveway, pedestrian and utility uses as indicated in the Condominium Map. The units shall share equally in the cost and maintenance of Lot 38-G. Units 2, 3 and 4 shall share equally in the cost and maintenance of Easement AU-1. Each Unit Owner to take out his or her own insurance for their respective Units and their appurtenant limited common elements, and shall add the name of the Association as an additional assured to the Lot 38-G and Easement AU-1 for Units 2, 3 and 4..
8. Commencement of Maintenance Fees; At such time that the unit owners decide that a maintenance fee is necessary and desire the maintenance fee to commence for their respective roadway and utility easements . Each owner to maintain his or her own respective unit at his or her own cost and expense.
9. Warranties: The Project is a fee simple condominium project and there are no warranties.
10. Project: The Project consists of four (4) condominium units of which Unit 1 is a two story dwelling, 3 bedrooms, 2 bathrooms, living room, kitchen, dining, family rooms, study, storage, deck, lanai and a carport. Units 2, 3 and 4 are free standing detached shade sheds of 20 square feet each. The uses will be residential and other uses that are allowed by the County of Kauai ordinances for all Units and the State land use law, rules and regulations.

Dated: Kalaheo, Hawaii, this 11th day of December, 2007.

E. B. DeSilva

Ernest B. DeSilva

Malana K. DeSilva

Malana K. DeSilva

Greg Kenneth Yost

Greg Kenneth Yost

Robin Jan Yost

Robin Jan Yost

EXHIBIT D
SUMMARY OF SALES CONTRACT

The Sales Contract contains the price and other terms and conditions under which a Buyer will agree to buy an apartment in the Project.

(a) There is a Disclosure by the parties as to who represents Seller and who represents Buyer.

(b) The initial deposit check remains uncashed and retained by Buyer's Broker or deposited with Title Guaranty Escrow Services, Inc. Two options – if Buyer desires interest he will pay the processing fee. If Buyer does not establish the account then interest belongs to Seller.

(c) The parties to agree as to the scheduled closing date with no automatic right to extend. A party cannot close by the closing date then parties agree to an extension for the period as agreed upon.

(d) The contract provides for prorations, closing adjustments and closing costs.

(e) There are contingency provisions which parties to agree under the terms of the contract and the benefited party may exercise such contingency provisions and be relieved of performing under the contract. The parties to execute a cancellation document and neither party shall have any further rights under the contract.

(f) There is a default provisions in favor of: (i) Seller, if Buyer fails to perform and Seller not being in default, Seller may bring action for damages for breach of contract, retain deposits as liquidated damages and recover costs from Buyer and in favor of (ii) Buyer, if Seller fails to perform and Buyer not being in default, Buyer may bring action for damages for breach of contract, specific performance and recover costs from Seller.

(g) The contract provides for mediation and arbitration if any dispute or claim arises under the contract.

(h) That the unit will be subject to various legal documents, including Developer's Public Report, Declaration, By Laws, Building/House Rules, Condominium Map, Escrow Agreement, Unit Deed, Certificate of Architect, Engineer or Surveyor and any other documents which the Buyer is given a copy of and for which he has received for the same.

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

EXHIBIT E
Summary of Escrow Agreement

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

- (a) Developer will let purchaser know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement states the following conditions under which a refund will be made to a purchaser. Developer and purchaser must make a written request of Escrow: (a) Requesting the return of purchaser’s funds to purchaser; (b) Notifying Escrow of Developer’s exercise of any option to rescind the Sales Contract; or (c) Notifying Escrow that the conditions provided for a refund under Section 514B-86 or 514B-87 of the Condominium Act have been met.

(d) The Escrow Agreement says what will happen to a purchaser’s funds upon a default under the Sales Contract, that is, the purchaser’s funds shall be retained by the Seller as liquidated damages.

(e) A summary of the conditions under which disbursements of other purchaser’s fund may be made are as follows:

(1) Escrow shall make no disbursements of purchaser’s funds or proceeds on the sale of such apartment including any payments made on loan commitments from permanent lender, except by way of refunds thereof as provided herein below until:

(i) Escrow receives a copy of a “Receipt for Public Report(s) and Notice of Right to Cancel”, in the form specified by Section 514B-86 of the Condominium Act.

(ii) Escrow has received a certification from Developer, acceptable to Escrow, stating that the Sales Contract has become effective and the requirements of Sections 514B-86 and 514B-87 have been met as those quoted phrases are used Section 514B-91 of the Condominium Act; and

(iii) Until the purchaser’s unit deed is recorded in the Bureau of Conveyances, State of Hawaii

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

Note: Section 514B-87, Hawaii Revised Statutes provides for Rescission Rights to a purchaser under a binding Sales 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 unit or appurtenant limited common elements, or (2) those amenities of the Project available for such purchaser's use.