

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

CONDOMINIUM PROJECT NAME	PUKALANI CONDOMINIUM
Project Address	3875 Kamehameha Road Princeville, Kauai, Hawaii 96722
Registration Number	6614 (Partial Conversion)
Effective Date of Report	January 14, 2009
Developer(s)	GARY SPARKS

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 purchaser's attention and that are not covered elsewhere in this report.]

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The lines on the Condominium Map dividing the land into limited common element land areas are for illustration purposes only and should not be construed to be formal subdivision lines. Thus this Project does not involve the sale of subdivided lots.

This Public Report does not constitute an approval of the Project by the Real Estate Commission or any other government agency, nor does it ensure that all County codes, ordinances and subdivision have necessarily been complied with.

In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example, if one owner builds or adds to a structure in a manner which violates height limits, size limit, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.

This Project is located within the Princeville at Hanalei planned development ("Princeville") and is subject to all of its many rules and regulations and to its assessments. Princeville is governed, in addition to the federal, state and county governments, by the Princeville Community Association (the "PCA"). The PCA levies an assessment upon each property in Princeville on a per square foot basis, which is adjusted from time to time. A single PCA assessment is levied against the Project real property, which will then be divided and assessed by the condominium association against the individual Project units. The PCA assessment funds the maintenance of the streets in Princeville, which are privately owned by the PCA, as well as storm drainage in the streets, the Princeville common area improvements, 24 hour security patrol and administration of the PCA, including, among other things, enforcement of architectural control and the other applicable Princeville rules and regulations. The Purchaser will become responsible for paying the assessment upon his unit upon closing of his purchase escrow.

Princeville Utilities Company Inc., a separate private corporation will supply water and sewage to the individual units. Electricity, telephone and cable will be supplied to the individual by public utilities. It will be the responsibility and expense of each unit owner to install needed meters and hookups. Each of the utilities is available in Kamehameha Road, which fronts the Project

The house plans for Units 1, 2, 3 and 4 have received preliminary approval from the Princeville Community Design Committee (the "PCDC"). Final approval will be required, as well as a building permit from the County of Kauai before the unit owner can build his house. The PCDC is requiring design and character compatibility within the entire condominium Project. It will review such things as colors, materials and details prior to granting final approval for each house. The Purchaser should be aware that changes in the plans that have been approved will require new approvals by the PCDC. The prospective Purchaser should contact the PCDC through the PCA office in order to fully understand the procedure that will need to be followed in order to build on his unit.

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

TABLE OF CONTENTS

	<u>Page</u>
Preparation of this Report	1
General Information On Condominiums	2
Operation of the Condominium Project	2
1. THE CONDOMINIUM PROJECT	3
1.1 The Underlying Land	3
1.2 Buildings and Other Improvements	3
1.3 Unit Types and Sizes of Units	3
1.4 Parking Stalls	4
1.5 Boundaries of the Units	4
1.6 Permitted Alterations to the Units	4
1.7 Common Interest	4
1.8 Recreational and Other Common Facilities	4
1.9 Common Elements	5
1.10 Limited Common Elements	5
1.11 Special Use Restrictions	5
1.12 Encumbrances Against Title	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters	6
1.14 Other Zoning Compliance Matters	6
1.15 Conversions	7
1.16 Project In Agricultural District	8
1.17 Project with Assisted Living Facility	8
2. PERSONS CONNECTED WITH THE PROJECT	9
2.1 Developer	9
2.2 Real Estate Broker	9
2.3 Escrow Depository	9
2.4 General Contractor	9
2.5 Condominium Managing Agent	9
2.6 Attorney for Developer	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS	10
3.1 Declaration of Condominium Property Regime	10
3.2 Bylaws of the Association of Unit Owners	10
3.3 Condominium Map	10
3.4 House Rules	11
3.5 Changes to the Condominium Documents	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents	11
4. CONDOMINIUM MANAGEMENT	12
4.1 Management of the Common Elements	12
4.2 Estimate of the Initial Maintenance Fees	12
4.3 Utility Charges to be Included in the Maintenance Fee	12
4.4 Utilities to be Separately Billed to Unit Owner	12
5. SALES DOCUMENTS	13
5.1 Sales Documents Filed with the Real Estate Commission	13
5.2 Sales to Owner-Occupants	13
5.3 Blanket Liens	13
5.4 Construction Warranties	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion	14

TABLE OF CONTENTS

	<u>Page</u>
5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance	14
5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance	14
5.6.2 Purchaser Deposits Will Be Disbursed Before Closing	14
5.7 Rights Under the Sales Contract	16
5.8 Purchaser's Right to Cancel or Rescind a Sales Contract	16
5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract	16
5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed	17
5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change	17
6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT	18
EXHIBIT A: Description of Units	
EXHIBIT B: Condominium Map	
EXHIBIT C: Common Elements and Limited Common Elements	
EXHIBIT D: Encumbrances Against Title	
EXHIBIT E: Estimate of Initial Maintenance Fees	
EXHIBIT F: Summary of Sales Contract	
EXHIBIT G: Summary of Escrow Agreement	
EXHIBIT H: Summary of Princeville at Hanalei Community Design Rules for Single Family Residences (April 2003)	
EXHIBIT I: Summary of Princeville Community Design Committee Multi Family Unit Architectural Guidelines/Restrictions 5/1/90	
EXHIBIT J: Summary of Princeville at Hanalei Rules (Feb 2005)	
EXHIBIT K: Certification of Architect	
EXHIBIT L: Statement of Developer regarding condition of improvements	
EXHIBIT M: Verified Statement from County Official	
EXHIBIT N: November 9, 1999 Letter From Attorney for Princeville at Hanalei Community Association	
EXHIBIT O: May 10, 2004 Agreement Pertaining to Use of Property	
EXHIBIT P: October 8, 2008 Mutual Suspension of Agreement Pertaining to Use of Property	

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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	RALPH L. BARNHART and DOROTHY BARNHART, Ttees and GARY SPARKS and BILLIE SPARKS, Ttees
Address of Project	3875 Kamehameha Road, Princeville, Kauai, Hawaii 96722
Address of Project is expected to change because	There are multiple accesses to project from the fronting public street, so individual addresses will be assigned
Tax Map Key (TMK)	(4) 5-4-014-032 & 033
Tax Map Key is expected to change because	An individual number will be assigned to each unit
Land Area	65,302 square feet
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	All owners have signed the recorded Declaration and Bylaws, one of the owners was designated "Developer" to simplify the process

1.2 Buildings and Other Improvements

Number of Buildings	Only Unit 5 exists; Units 1-4 are spatial
Floors Per Building	Unit 5 has 3 floors; Spatial Units 1-4 are single story
Number of New Building(s)	0
Number of Converted Building(s)	1
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Units 1-4 are presently spatial only; Unit 5 is wood frame with composition shingle roof

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	0/0	0	125 cubic feet	spatial unit	0
2	1	0/0	0	125 cubic feet	spatial unit	0
3	1	0/0	0	125 cubic feet	spatial unit	0
4	1	0/0	0	125 cubic feet	spatial unit	0
5	1	5/5	3,739	1,427 sq. ft.	gar., stor., deck	5,166
See Exhibit _____						

5	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:	2 existing, 8 planned
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit ____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. N/A	

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit "A"
--

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): See Exhibits "H" and "I"

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 = 20% Unit 4 = 20% Unit 2 = 20% Unit 5 = 20% Unit 3 = 20%

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 "C"	
Described as follows:	
Common Element	Number
Elevators	N/A
Stairways	N/A
Trash Chutes	N/A

1.10 Limited Common Elements

Limited Common Element: 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 "C"
Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
<input checked="" type="checkbox"/>	Pets: Pets and animals are regulated as set forth in Declaration Section III B, and Section 5.3 (8) of the Bylaws
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: Additional use restrictions are described in Declaration Article III and Bylaws Section 5.3
<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 "D" describes the encumbrances against title contained in the title report described below.
Date of the title report: December 12, 2008
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	5	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Multi-Family
<input type="checkbox"/> Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/> Other(specify)		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Variances to zoning code have been granted.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Describe any variances that have been granted to zoning code.		N/A		

1.14 Other Zoning Compliance Matters

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

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

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

1.16 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:</p> <p>Please see Exhibit L</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>Please see Exhibit L</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>None</p>	
<p>Estimated cost of curing any violations described above:</p> <p>N/A</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit "<u>M</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 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 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: Gary Sparks</p> <p>Business Address: 3875 Kamehameha Road Princeville, Hawaii 96722</p> <p>Business Phone Number: (808) 826-6733 E-mail Address: kauai@pixi.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	
<p>2.2 Real Estate Broker</p>	<p>Name: Gary Sparks Business Address: P.O. Box 223370 Princeville, Hawaii 96722</p> <p>Business Phone Number: (808) 826-6733 E-mail Address: kauai@pixi.com</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: P.O. Box 223330 Princeville, Hawaii 96722</p> <p>Business Phone Number: (808) 826-5300</p>
<p>2.4 General Contractor</p>	<p>Name: None selected. Business Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Self managed by the Association Business Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Peter C. Miller, Esq. Business Address: P.O. Box 1230 Hanalei, Hawaii 96714</p> <p>Business Phone Number: (808) 826-4606</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 3, 2007	2007-187720

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 21, 2008	2008-184819

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	October 3, 2007	2007-187721

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	No. 4529
Dates of Recordation of Amendments to the Condominium Map: December 9, 2008	

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%	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>So long as Declarant owns one (1) or more units in this Project, Declarant reserves the right to amend the Declaration, Bylaws and Condominium Map in order to correct any typographical or grammatical error, or to comply with any applicable State, Federal or local ordinance, rule or regulation or any title company or financial institution, or the requirements of the Real Estate Commission or the Princeville Community Association. The Declarant also reserves the right to install additional meters, sub-meters, and other equipment and improvements relating to utility services, provided that the cost of the same shall be borne by the Declarant. This provision shall be deemed to be a reservation by and for the benefit of each unit separately to amend the Declaration and Condominium Map to set forth the above-described modifications, pursuant to Section 514B-32(12) of the Act, including the power to implement such amendments without requiring the vote or approval of the owners of the other units. Further, said right and authority shall be deemed to be appurtenant to said unit and shall be deemed to be transferred and assigned to subsequent transferees of said unit automatically upon subsequent transfers of fee simple title of said unit.</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 checked="" type="checkbox"/>		None (self-managed by the Association)
<input type="checkbox"/>		The Developer or an affiliate of the Developer
<input type="checkbox"/>		Other (explain)

4.2 Estimate of the Initial Maintenance Fees

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 "E" 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 type="checkbox"/>		Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

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

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 "F" 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: January 29, 2008 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit "G" 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 checked="" type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit N/A Developer hereby designates Units 1, 2 and 4 for Owner-Occupants
<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</u> blanket liens affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket</u> 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	A lender has priority over a Buyer's rights under a Sales Contract and has a right to terminate a sale contract upon foreclosure of its mortgage before an apartment sale is closed. If foreclosed, Buyer's deposit shall be refunded (less any escrow cancellation fees) and the sales contract between Seller and Buyer shall be cancelled.

5.4 Construction Warranties

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

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

<p>Status of Construction: Unit 5 was completed in 1990. Construction of Units 1 through 4 has not commenced.</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract: None. Construction of Units 1 through 4 has not commenced.</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: None</p>

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

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"/>	<p>For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or</p>
<input type="checkbox"/>	<p>For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.</p>

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

<p>Box A</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: Princeville at Hanalei Community Design Rules for Single Family Residences (Apr 2003), Princeville Community Design Committee Multi Family Unit Architectural Guidelines/Restrictions 5/1/90, Princeville at Hanalei Rules, Declaration of Restrictions, Covenants and Conditions, as amended, and as identified in Item 1. of Exhibit D (recorded in Liber 7444 at Page 93 in Bureau of Conveyances).

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

1. Licensed Real Estate Broker. Pursuant to Sections 16-99-3(g) and 16-99-11(d) of Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Gary Sparks, who is the Project's Developer, is a current and active Hawaii-licensed Real Estate Broker, RB-18415. Further that Gary Sparks is the broker for Gary Sparks Real Estate, the project broker. Pursuant to Section 16-99-11(c) of HAR, "no licensee shall be allowed to advertise 'For Sale by Owner', 'For Rent by Owner', 'For Lease by Owner', 'For Exchange by Owner'."
2. Easements, Agreements And Other Items Of Record. The title to the condominium real property is presently subject to several easements, agreements, and other encumbrances described as items 1-11 on Exhibit D. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL FOR ADDITIONAL INFORMATION.
3. Common Interests. Units 1, 2, 3, 4, and 5 each shall have appurtenant thereto an undivided twenty percent (20%) interest in all common elements of the property, and the same proportionate share in all common profits and common expenses of the property (except as may be otherwise provided in the Declaration or Bylaws) and for all other purposes, including voting. The percentage common interest for each unit is determined by apportioning a twenty percent (20%) interest to each of the five (5) units irrespective of the actual land areas contained in each unit.
4. Warranties of Developer. None
5. Alteration to Units. As to any improvements which will be within a limited common element land area of a unit, the Developer, and thereafter the owner acquiring a conveyance of the unit, shall determine and is authorized on behalf of all of the owners to secure the Permits, to grant easements, and to build the improvements located within the limited common element area for the unit provided that all federal, state, county requirements shall be observed. Further, all improvements constructed within the Princeville development, including those within the PUKALANI project, require the prior approval of the Community Design Committee (the "CDC") of the Princeville at Hanalei Community Association. The CDC operates pursuant to its printed rules, which employ a three step approval procedure: Conceptual Approval, Preliminary Approval and Final Approval. The Developer has obtained Conceptual Approval and Preliminary Approval of plans for each of Units 1, 2, 3 and 4. Portions of the approved plans for those respective units constitute Exhibits "C", "D", "E" and "F" to the Declaration, respectively. An owner of one of said units wishing to construct pursuant to such plans for that unit must first advance the plans through the Final Approval stage. Any changes in those plans would require regressing to the Preliminary Approval and possibly the Conceptual Approval stages. The Developer will include the plans, as preliminarily approved, in the sale of the applicable unit. Said plans are not on file at the County of Kauai, nor have building permits been applied for. The potential purchaser of a unit is advised that the restrictions on building in the Princeville at Hanalei subdivision are extremely comprehensive and vigorously enforced. It is recommended that the buyer visit www.princevillecommunityassociation.com, where all of said restrictions are posted.
6. Existing Bed and Breakfast. A bed and breakfast operation is currently being legally operated upon Unit 5 pursuant to a County of Kauai permit that is personal to the current owner of Unit 5, which is not transferable to a new owner of Unit 5, and pursuant to the written consent of the Princeville at Hanalei Community Association (see Exhibit "N"), which is transferable

provided that the new owners obtain their own necessary permits from the County. Further, neither the Declaration, the First Amendment to the Declaration nor the Bylaws of the Association of Condominium Owners of PUKALANI Condominium shall be interpreted to prohibit the operation of a bed and breakfast upon Unit 5. No hotel or time-share use shall be allowed upon any of the units.

7. Second "kitchen". The "as built" plans for the upper floor (the "Second Floor") of Unit 5, attached to the Condominium Map and the First Amended Condominium Map show an area designated "kitchen". However, what exists there does not constitute a second "kitchen" under the applicable standards of the County of Kauai, and is therefore not illegal regardless of whether or not Unit 5 is used as a bed and breakfast.

8. Agreements Pertaining to the Use of the Project Real Property. As of May 10, 2004, the then owners of the Project real property entered a certain AGREEMENT PERTAINING TO USE OF PROPERTY with the Princeville at Hanalei Community Association, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-143931, a copy of which is attached hereto as Exhibit "O", that perpetually limited the use of that real property to single family residential uses as stated therein. As of October 8, 2008 the current owners of the Project real property entered a certain MUTUAL SUSPENSION OF AGREEMENT PERTAINING TO USE OF PROPERTY with the Princeville at Hanalei Community Association, recorded as Document No. 2008-176120, whereby all provisions of the previous agreement were indefinitely suspended so long as the said property remains a single parcel, with the parties acknowledging that subjection of the property to a condominium property regime does not cause a termination of the suspension. A copy of the latter agreement is attached as Exhibit "P".

EACH BUYER IS ADVISED TO CONTACT THE APPROPRIATE GOVERNMENT AGENCIES TO DETERMINE SPECIFIC REQUIREMENTS FOR THIS PROPERTY, AND TO CONSULT WITH AN ATTORNEY AND OTHER APPROPRIATE PROFESSIONALS.

EXHIBIT A

DESCRIPTION OF UNITS

1. Unit 1 is a single story cubic spatial unit without basement containing 125 cubic feet, measuring 5 feet on a side. The center location of the floor area coordinate is 6556.25 ft. North and 2621.00 ft. West, referenced to "POOKU" Government Survey Triangulation Station. Parking for at least 2 vehicles is available within the limited common element land area. Said spatial unit comprises a single unit. Architectural plans for Unit 1 are attached to, and made a part of, the First Amended Condominium Map.

2. Unit 2 is a single story cubic spatial unit without basement containing 125 cubic feet, measuring 5 feet on a side. The center location of the floor area coordinate is 6478.00 ft. North and 2639.25 ft. West, referenced to "POOKU" Government Survey Triangulation Station. Parking for at least 2 vehicles is available within the limited common element land area. Said spatial unit comprises a single unit. Architectural plans for Unit 2 are attached to, and made a part of, the First Amended Condominium Map.

3. Unit 3 is a single story cubic spatial unit without basement containing 125 cubic feet, measuring 5 feet on a side. The center location of the floor area coordinate is 6360.00 ft. North and 2707.00 ft. West, referenced to "POOKU" Government Survey Triangulation Station. Parking for at least 2 vehicles is available within the limited common element land area. Said spatial unit comprises a single unit. Architectural plans for Unit 3 are attached to, and made a part of, the First Amended Condominium Map.

4. Unit 4 is a single story cubic spatial unit without basement containing 125 cubic feet, measuring 5 feet on a side. The center location of the floor area coordinate is 6554.25 ft. North and 2657.00 ft. West, referenced to "POOKU" Government Survey Triangulation Station. Parking for at least 2 vehicles is available within the limited common element land area. Said spatial unit comprises a single unit. Architectural plans for Unit 4 are attached to, and made a part of, the First Amended Condominium Map.

5. Unit 5 is an existing three story residence with 3,739 square feet of net living area. The lower floor ("Ground Floor") contains a bathroom, a bedroom / maid's quarters / screen room totaling 962 square feet of net living area, plus a 227 square foot garage and a 212 square foot storage area. The middle floor ("First Floor") contains a living room, kitchen, three bedrooms, three bathrooms and laundry room totaling 1,780 of net living area plus 689 of decking. The upper floor ("Second Floor") consists of a master suite (including an area designated "kitchen" on the architectural certified "as built" plans for Unit 5 that are attached to the First Amended Condominium Map, but not constituting a "kitchen" under the applicable standards of the County of Kauai) with bedroom and bathroom totaling 997 square feet of net living area, plus two storage areas totaling 167 square feet plus 98 square feet of decking and 34 square feet of unused space. Architectural plans for Unit 5 are attached to, and made a part of, the First Amended Condominium Map.

LAND COURT

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL TO:

Peter C. Miller, Esq.
P.O. Box 1230
Hanalei, Hawaii 96714

Total Pages: ____

TITLE OF DOCUMENT:

**FIRST AMENDED CONDOMINIUM MAP
OF
PUKALANI CONDOMINIUM**

CONDOMINIUM MAP NO. 4529

OWNER:

RALPH L. BARNHART and DOROTHY BARNHART, Co-Trustees of the BARNHART TRUST, under Revocable Trust Agreement dated May 25, 1988, and

GARY SPARKS and BILLIE SPARKS, Trustees of the GARY AND BILLIE SPARKS LIVING TRUST, under Declaration of Trust dated December 20, 1996
3875 Kamehameha Road
Princeville, Hawaii 96722

DEVELOPER:

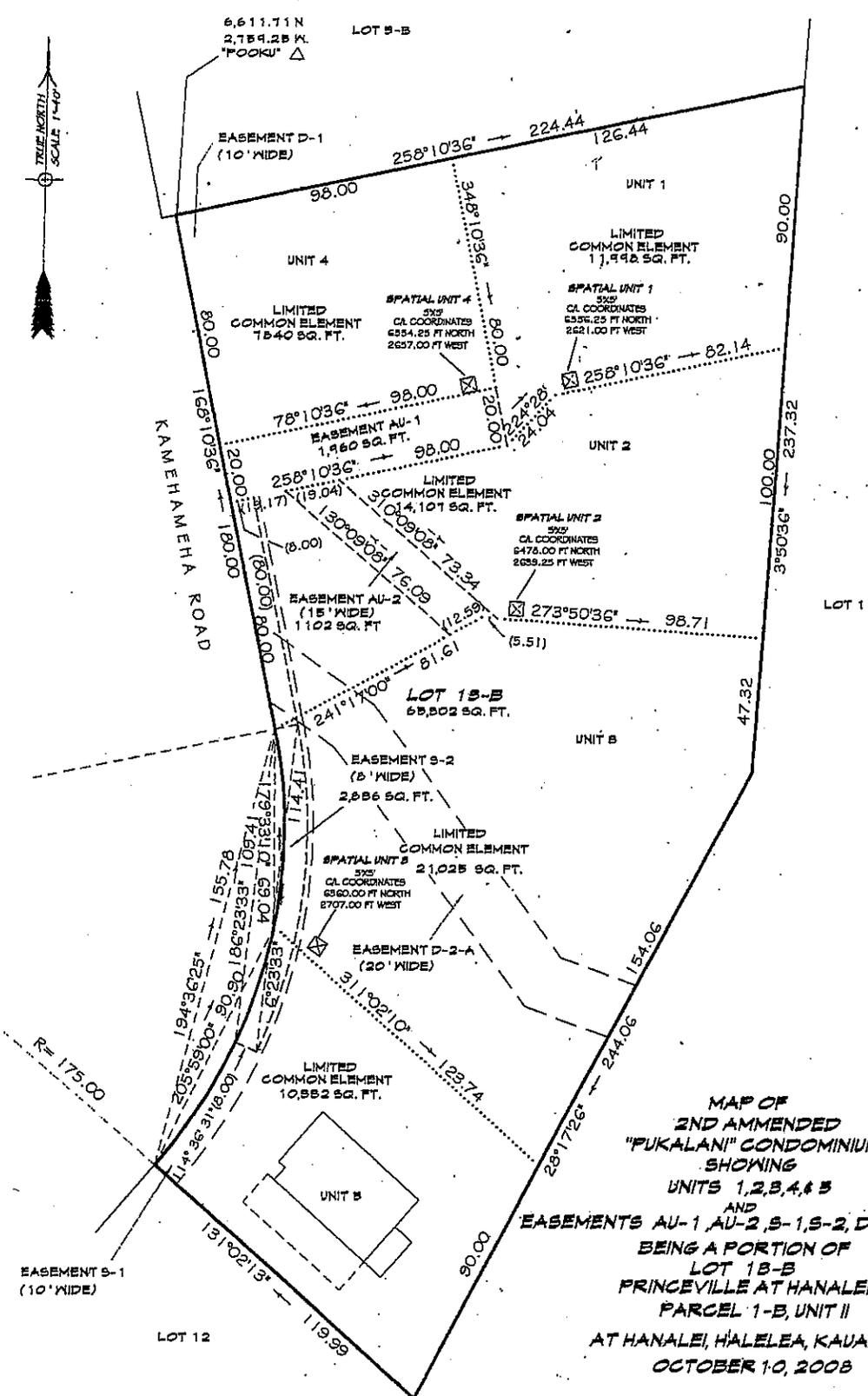
GARY SPARKS
3875 Kamehameha Road
Princeville, Hawaii 96722

PROPERTY DESCRIPTION:

Lot 13-B, Parcel 1-B, Unit II of Princeville at Hanalei
3875 Kamehameha Road
Princeville, Hanalei, Halelea, Kauai, Hawaii

TAX MAP KEY: (4) 5-4-014-032 & 033

Exhibit "B"



MAP OF
 2ND AMENDED
 "PUKALANI" CONDOMINIUM
 SHOWING
 UNITS 1, 2, 3, 4, & 5
 AND
 EASEMENTS AU-1, AU-2, S-1, S-2, D-1, & D-2-A
 BEING A PORTION OF
 LOT 13-B
 PRINCEVILLE AT HANAIE
 PARCEL 1-B, UNIT II
 AT HANAIE, HALELEA, KAUAI, HAWAII
 OCTOBER 10, 2008

LIC EXP 4/30/10

THIS MAP WAS PREPARED BY ME OR
 UNDER MY SUPERVISION

William L. Terrell
 WILLIAM TERRELL
 REGISTERED PROFESSIONAL LAND SURVEYOR
 CERTIFICATE NO. 9330



PREPARED FOR:
 GARY SPARKS
 P.O. BOX 223370
 PRINCEVILLE, HI 96722

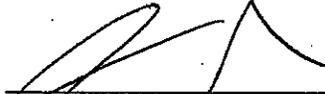
NOTE:
 This project does not involve the sale of individual subdivided
 lots. The dotted lines on the Condominium Map are for
 illustration purposes only. They represent either a limited
 common element or common element.

Exhibit "B"

SURVEYOR'S CERTIFICATION

STATE OF HAWAII)
) SS
COUNTY OF KAUAI)

360SITE LLC, being a Hawaii limited liability company having a licensed surveyor directly in charge, bearing Registration Number 9330, hereby certifies that the attached First Amended Map of "PUKALANI" Condominium, situate at Princeville at Hanalei, Kauai, Hawaii, and identified by Tax Map Key No. (4) 5-04-14:32 & 33, accurately reflects the location and division of the apartment units and the dimensions of the limited common elements. The map is consistent with the plans of the condominium's building or buildings filed or to be filed with the government official having jurisdiction over the issuance of permits for the construction of buildings in the county in which the condominium project is located. To the best of our knowledge, the map depicts the layout, location, dimensions and number of Unit 5 substantially as built, and the layout, location, dimensions and numbers of Units 1, 2, 3 and 4, which have not been built. Elevations and floor plans of the structures comprising the condominium property regime are subject to a separate certification by a Hawaii-licensed architect or engineer, to be attached hereto.

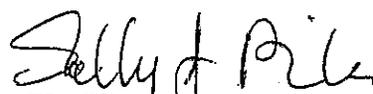


Samuel Noble (Member)

Exhibit "B"

Subscribed and sworn to before me this

26 day of November, 2008



Notary Public, State of Hawaii

Print Name: Sally J. Psaila

My commission expires: 12/30, 2008

Doc. Description: Surveyor's Certification
Date of Document: NA # Pages: 1
Date of Notarization: 11/26/08


Notary Public Signature
Print Name: Sally J. Psaila
Notary Public, State of Hawaii, Kauai Circuit
Notary Commission No. 96-691



Certification of Architect

The undersigned, MARK B. EYLER, being first duly sworn on oath deposes and says:

1. I am a registered professional architect, No. AR-9579, licensed to practice in the State of Hawaii.
2. I am familiar with the condominium project (the "Project") known as PUKALANI, located at 3875 Kamehameha Road in Princeville at Hanalei, Kauai, Hawaii.
3. The attached 8½" by 11" pages numbered 1 through 4 are plans of spatial units for Units 1, 2, 3 and 4, respectively.
4. The attached 8½" by 11" pages numbered 5 and 6 are the elevations and floor plans (prepared by others) of the three story structure comprising Unit 5 of the PUKALANI project as-built. This structure is constructed pursuant to permits issued by the Building Division or Planning Department of the County of Kauai which show approved plans for the improvements and the improvements are in conformity with the records of the agency of the County of Kauai responsible for the issuance of building permits. I have inspected the structure on this unit of the project, and the building and associated systems and improvements appear to be in conformity with all ordinances, codes, rules, regulations, laws and other requirements in force at the time of their construction. This is not a warranty of compliance with all rules and regulations, instead only a warranty that inspection was made and no 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 code(s).
5. The Condominium Map itself is subject to a separate certification by a Hawaii-licensed engineer or surveyor.

AND FURTHER YOUR AFFIANT SAYETH NAUGHT.



 MARK B. EYLER, Architect

Subscribed and sworn to before me this
20 day of November, 2008.



 Notary Public, State of Hawaii
 Print Name: Joyce Dellatan
 My commission expires: 07/06/2011

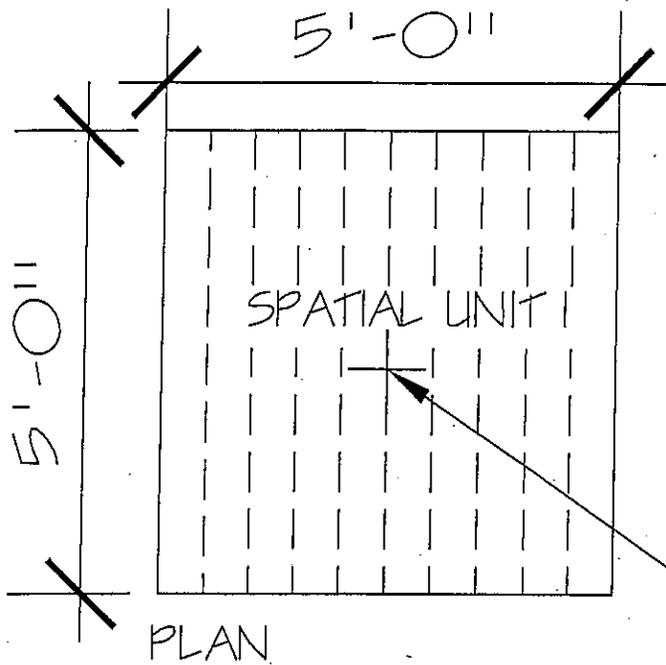
2 

NOTARY PUBLIC CERTIFICATION
 Joyce Dellatan Fifth Judicial Circuit
 Doc. Description: Certification
of Architect

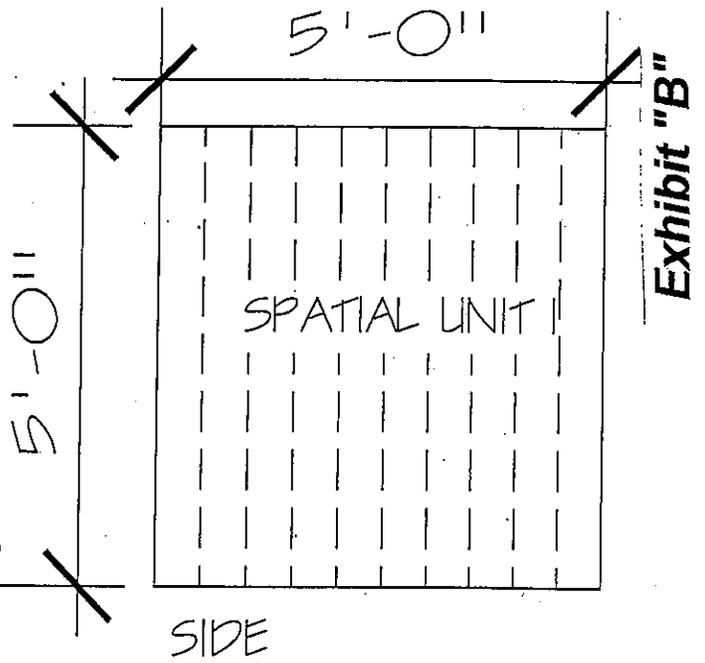
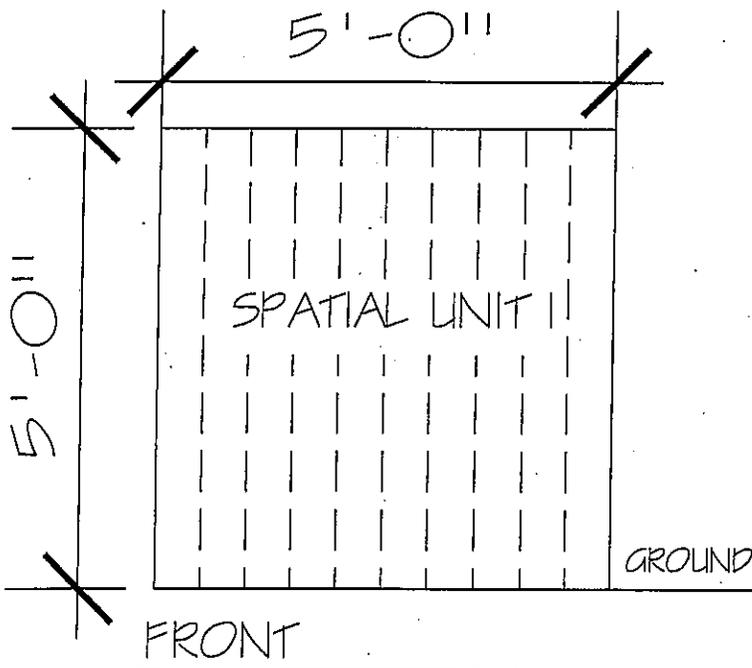
No. of Pages: 1 Date of Doc. 11/20/2008
 (at time of Notary)

 Notary/Signature Date

Exhibit "B"

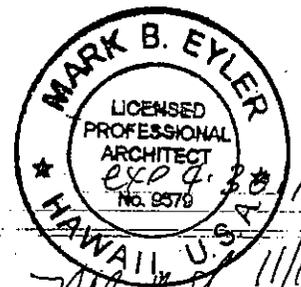


SPATIAL UNIT I
 CENTERLINE COORDINATE
 6556.25 FT. N.
 2621.00 FT. W.
 REFERENCED TO "POOKU"
 GOVERNMENT SURVEY
 TRIANGULATION STATION.

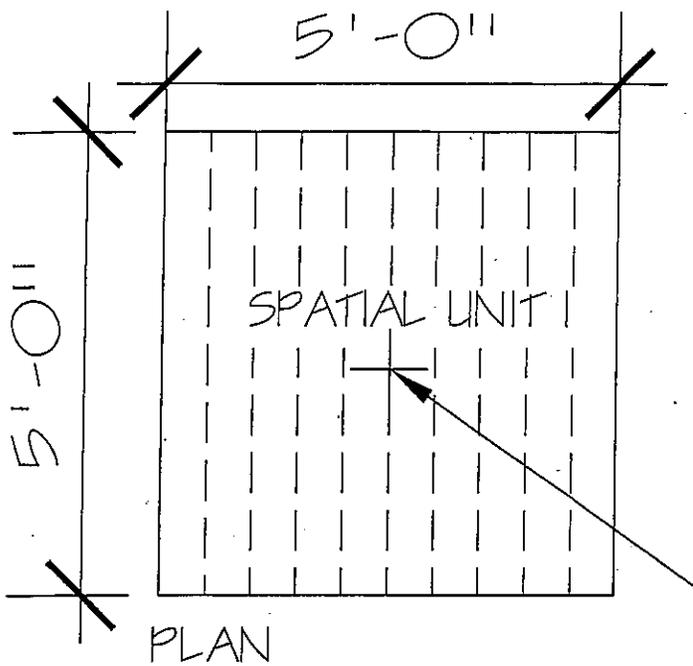


"PUKALANI CPR"
 SPATIAL UNIT I
 TMK# (4) 5-4-014:032 & 033

Scale: 1/2" = 1'-0"



FOR CPR ONLY



SPATIAL UNIT 2
 CENTERLINE COORDINATE
 6478.00 FT. N,
 2639.25 FT. W,
 REFERENCED TO "POOKU"
 GOVERNMENT SURVEY
 TRIANGULATION STATION.

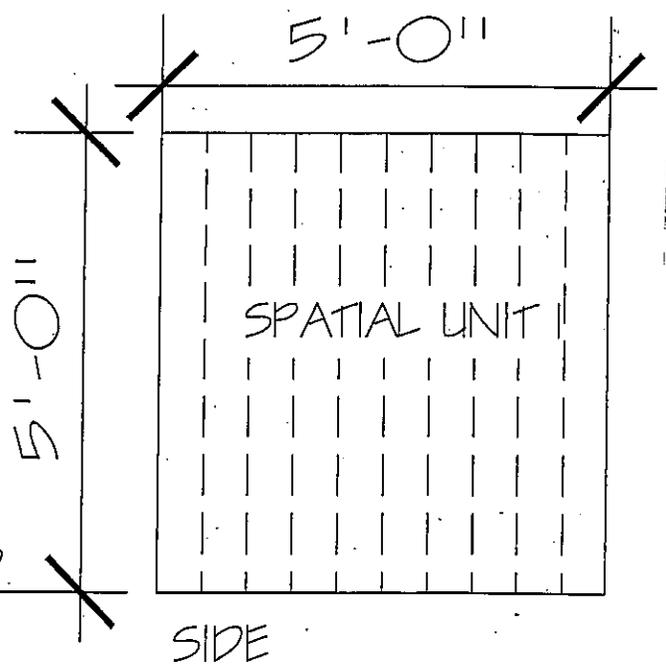
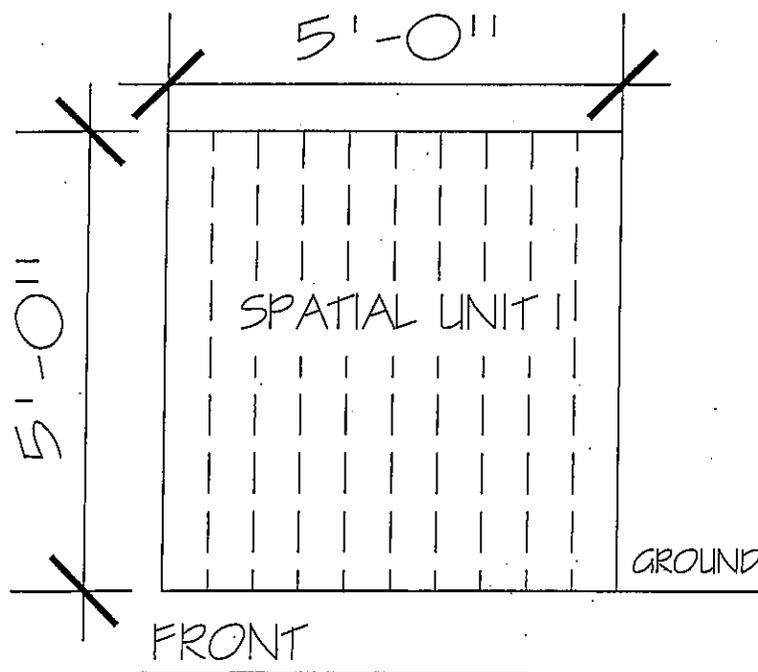


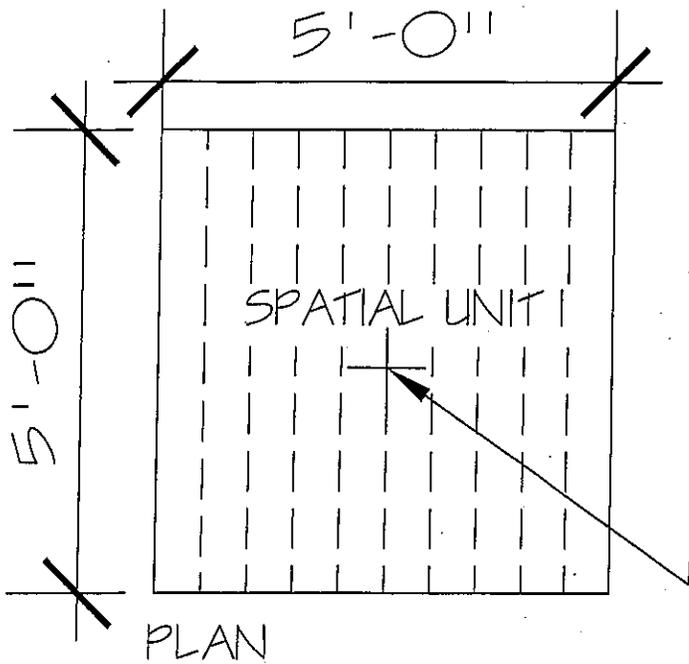
Exhibit "B"

"PUKALANI CPR"
 SPATIAL UNIT 2
 TMK# (4) 5-4-014:032 & 033

Scale: 1/2" = 1'-0"



Mark B. Eyer 11/19/03
 FOR CPR ONLY



SPATIAL UNIT 3
 CENTERLINE COORDINATE
 6360.00 FT. N.
 2707.00 FT. W.
 REFERENCED TO "POOKU"
 GOVERNMENT SURVEY
 TRIANGULATION STATION.

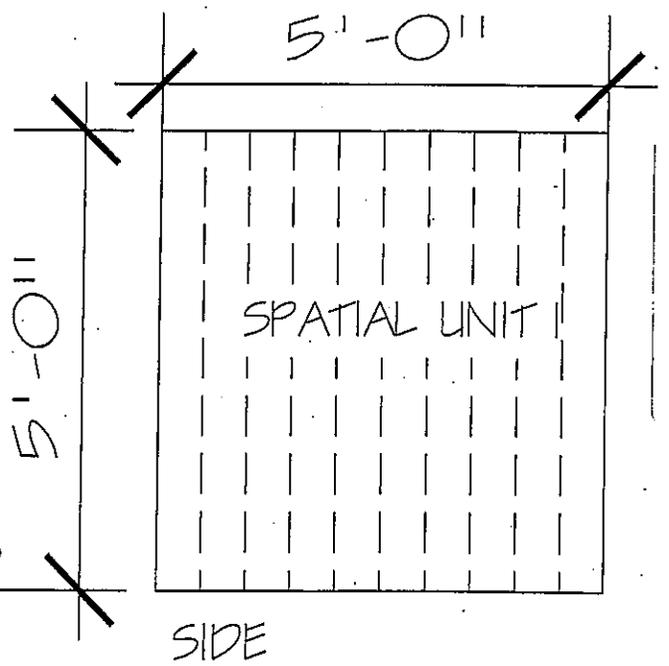
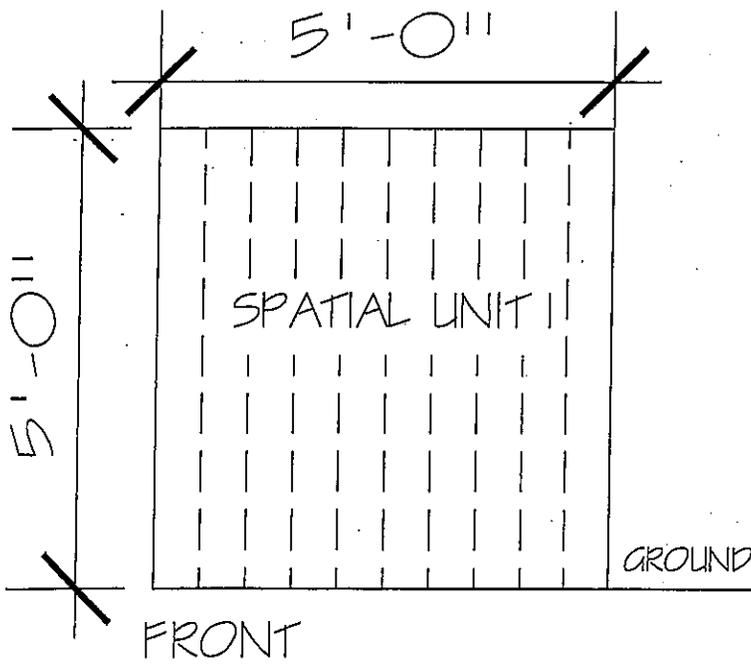
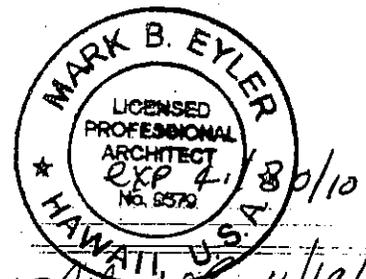


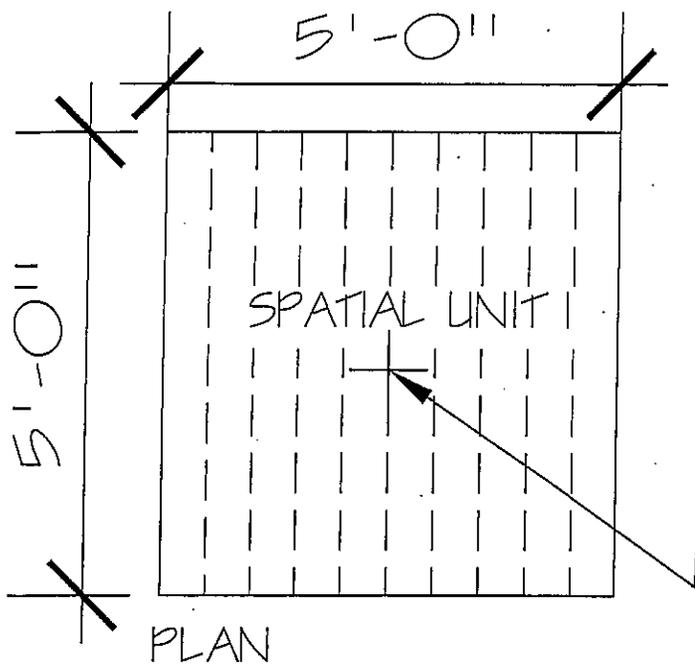
Exhibit "B"

"PUKALANI CPR"
 SPATIAL UNIT 3
 TMK# (4) 5-4-014:032 & 033

Scale: 1/2" = 1'-0"



7/11/08
 FOR CPR ONLY



SPATIAL UNIT 4
 CENTERLINE COORDINATE
 6554.25 FT. N.
 2657.00 FT. W.
 REFERENCED TO "POOKU"
 GOVERNMENT SURVEY
 TRIANGULATION STATION.

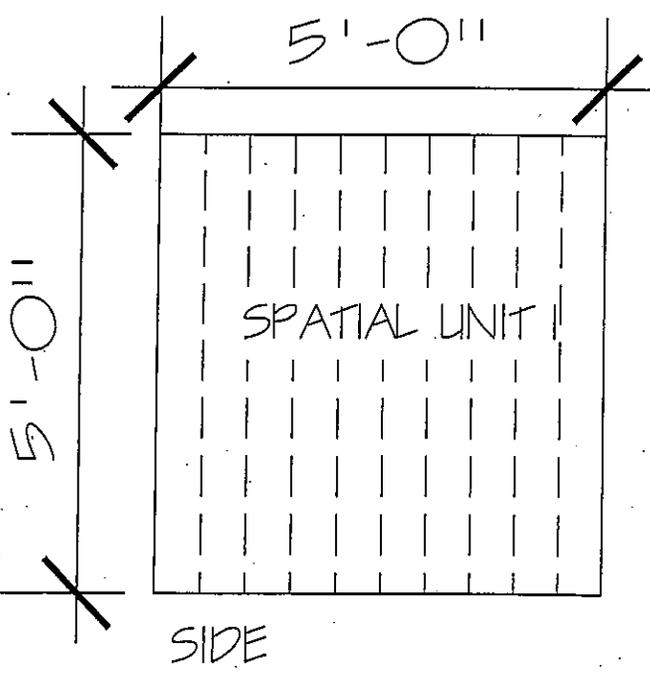
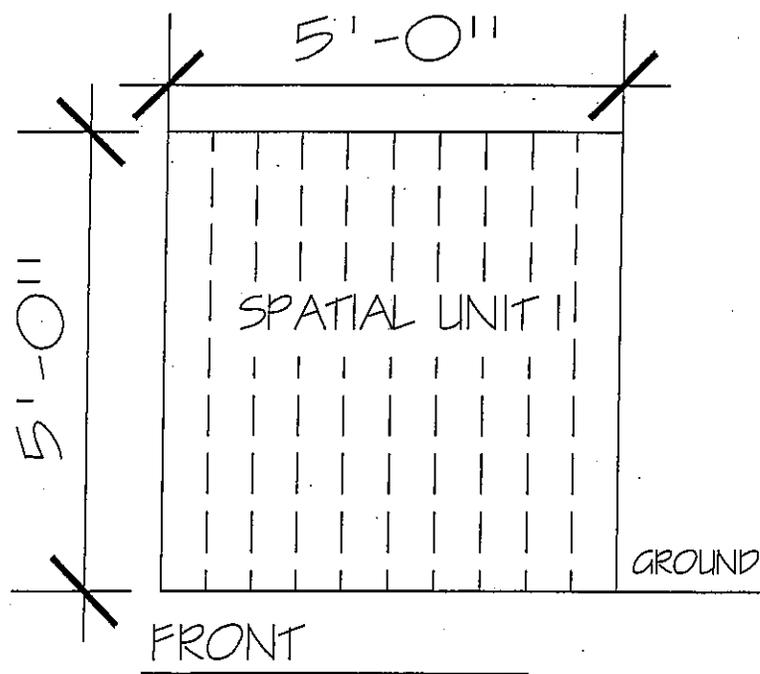


Exhibit "B"

"PUKALANI CPR"
 SPATIAL UNIT 4
 TMK# (4) 5-4-014:032 & 033

Scale: 1/2" = 1'-0"



[Signature] 11/19/08
 FOR CPR ONLY.

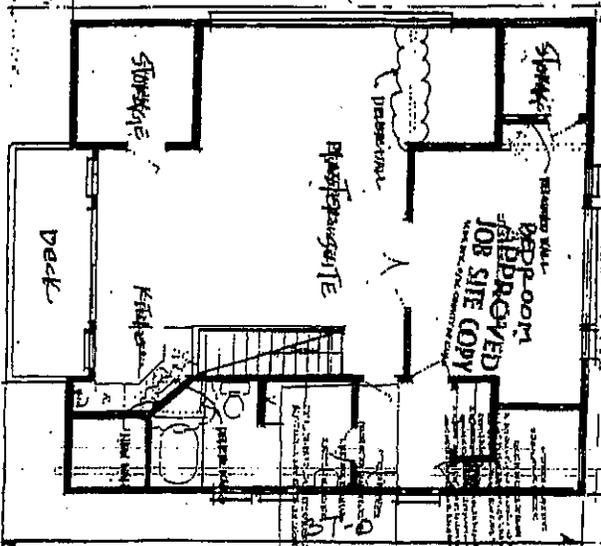
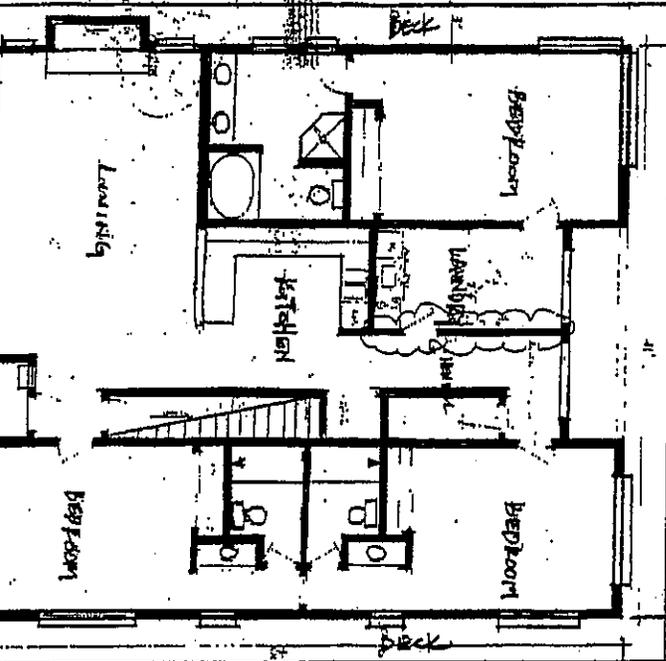
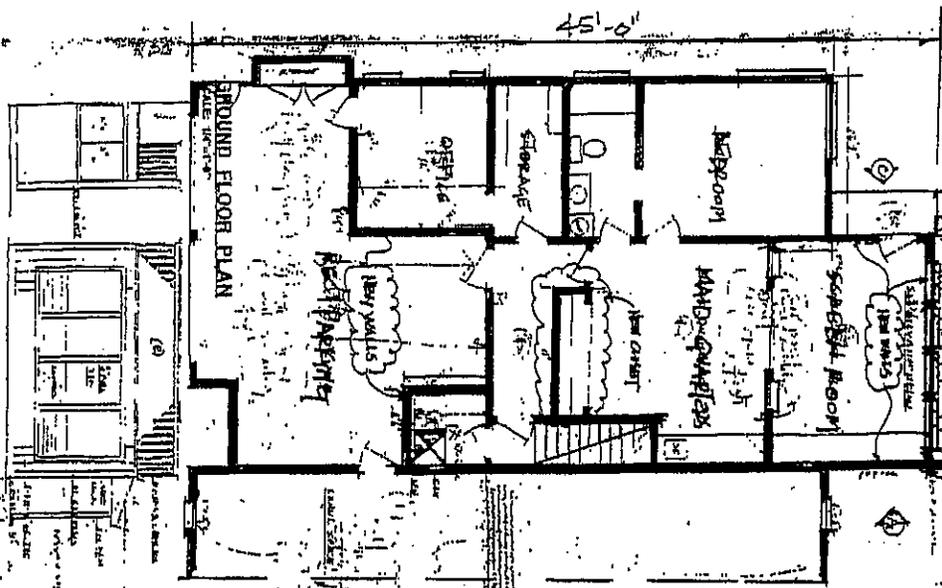
Exhibit "B"

29'-3"

41'-0"

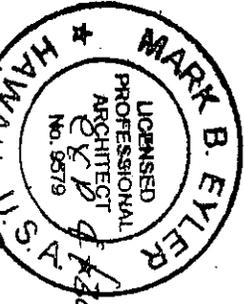
45'-0"

ELEVATION



FIRST FLOOR PLAN
 NOTES: All dimensions to centerline unless otherwise noted.
 ALL DIMENSIONS TO CENTERLINE UNLESS OTHERWISE NOTED.

REVIEWERS TO RESIDENCE FOR:
 H. BOONELIYAN
 TRUCK 6-444732
 PAUL DEVILLE, HAWAII



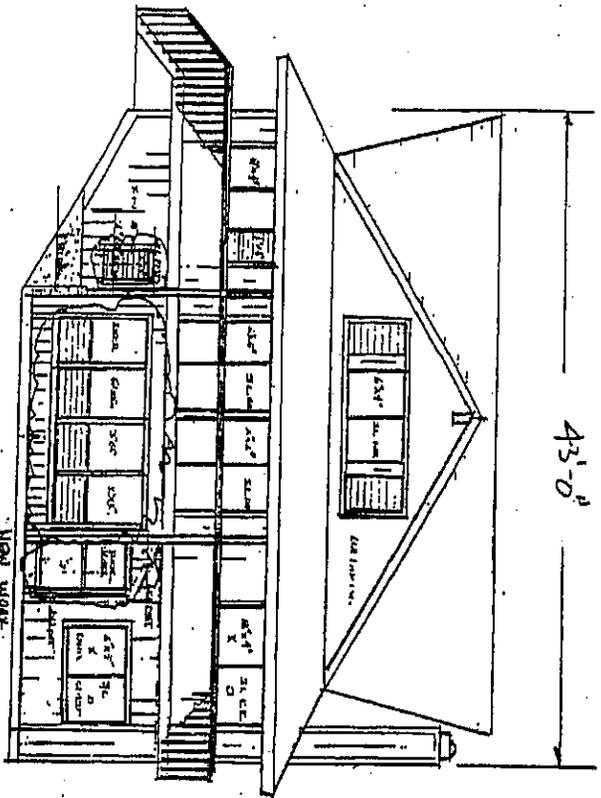
11/16/08
 FOR CHERRY
 35-0

PUKALANI
 Unit 5

Exhibit "B"

66'-0"

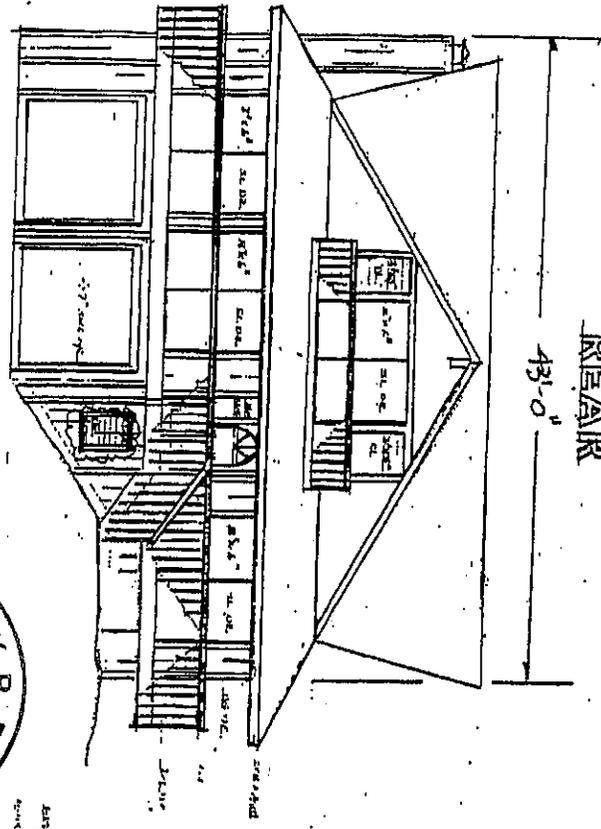
PUKALANI Unit 5



REAR

43'-0"

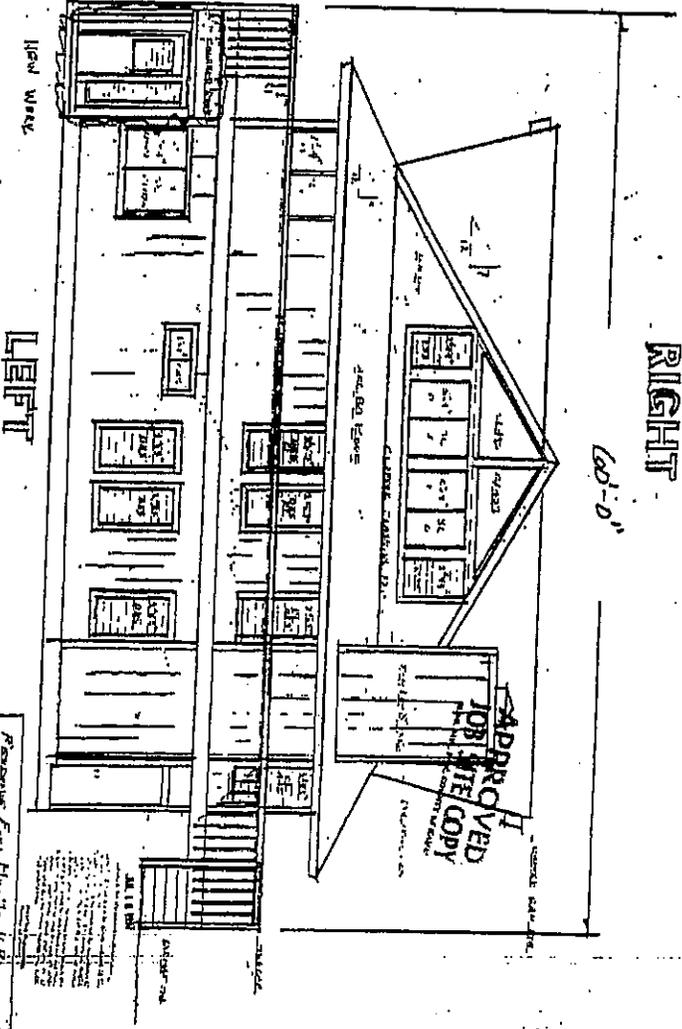
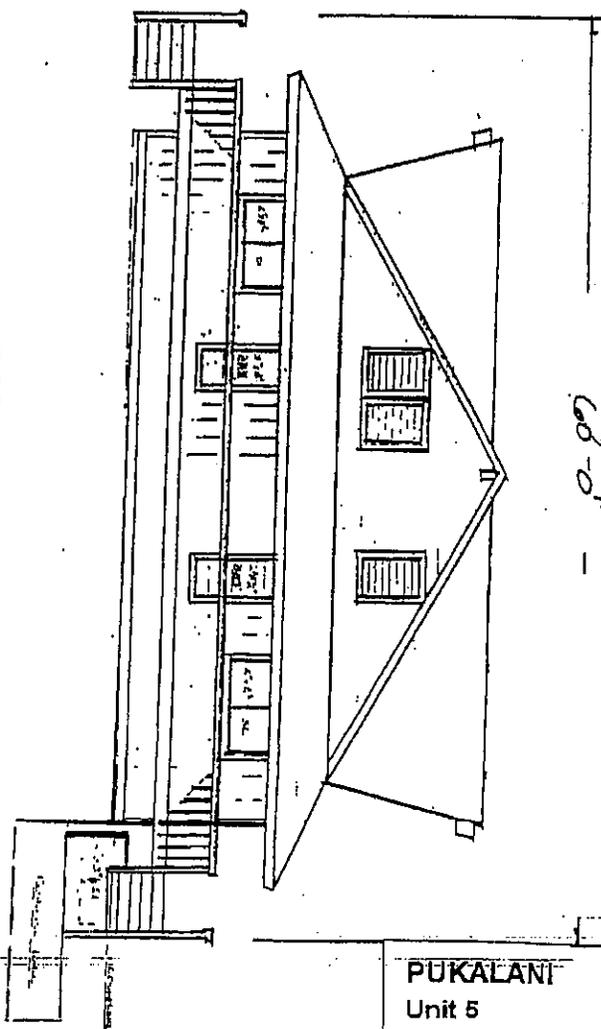
LOW WALK



FRONT

RIGHT

66'-0"



LEFT

LOW WALK

APPROVED
JOB SITE COPY



11/19/0

FOR CPR ONLY

Project: Pukalani Unit 5	Scale: 1/4" = 1'-0"	Date: 11/19/0
Drawn by: [Name]	Checked by: [Name]	Approved by: [Name]
1	1	1

EXHIBIT C

COMMON ELEMENTS OF THE PROJECT

The "common elements" include all other elements of the Project not included with any unit, including but not limited to:

1. The Land in fee simple;
2. All parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project;
3. Any easements and rights appurtenant to the Land;
4. All other portions of the Project not included within the limits of ownership of any unit.
5. Any other interests in real estate for the benefit of all of the unit owners that are subject to this Declaration.

LIMITED COMMON ELEMENTS OF THE PROJECT

1. Unit 1. The land area surrounding and under Unit 1 is a limited common element of Unit 1 only and consists of 11,998 square feet, more or less, shown on the Condominium Map and legally described in Exhibit "H", and by this reference made a part hereof.
2. Unit 2. The land area surrounding and under Unit 2 is a limited common element of Unit 2 only and consists of 14,107 square feet, more or less, shown on the Condominium Map and legally described in Exhibit "I", and by this reference made a part hereof.
3. Unit 3. The land area surrounding and under Unit 3 is a limited common element of Unit 3 only and consists of 21,025 square feet, more or less, shown on the Condominium Map and legally described in Exhibit "J", and by this reference made a part hereof.
4. Unit 4. The land area surrounding and under Unit 4 is a limited common element of Unit 4 only and consists of 7,840 square feet, more or less, shown on the Condominium Map and legally described in Exhibit "K", and by this reference made a part hereof.
5. Unit 5. The land area surrounding and under Unit 5 is a limited common element of Unit 5 only and consists of 10,332 square feet, more or less, shown on the

Condominium Map and legally described in Exhibit "L", and by this reference made a part hereof.

6. Easement AU-1. This limited common element easement consists of 1,960 square feet, more or less, is shown on the Condominium Map, is legally described in Exhibit "M", and is appurtenant to Unit 1, Unit 2, Unit 3 and Unit 4 only and includes the shared driveway and any shared utilities within Easement AU-1. The owner of each served unit shall be responsible for ensuring that said owner and his agents, licensees, guests and invitees shall not in any way block or park in the said Limited Common Element Easement AU-1 area. Unit 5 shall not be responsible for any costs or expenses of improvement or maintenance of this easement.

7. Easement AU-2. This limited common element easement consists of 1,102 square feet, more or less, is shown on the Condominium Map, is legally described in Exhibit "N", and is appurtenant to Unit 2 and Unit 3 only and includes the shared driveway and any shared utilities within Easement AU-2. The owner of each served unit shall be responsible for ensuring that said owner and his agents, licensees, guests and invitees shall not in any way block or park in the said Limited Common Element Easement AU-2 area. Mail boxes for Units 1, 2, 3 and 4 will be located within Easement AU-2. Other than for access to and maintenance of the mail boxes, Units 1, 4 and 5 shall not be entitled to use Easement AU-2 or be responsible for any costs or expenses of improvement or maintenance of this easement.

* Land areas referenced herein are not legally subdivided lots.

Exhibit D

ENCUMBRANCES AGAINST TITLE

1. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF RESTRICTIONS, COVENANTS AND
CONDITIONS BY EAGLE COUNTY DEVELOPMENT CORPORATION

DATED : March 1, 1971
RECORDED : Liber 7444 Page 93

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

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

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

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

The "Reserved Right" unto PRINCEVILLE CORPORATION, a Colorado corporation as set forth in instrument acknowledged January 7, 1994 and January 11, 1994, recorded as Document No. 94-009984 was further assigned to PRINCEVILLE DEVELOPMENT COMPANY, LLC, a Delaware limited liability company by QUITCLAIM ASSIGNMENT OF RESERVATIONS, RIGHTS AND PRIVILEGES dated March 7, 2005, recorded as Document No. 2005-053757.

2. Water and Sanitation Assessment and Lien in favor of Kauai County Public Improvement Corporation, recorded in Liber 7486 at Page 292 (filed in the Land Court as Document No. 533440), as confirmed by instrument recorded in Liber 8192 at Page 257, and amended by instruments recorded in Liber 8222 at Page 388 (Land Court Document No. 576206), Liber 8743 at Page 1, Liber 9583 at Page 521 and Liber 10584 at Page 326.

The interest of Kauai County Public Improvement Corporation having been assigned to Princeville Utilities Company, Inc., by instrument recorded in Liber 19127 at Page 154.

3. DESIGNATION OF EASEMENT "D-1" (10 feet wide)

PURPOSE : drainage

SHOWN : on File Plan No. 1360

4. The terms and provisions contained in the following:

INSTRUMENT : DEED

DATED : March 31, 1978
RECORDED : Liber 12801 Page 545

5. G R A N T

TO : PRINCEVILLE AT HANAIEI COMMUNITY ASSOCIATION, a non-profit corporation

DATED : November 12, 1987
RECORDED : Liber 21516 Page 321
GRANTING : an easement over said Easement "D-1"

6. DESIGNATION OF EASEMENT "S-1" (10 feet wide)

PURPOSE : sewerline
SHOWN : on survey map prepared by Masao Fujishige, Land Surveyor, dated July 27, 1992, approved on August 27, 1992, by the Planning Commission of the County of Kauai

7. DESIGNATION OF EASEMENT "D-2-A" (20 feet wide)

SHOWN : on survey map prepared by Masao Fujishige, Land Surveyor, dated July 27, 1992, approved on August 27, 1992, by the Planning Commission of the County of Kauai

8. M O R T G A G E

MORTGAGOR: GARY SPARKS and BILLIE SPARKS, husband and wife

MORTGAGEE: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., solely as a nominee for COUNTRYWIDE HOME LOANS, INC., a New York corporation

DATED : May 5, 2004
RECORDED : Document No. 2004-100678
AMOUNT : \$880,000.00

9. The terms and provisions contained in the following:

INSTRUMENT : AGREEMENT PERTAINING TO USE OF PROPERTY

DATED : May 10, 2004

RECORDED : Document No. 2004-143931
PARTIES : GARY R. SPARKS and BILLIE M. SPARKS, "Owner", and
PRINCEVILLE AT HANAIEI COMMUNITY
ASSOCIATION, a Hawaii non-profit corporation,
"Association"

By MUTUAL SUSPENSION OF AGREEMENT PERTAINING TO USE OF
PROPERTY by and between PRINCEVILLE AT HANAIEI COMMUNITY
ASSOCIATION, a Hawaii non-profit corporation, and GARY SPARKS and BILLIE
SPARKS, Trustees of the Gary and Billie Sparks Living Trust, under Declaration of
Trust dated December 20, 1996; said Agreement dated October 8, 2008, recorded as
Document No. 2008-176120.

10. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME
FOR "PUKALANI CONDOMINIUM" CONDOMINIUM
PROJECT

DATED : October 3, 2007
RECORDED : Document No. 2007-187720
MAP : 4529 and any amendments thereto

Said above Declaration was amended by instrument dated November 21, 2008,
recorded as Document No. 2008-184619

11. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : October 3, 2007
RECORDED : Document No. 2007-187721

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>	
1	\$60	\$720
2	\$60	\$720
3	\$60	\$720
4	\$60	\$720
5	\$60	\$720
		\$3,600

Developer's Statement: Buyer will be obligated to commence payments of common expenses immediately after closing of Buyer's purchase.

RE: INSURANCE:

In the event that none of the structures comprising the improvements portion of the Project contain more than one apartment, but rather each of the individual units of the Project is comprised of a separate detached agricultural or single family dwelling set back within the boundaries of its own limited common element, the Association may, at its option, and subject to the requirements of law, elect to exempt the Project from Section IV B/ 1. of the Declaration and allow individual unit owners to provide for their own casualty and liability insurance; PROVIDED, HOWEVER, that any such decision to allow individual unit owners to insure themselves must be by unanimous agreement of all the unit owners of the Project. In that event, payment of any premiums pursuant hereto shall not be a common expense, but shall be the responsibility of each individual unit owner and neither the Association nor the other unit owners shall be responsible therefore. The Association shall, however, be named as an "additional insured" in all such policies.

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

EXHIBIT F

Summary of Purchase Contract

The Seller intends to use the standard form of Purchase Contract (the "Contract") for the sale of the units in this Project. The Contract contains the price and other terms and conditions under which a purchaser will agree to buy a unit in the Project. Among other things, the Contract states:

- a. The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.
- b. That the purchaser acknowledges having received and read a Condominium Public Report for the Project prior to signing the Contract.
- c. Identifies the escrow agent
- d. That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.
- e. That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.
- f. Requirements relating to the purchaser's financing of the purchase of a unit.
- g. That the unit and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.
- h. That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.
- i. That the purchaser must close the purchase at a certain date and pay purchaser's share of closing costs, plus any prorated charges in addition to the purchase price.
- j. In addition to any other remedies available to a party under the Contract, in the event Buyer fails to perform Buyer's obligations (Seller not being in default), Seller may terminate the Contract and (a) bring an action for damages for breach of contract or (b) retain the initial deposit and all additional deposits as liquidated damages, and (c) Buyer shall be responsible for any costs incurred. In the event Seller fails to perform Seller's obligations (Buyer not being in default), Buyer may (i) bring an action for damages for breach of contract, and (ii) seek specific performance of the Contract, and (iii) Seller shall be responsible for any costs incurred.

The Contract contains various other important provisions relating to the purchase of a unit in the Project. It is incumbent upon purchasers and prospective purchasers to read them with care.

Exhibit F
Summary of Sales Contract

Exhibit G

Summary of Escrow Agreement

The Escrow Agreement (the "Agreement") sets up an arrangement under which the deposits that a Buyer makes under a sales contract with Seller will be held by a neutral party ("Escrow"). Escrow is Title Guaranty Escrow Services, Inc., a Hawaii corporation. Under the Agreement (which may be modified or otherwise limited by provisions not summarized), these things will or may happen:

1. Whenever Seller enters into a sales contract for the sale of a unit, 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 sale. Funds held under the Agreement will be deposited in an account for the Project. Interest on all funds will be paid to Buyer.
3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected to exercise Buyer's right to cancel the sales contract pursuant to Section 514B-86, Hawaii Revised Statutes (HRS) or right to rescind sales contract pursuant to Section 514B-87, HRS, and receive all funds paid, without deduction; or (b) the Real Estate Commission of the State of Hawaii (Real Estate Commission) has not issued an effective date for the Public Report on the project or the requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of HRS Chapter 514B have been met.
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, if there is a right to cancellation or rescission and refund of monies under the sales contract or otherwise. In the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow up to a maximum of \$300.00.
5. 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.
6. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract.
7. As Escrow's compensation for its performance under this Agreement, Escrow will receive its scheduled rate, plus tax, for each unit for which a unit 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 rates.

NOTE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH 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.

EXHIBIT H

Summary of Princeville at Hanalei Community Design Committee Rules for Single Family Residences (April 2003) [the “CDC Rules” in this Summary]

The CDC Rules are the mechanism for implementing certain provisions of the protective covenants that govern the Princeville at Hanalei planned community, and are amended from time to time. They are extremely comprehensive in addressing most, if not all, aspects of owning, building, modifying and maintaining single family improvements in Princeville. The Developer of PUKALANI Condominium has determined that the best way to summarize the CDC Rules is to simply attach the Table of Contents. THE PROSPECTIVE PURCHASER OF A UNIT IN PUKALANI IS URGED TO READ THE CDC RULES FROM COVER TO COVER. THERE ARE VERY MANY RULES AND RESTRICTIONS SERIOUSLY AFFECTING ALL ASPECTS OF THE OWNERSHIP, AND ESPECIALLY THE DEVELOPMENT, OF SUCH A PROPERTY. At the very least, the prospective purchaser should read the sections that are of particular interest to him.

NOTE: THE ATTACHED TABLE OF CONTENTS IS NOT A THOROUGH EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CDC RULES. THE TABLE OF CONTENTS ONLY SHOWS THE SCOPE OF ALL OF THE SUBJECTS ADDRESSED BY THE CDC RULES. THOSE RULES THEMSELVES MUST BE CONSULTED AS TO THEIR ACTUAL SUBSTANCE.

TABLE OF CONTENTS

FOREWORD – QUALITY AND DESIGN	4
SECTION I. INTRODUCTION	5
SECTION II. PRINCEVILLE’S COMMUNITY DESIGN COMMITTEE	6
A. Functions of the CDC	6
B. Organization of the CDC	7
C. Meeting Schedule of the CDC	7
SECTION III. WHAT MUST HAVE CDC APPROVAL	8
SECTION IV. MAINTENANCE AND REPAIR OF AN EXISTING HOME.....	10
A. Repainting an Existing Home	10
B. Replacing an Existing Roof	10
C. Repair and Replacement Work for an Existing Home	11
D. Installation of a Propane Tank to an Existing Home.....	11
E. Installation of Solar Panels to An Existing Home	11
F. Installation Of Air Conditioning Units to an Existing Home.....	12
G. Adding a Swimming Pool, Spa, Hot Tub, Pond or Water Feature to an Existing Home	13
H. Adding a Wall or Fence to an Existing Home	14
I. Adding Landscaping Around an Existing Home	14
J. Adding Vegetable and Herb Gardens	15
SECTION V. OWNER APPLICATION AND REVIEW PROCEDURES.....	17
A. Conceptual Application and Review Procedures.....	17
B. Preliminary Application and Review Procedures.....	19
C. Final Application and Review Procedures	25
SECTION VI. CONSTRUCTION AND PROJECT INSPECTION	30
A. Construction and Compliance Deposit	30
B. Construction Timeframe	31
C. Construction Days, Hours of Operation, and Holidays	32
D. Dust Control, Removal of Debris, Toilet Facilities, Cleaning of Roads, Noise, and Other Nuisances	32
E. Project Parking Regulations	35
F. Landscaping and Lot Maintenance	36
G. Project Inspection During Construction	36
H. Final Inspection	37
SECTION VII. DESIGN CRITERIA.....	38
A. Appropriateness of Concept.....	38
B. Scale	38
C. Relationship of the Structure to the Topography of the Lot	38

D. Landscaping of the Lot.....	39
E. Materials.....	39
F. Workmanship	39
G. Color	39
H. Design Compatibility	39
I. Timing	40
J. Variances	40
K. Professional Advice.....	40
SECTION VIII. ARCHITECTURAL REQUIREMENTS	41
A. Building Envelope	41
1. Lot Coverage.....	41
2. Building Size.....	41
3. Design Elements	42
4. Height Profile.....	42
B. Setbacks and Easements.....	42
1. Building Setbacks.....	43
2. Driveway Setbacks.....	43
3. Wall and Fence Setbacks.....	43
4. Landscape Setbacks	43
5. Propane Tanks and Refuse Enclosure Setbacks	44
6. Swimming Pool, Pool Decks, Spa, Hot Tub, Pond and Water Feature Setbacks.....	44
7. Easements.....	44
C. Building Design and Construction	45
1. Building Materials	45
2. Foundation	45
3. Roofs and Gutters	46
4. Walls and Sidings	47
5. Doors and Windows	47
6. Garages and Storage	48
7. Exterior Colors.....	48
8. Laundry Facilities.....	49
9. Driveways	49
10. Walls and Fences	49
11. Refuse Storage.....	50
12. Propane Tanks	50
13. Swimming Pools, Pool Decks, Spas, Hot Tubs, Ponds and Water Features	50
14. Solar Panels	51
15. Air Conditioners	51
16. Electric Garbage Disposal	51
17. Exterior Lighting.....	52
18. House Numbers.....	52
D. Landscaping and Lot Maintenance	52
1. Landscaping the Front, Side and Rear of a Lot.....	52

2.	The Plantings.....	53
3.	Landscaping for Houses on Raised Footings	53
4.	Landscaping for Houses on Sloping Lots	53
5.	Landscape Lighting	53
6.	Lot and Landscape Maintenance.....	53
E.	Site Development.....	54
1.	Grading.....	54
2.	Drainage and Fill	54
3.	Utilities	55
4.	Water and Sewer Pipes.....	55
5.	Ground Termite Treatment.....	55
F.	Specific Use Restrictions.....	55
1.	Occupancy Conformity	55
2.	Exterior Maintenance of Residences	56
3.	Storage.....	56
4.	Outbuildings and Unattached Structures	56
5.	Arbors.....	56
6.	Awnings.....	56
7.	Laundry Facilities and Clotheslines	57
8.	Antenna and Satellite Dish	57
9.	Recreational Vehicles.....	57
10.	Mail Boxes and Newspaper Tubes.....	57
11.	Signs	57
12.	Dog Houses and Dog Runs.....	57
13.	Exterior Decorative Objects.....	58
14.	Recreational-Playground Equipment, Basketball Goals and Hoops.....	58
15.	Flag Poles	58
16.	Temporary Buildings.....	58
SECTION IX. MISCELLANEOUS		59
A.	Governmental Requirements	59
B.	Amendment.....	59
C.	Adoption.....	59
SECTION X. HOW TO CONTACT THE CDC.....		60

**Exhibit H - Summary of
Single Family Design Rules**

EXHIBIT I

Summary of Princeville Community Design Committee Multi Family Unit Architectural Guidelines/Restrictions (5/1/90) [the "Rules" herein]

PUKALANI is a Condominium Project located on a "multi family" Lot in the Princeville Community. The Community Design Committee Rules, including all of its Architectural Guidelines and Design Philosophy (all together the "Rules"), apply to multiple unit construction in Princeville. In addition, all rules and regulations for the construction of single family dwellings apply to the single family residences in the PUKALANI Project. In the event that the requirements of these Guidelines differ from those of the County or other government agency, the stricter shall apply.

Among other things, the Rules provide:

1. The number of individual buildings or apartments constructed on the Lot shall not exceed the number designated. All buildings, fences, walls or other structures, including any additions or changes thereto, shall require prior approval by the Committee of plans prepared by a Hawaii-licensed architect. The plans shall show plot and elevations, floor plans, exterior materials, colors, utilities, landscaping and parking plans. All such plans shall be tailored to the specific site. The owner/applicant or architect may be required to meet with the Committee. All construction must be in accordance with the approved plans and specifications. The Committee has wide discretion in passing upon the plans, including their suitability to the site and its neighboring properties.
2. The Committee shall apply its standards as to building massing and setbacks for buildings, overhangs, fences, landscape artifacts, etc. The standards for setbacks are established from streets, neighboring lots and the golf course. Restrictions are also established for lot coverage, grading, drainage, fill, walls and fences. Extensive rules govern swimming pools and ponds, service areas, and parking. Extensive rules also govern waste collection areas, building materials, maximum heights, foundations, roofs and gutters.
3. All multiple unit projects must present a landscape plan designed by a Hawaii-licensed landscape architect. Landscaping must be commenced within 60 days of substantial completion of construction and completed within 60 days thereafter. No existing trees shall be cut or removed without written approval of the Committee. Requirements are imposed for the restoration of disturbed drainage elements and restrictions on the location and heights of trees, hedges and other plants.
4. The Rules address removal of construction debris, as well as dust, noise and work conditions. A Road Use Agreement with the Princeville Community Association ("PCA") must be entered before large equipment will be allowed on PCA common area roads and swales. Limitations control temporary structures, signs, exterior lighting and the exterior maintenance of buildings. Variances to the Rules may be considered.

***Exhibit I
Summary of Multi Unit Design Rules***

5. Multi-unit projects must submit a Master Plan showing the entire development of the Lot. If development is to be done in phases, the Master Plan must note the various phases and increments. Requirements are listed for what is to be included in the Master Plan. The procedure for processing an application through the Committee, as well as coordinating it with governmental entities, is set forth in the Rules.

NOTE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH EXPLANATION OF ALL OF THE RULES SUMMARIZED. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE RULES, IF ANY CONFLICT, OMISSION OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PRINTED RULES, THE PRINTED RULES WILL CONTROL.

EXHIBIT J

Summary of Princeville at Hanalei Rules (February 2005)

These Rules are promulgated by the Board of Directors of the Princeville at Hanalei Community Association to govern the use of common area and roads and other matters, as amended from time to time. Penalties are provided for violations of the Rules.

The Rules govern use of motorized vehicles on property owned by the Association and the use by pedestrians and bicycles on the walk/jog pathways. Skateboards are prohibited on the pathways, roads and other common areas.

Parking of vehicles, trailers, boats, etc. is forbidden on the paved roadways except in limited circumstances; they shall be parked only in garages carports and private driveways. Inoperable vehicles must be parked within enclosed garages.

Trades or businesses are allowed in residences provided they are not detectable from the exterior and do not pose a nuisance, hazard or security risk.

Owners are responsible for their tenants complying with all restrictions. Renting of an entire residence is permitted, but the renting of single rooms, lock-out" or "guest quarters" in residences is forbidden. Notice of rental of a residence of 60 days or more is to be reported to the Association. For shorter tenancies, notice of the identification of the rental agency is required.

Any "Fractional Ownership Plan" must have a manager for the payment of common assessments, maintenance of the Lot, provision of insurance, payment of real property taxes, etc. The manager must be an owner or a licensed real estate agent located in the County of Kauai and provide information required by the Rules to the Association.

Residences are required to provide readily seen address numbers that meet set specifications.

Pets must be kept in adherence to state, county and Declaration requirements.

The Rules govern nuisance control as broadly defined.

The Rules provide for the imposition of penalties for violations and prescribe procedural rules for imposing them.

NOTE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE RULES. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE RULES, IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE RULES, THE PRINTED RULES WILL CONTROL.

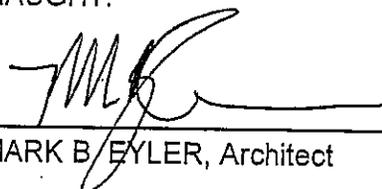
Exhibit J
Summary of Princeville at Hanalei Rules (Feb 2005)

Certification of Architect

The undersigned, MARK B. EYLER, being first duly sworn on oath deposes and says:

1. I am a registered professional architect, No. AR-9579, licensed to practice in the State of Hawaii.
2. I am familiar with the condominium project (the "Project") known as PUKALANI, located at 3875 Kamehameha Road in Princeville at Hanalei, Kauai, Hawaii.
3. The attached 8½" by 11" pages numbered 1 through 4 are plans of spatial units for Units 1, 2, 3 and 4, respectively.
4. The attached 8½" by 11" pages numbered 5 and 6 are the elevations and floor plans (prepared by others) of the three story structure comprising Unit 5 of the PUKALANI project as-built. This structure is constructed pursuant to permits issued by the Building Division or Planning Department of the County of Kauai which show approved plans for the improvements and the improvements are in conformity with the records of the agency of the County of Kauai responsible for the issuance of building permits. I have inspected the structure on this unit of the project, and the building and associated systems and improvements appear to be in conformity with all ordinances, codes, rules, regulations, laws and other requirements in force at the time of their construction. This is not a warranty of compliance with all rules and regulations, instead only a warranty that inspection was made and no 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 code(s).
5. The Condominium Map itself is subject to a separate certification by a Hawaii-licensed engineer or surveyor.

AND FURTHER YOUR AFFIANT SAYETH NAUGHT.

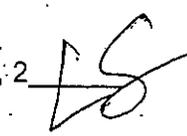


 MARK B. EYLER, Architect

Subscribed and sworn to before me this 20 day of November, 2008.



 Notary Public, State of Hawaii
 Print Name: Joyce Dellatan
 My commission expires: 07/06/2011


 2

NOTARY PUBLIC CERTIFICATION
 Joyce Dellatan Fifth Judicial Circuit
 Doc. Description: Certification of Architect

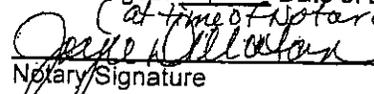
 No. of Pages: 1 Date of Doc. 11/20/2008
 (at time of Notary)
 11/20/2008
 Notary Signature Date

Exhibit "K" - Certification of Architect

Exhibit L

Developer's Statement of Condition

The undersigned Developer of PUKALANI Condominium, based upon an Architect's Condition Report submitted by Hawaii-licensed Architect Mark B. Eyer dated February 11, 2008, states as follows:

- a. The systems and components of the structure that are material to the use and enjoyment of Unit 5, including the visible structural, mechanical, electrical and plumbing components, appear to be in satisfactory and sound condition for their respective ages.
- b. The structure and related systems and components appear to have an expected useful life of approximately 30 years, but no representations are made by the Architect or Developer in that regard.
- c. There are no outstanding notices of uncured violations of building code or other regulations.

Dated: February 11, 2008

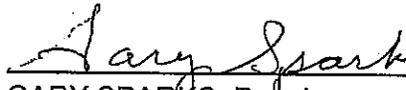

GARY SPARKS, Developer

Exhibit L
Developer's Declaration of Condition

EXHIBIT M

Verified Statement From County Official

Developer states that the verified statement from an appropriate County of Kauai official required by §514B-84(a)(2), HRS has been requested. Please see immediately following request letter.

***Exhibit M -
Verified Statement from County Official***

BRYAN J. BAPTISTE
MAYOR



IAN K. COSTA
DIRECTOR OF PLANNING

COPY

GARY K. HEU
ADMINISTRATIVE ASSISTANT

IMAICALANI P. AIU
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHU'E, KAUAI, HAWAII 96766-1326

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

DATE: April 17, 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: PUKALANI
Condominium Project (504)
Tax Map Key: (4) 5-4-014: 032/33

The attorney 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 Mark Eyler to certify that the buildings on the proposed project referred to as Pukalani Condominium Unit 1 and through Unit 5 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.

Exhibit "M"

Senior Condominium Specialist
Pukalani Condominium
TMK: (4) 5-4-014: 032/033
April 17, 2008
Page two

2. The subject property (Unit 5's dwelling as designated on the submitted condo map) holds a Class IV Zoning Permit (Z - IV - 98 - 3) and Use Permit (U - 98 - 2) for a Bed and Breakfast operation. These permits do not run with the land but with the property owner(s).
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: Peter Miller, Attorney at Law
Gary Sparks, Project Developer

Exhibit "M"

BELLES GRAHAM
PROUDFOOT & WILSON

MICHAEL J. BELLES
MAX W.J. GRAHAM, JR.
DAVID W. PROUDFOOT
DONALD H. WILSON

Federal I.D. No. 99-0317663

ATTORNEYS AT LAW

WATUMULL PLAZA
4334 RICE STREET, SUITE 202
LIHUE, KAUAI, HAWAII 96766-1388

TELEPHONE NO: (808) 245-4705
FACSIMILE NO: (808) 245-3277
E-MAIL: mail@kauai-law.com

ASSOCIATE
PAMELA P. RASK
OF COUNSEL
JONATHAN J. CHUN

November 9, 1999

Walton D. Y. Hong, Esq.
Attorney At Law
3135-A Akahi Street
Lihue, Kauai, Hawaii 96766

RE: Mrs. Ruth I. Bockelman - Bed And Breakfast Operation

Dear Mr. Hong:

In response to your inquiry, dated October 18, 1999, regarding the above-captioned matter, please be advised that the Board of Directors of Princeville at Hanalei Community Association (PHCA) voted on Thursday, October 28, 1999, to authorize me to respond on their behalf to your inquiries in the following manner:

1. PHCA will acknowledge and permit the bed and breakfast operation to continue if Mrs. Bockelman consolidates her two lots;

2. In the event Mrs. Bockelman should sell her consolidated lot, PHCA will continue to recognize the consolidated lot as a multiple unit lot and permit Mrs. Bockelman's successor to continue to operate the bed and breakfast operation, provided that such successor can obtain the necessary permits for such an operation pursuant to the applicable laws, rules, and regulations of the County of Kauai;

3. PHCA agrees to allow Mrs. Bockelman to develop the remaining units according to the allowable density of the consolidated lot, as a multiple unit lot, either as a multi-family dwelling unit, single-family dwelling under a condominium property regime (CPR), or a combination of both, pursuant to Article III, Section 1.b., Multiple Unit Lot, of the applicable Princeville CC&Rs, and the applicable laws, rules, and regulations of the County of Kauai, and Chapter 514A, Hawaii Revised Statutes (Condominium Property Act). PHCA advises you, however, that any proposed dwelling structure shall be subject to review by the Community Design Committee; and

LIHUE1\22699\32834.1\WJB

Exhibit "N"

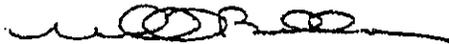
Walton D. Y. Hong, Esq.
November 9, 1999
Page 2

4. PHCA agrees that the development of the remaining density will be transferrable to Mrs. Bockelman's successor, provided that the terms and conditions stipulated in paragraph 3 above are satisfied and fully complied with.

I hope that the foregoing adequately responds to your inquiries. In the event you are in need of any additional information or clarification regarding this matter, please feel free to contact me at any time.

Very truly yours,

**BELLES GRAHAM
PROUDFOOT & WILSON**



Michael J. Belles

MJB:spc

cc: Ms. Ruth J. Mueller

LIHUE1\22699\2\32834.1\MJB

Exhibit "N"



R-792 STATE OF HAWAII
 BUREAU OF CONVEYANCES
 RECORDED
 JUL 15, 2004 08:02 AM
 Doc No(s) 2004-143931



/s/ CARL T. WATANABE
 REGISTRAR OF CONVEYANCES

20 1/1 26

LAND COURT

K

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL

This document contains 5 pages

Princeville Community Association
 P. O. Box 223277
 Princeville, Hawaii 96722

AGREEMENT PERTAINING TO USE OF PROPERTY

THIS AGREEMENT, made and entered into as of the 10 day of May,
 2004 by and between GARY R. SPARKS & BILLIE M. SPARKS,
 whose residence and mailing address is PO Box 223370, Princeville

HI 96722 hereinafter called the "Owner", and the PRINCEVILLE AT HANAIEI
 COMMUNITY ASSOCIATION, a Hawaii non-profit corporation, whose principal place of
 business and mailing addresses are Princeville, Hanalei, Kauai, Hawaii and P. O. Box 223277,
 Princeville, Hawaii 96722, hereinafter called the "Association",

WITNESSETH:

WHEREAS, the Owner is the owner of that certain real property situate at Princeville,
 Hanalei, Island and County of Kauai, State of Hawaii, more particularly identified as Kauai Tax
 Map Key No.: (4) 5-4-017-032/ hereinafter "Subject Property"; and

33

WHEREAS, the Subject Property is subject to and governed by those certain restrictions, covenants and conditions set forth in the Declaration of Restrictions, Covenants and Conditions ("Declaration") dated March 1, 1971 and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 7444 at Page 93; and

WHEREAS, the Subject Property is located in a district restricted to single-family residential use pursuant to Chapter 8 of the Kauai County code ("Comprehensive Zoning Ordinance"), and has further been classified as a "single family residential lot" pursuant to Article III, Section 1 (a) of the aforesaid Declaration; and

WHEREAS, Owner acknowledges that any of the restrictions, covenants and conditions imposed by the aforesaid Declaration may be enforced by the Association,

NOW, THEREFORE, for and in consideration of the terms, covenants and conditions hereinafter contained, the parties hereto mutually agree as follows:

1. That in consideration of the approval by the Community Design Committee of the plans and design of a single family residence for the Subject Property, the Subject Property and all of its appurtenances shall be used exclusively for the purposes allowed by the Declaration and/or applicable County or State laws, whichever shall be more restrictive.
2. The Owner and any successors and assigns to the Subject Property shall not suffer, permit or contribute to, the use of the Subject Property, or any of its appurtenances, for other than single-family residential uses, nor permit the continued use of said Subject Property for other than single-family residential uses, nor to permit, contribute to or cause the division or subdivision of said Subject Property.
3. The Owner, its successors and assigns, without limiting the right of entry of the Association under Article V, Section 5 of the Declaration, hereby grants to the Association, its agents or representatives, the right to enter upon the Subject Property, and any of its appurtenances, for the purposes of inspection of the Subject Property for compliance with Article III of the Declaration. This right of entry may be exercised only between the hours of 8:00 a.m. to 9:00 p.m., and prior to such entry, the Association shall give the Owner notice as specified in Article VIII, Section 11 of the Declaration of the intent to exercise the right of entry under this paragraph, at least 48 (forty-eight) hours prior to such entry.
4. The Owner and any successors and assigns to the Subject Property agree that any tenants permitted to reside in or upon the Subject Property shall be given a copy of this agreement at the time that such residency commences.
5. The provisions herein contained shall run with the Subject Property and be binding upon the undersigned and any successors and assigns and for so long as the limitations, restrictions, covenants and conditions of the Declaration shall remain in force and effect.

6. This Agreement shall be recorded with the Bureau of Conveyances of the State of Hawaii.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands as of the day and year first above written.

OWNER: Gary R. Sparks
Signature

GARY R. SPARKS
Print Name

Billie M. Sparks
Signature

Billie M. Sparks
Print Name

PRINCEVILLE AT HANAIEI
COMMUNITY ASSOCIATION:

By [Signature]
Its President, John Gordon

STATE OF _____)

COUNTY OF _____)

: SS

On this _____ day of _____, 2004, before me personally appeared _____ to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

Notary Public, State of

My Commission Expires:

STATE OF HAWAII)
) : SS
COUNTY OF KAUAI)

On this 10th day of MAY, 2004, before me personally
appeared GARY R SPARKS to me known to be the person described in and
who executed the foregoing instrument, and acknowledged that HE executed the same
as free act and deed.



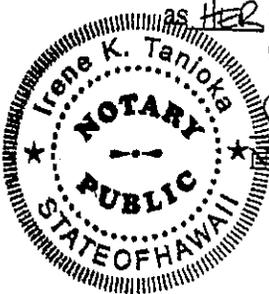
Irene K. Tanioka
Notary Public, State of HAWAII

Irene K. Tanioka
Expiration Date: July 6, 2007

My Commission Expires:

STATE OF HAWAII)
) : SS
COUNTY OF KAUAI)

On this 10th day of MAY, 2004, before me personally
appeared BILLIE M SPARKS to me known to be the person described in and
who executed the foregoing instrument, and acknowledged that SHE executed the same
as HER free act and deed.



Irene K. Tanioka
Notary Public, State of HAWAII

Irene K. Tanioka
Expiration Date: July 6, 2007

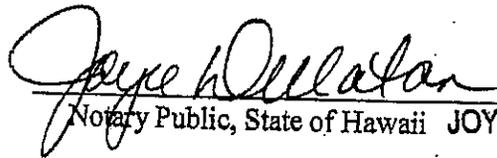
My Commission Expires:

STATE OF HAWAII)
 : SS
COUNTY OF KAUAI)

On this 29 day of June, 2004, before me appeared

John Gordon, to me personally known, who, being by me duly sworn, did say that he is the President of PRINCEVILLE AT HANAIEI COMMUNITY ASSOCIATION, a Hawaii non-profit corporation, and that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed in behalf of PRINCEVILLE AT HANAIEI COMMUNITY ASSOCIATION by authority of its Board of Directors, and he acknowledged the instrument to be the free act and deed of the corporation.

LS



Notary Public, State of Hawaii JOYCE DELLATAN

My commission expires: 07-06-07

This is a copy of Bureau of Conveyances
Document No. 2008-176120 and / or
Land Court Document No. _____
affecting Certificate of Title No. _____
recorded on 11-19-08 at 8:01 o'clock a.m.

TITLE GUARANTY OF HAWAII, INCORPORATED

LAND COURT

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL TO

This document contains ___ pages

Princeville Community Association
P. O. Box 223277
Princeville, Hawaii 96722

TITLE OF DOCUMENT:

MUTUAL SUSPENSION OF AGREEMENT PERTAINING TO USE OF PROPERTY

PROPERTY DESCRIPTION:

Document No. 2004-143931

Lot 13-B, Parcel 1-B, Unit II of Princeville at Hanalei
3875 Kamehameha Road
Princeville, Hanalei, Halelea, Kauai, Hawaii 96722

Tax Map Key Nos. (4) 5-4-014-032 & 033

Exhibit "P"

**MUTUAL SUSPENSION
OF
AGREEMENT PERTAINING TO USE OF PROPERTY**

This MUTUAL SUSPENSION OF AGREEMENT PERTAINING TO USE OF PROPERTY is made effective on the last date of the signatures below by and between the PRINCEVILLE AT HANAIEI COMMUNITY ASSOCIATION, a Hawaii non-profit corporation, whose principal place of business and mailing addresses are P. O. Box 223277, Princeville, Hawaii 96722, hereinafter called the "Association", and GARY SPARKS and BILLIE SPARKS, Trustees of the GARY AND BILLIE SPARKS LIVING TRUST, under Declaration of Trust dated December 20, 1996 and RALPH L. BARNHART and DOROTHY BARNHART, Co-Trustees of the BARNHART TRUST, under Revocable Trust Agreement dated May 25, 1988, all of whose mailing and residence addresses are 3875 Kamehameha Road, Princeville, Hawaii 96722, and all four of whom are hereinafter collectively called the "Current Owner". The Association and the Current Owner are referred to herein as the "Parties".

WHEREAS, a certain AGREEMENT PERTAINING TO USE OF PROPERTY (the "Agreement") was entered into on May 10, 2004 by and between the Association and Gary R. Sparks and Billie M. Sparks, together "Sparks", and recorded in the Bureau of Conveyances of the State of Hawaii on July 15, 2004 as Document No. 2004-143931 pertaining to the use of certain real property identified as Tax Map Key No. (4) 5-4-014-032 & 033, referred to herein as the "Subject Property"; and

WHEREAS, the Agreement is of a form used by the Association relative to all Single Unit Lots in the Princeville Development, but not for Multi Unit Lots; and

WHEREAS the Agreement provided that its provisions would run with the Subject Property and be binding upon the Association, Sparks and their successors and assigns; and

WHEREAS, the Property formerly consisted of two legal parcels which were considered by the Association as Single Unit Lots, but were consolidated into a single legal parcel which the Association now deems a Multi Unit Lot so long as it remains a single legal parcel; and

WHEREAS, the Current Owner subsequently acquired the Subject Property from Sparks;
and

WHEREAS, the Subject Property has been subjected by the Current Owner to a condominium property regime pursuant to the provisions of Chapter 514B of Hawaii Revised Statutes ("HRS"); and

WHEREAS, the Parties desire to cancel the Agreement and remove all effects, if any, of its having been entered.

NOW, THEREFORE, the Parties agree as follows:

Exhibit "P"

1. For mutual and adequate consideration, the receipt of which is hereby acknowledged, all terms of the aforementioned Agreement are hereby mutually indefinitely suspended for all purposes.

2. While suspended, the Agreement shall have no effect, past, present or future upon the Subject Property, or upon the relationship of the Association with the Subject Property and/or any present or future owner of the Subject Property, or upon any rights or duties by or between them, PROVIDED, HOWEVER, that if the Subject Property shall become two or more legal parcels at some time in the future, then all terms of the Agreement shall immediately and automatically become effective again beginning as of the date of that division of the Subject Property into two or more legal parcels. The Parties acknowledge and agree that subjection to HRS Chapter 514B has not and will not divide the Subject Property in a manner causing termination of the said suspension.

IN WITNESS WHEREOF, the Association and Current Owner have executed these presents on the dates set forth opposite their respective signatures below.

Signature Pages Follow

PRINCEVILLE AT HANAIEI
COMMUNITY ASSOCIATION:

Date: 8 Oct, 2008

By Robert Doyle
Robert Doyle, Its President

COUNTY OF Kawai)
STATE OF Hawaii) SS.

On this 8 day of October, 2008, before me personally appeared Robert Doyle, personally known to me - OR - proved to me on the basis of satisfactory evidence who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to executed such instrument in such capacity.



April McGinnis

Printed Name: April McGinnis
Notary Public, said County and State

My commission expires: 3-4-2011

NOTARY CERTIFICATE (Hawaii Administrative Rules §5-11-8)

Document Identification or Description:

Doc. Date: 10/1/08

No. of Pages: 7 Jurisdiction: Fifth Circuit
(in which notarial act is performed)

April McGinnis 10/8/08
Signature of Notary Date of Certificate

April McGinnis
Printed Name of Notary (Official Stamp or Seal)

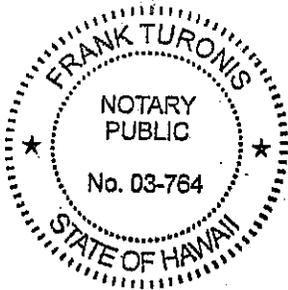
CURRENT OWNER:

Date: 10-1-, 2008

Ralph L. Barnhart
RALPH L. BARNHART, Co-Trustee of the
BARNHART TRUST, under Revocable Trust
Agreement dated May 25, 1988

COUNTY OF KAUAI)
STATE OF HAWAII) SS.

On this 1 day of OCT, 2008, before me personally appeared RALPH L. BARNHART, personally known to me - OR - proved to me on the basis of satisfactory evidence who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to executed such instrument in such capacity.



Frank R. Turonis
Printed Name: FRANK R. TURONIS
Notary Public, said County and State
My commission expires: 12/28/11

NOTARY CERTIFICATE (Hawaii Administrative Rules §5-11-8)

Document Identification or Description: **MUTUAL CANCELLATION OF AGREEMENT
PERTAINING TO USE OF PROPERTY**

Doc. Date: 10/1/08
No. of Pages: 7 Jurisdiction: 5 Circuit
(in which notarial act is performed)

Frank R. Turonis 10/1/08.
Signature of Notary Date of Certificate

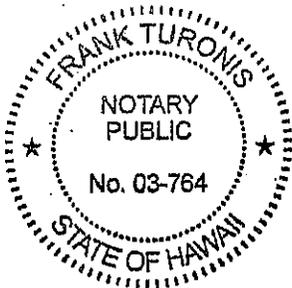
CURRENT OWNER:

Date: 10-01-, 2008

Dorothy Barnhart
DOROTHY BARNHART, Co-Trustee of the
BARNHART TRUST, under Revocable Trust
Agreement dated May 25, 1988

COUNTY OF KAWAI)
STATE OF HAWAII) SS.

On this 1 day of OCT, 2008, before me personally appeared DOROTHY BARNHART personally known to me - OR - proved to me on the basis of satisfactory evidence who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to executed such instrument in such capacity.



Frank Turonis
Printed Name: FRANK R TURONIS
Notary Public, said County and State

My commission expires: 12/28/11

NOTARY CERTIFICATE (Hawaii Administrative Rules §5-11-8)

Document Identification or Description: **MUTUAL CANCELLATION OF AGREEMENT
PERTAINING TO USE OF PROPERTY**

Doc. Date: 10/1/08
No. of Pages: 7 Jurisdiction: 5 Circuit
(in which notarial act is performed)

Frank R Turonis 10/1/08
Signature of Notary Date of Certificate

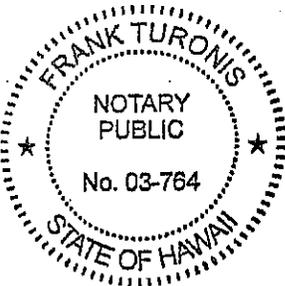
CURRENT OWNER:

Dated: Oct 1, 2008

Gary Sparks TTEE
GARY SPARKS, Trustee of the GARY AND
BILLIE SPARKS LIVING TRUST

COUNTY OF KAWAI)
STATE OF HAWAII) SS.

On this 1 day of OCT, 2008, before me personally appeared GARY SPARKS,
 personally known to me – OR – proved to me on the basis of satisfactory evidence who, being
by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free
act and deed of such person, and if applicable in the capacity shown, having been duly authorized to
executed such instrument in such capacity.



Frank R. Turonis
Printed Name: FRANK R. TURONIS
Notary Public, said County and State
My commission expires: 12/28/11

NOTARY CERTIFICATE (Hawaii Administrative Rules §5-11-8)

Document Identification or Description: **MUTUAL CANCELLATION OF AGREEMENT
PERTAINING TO USE OF PROPERTY**

Doc. Date: 10/1/08
No. of Pages: 7 Jurisdiction: 5 Circuit
(in which notarial act is performed)

Frank R. Turonis 10/1/08
Signature of Notary Date of Certificate

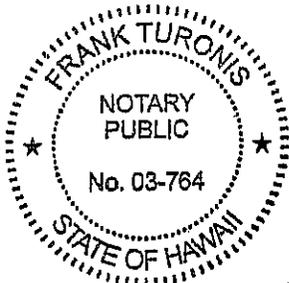
CURRENT OWNER:

Date: Oct. 1, 2008

Billie Sparks
BILLIE SPARKS, Trustee of the GARY AND
BILLIE SPARKS LIVING TRUST

COUNTY OF KAUAI)
STATE OF HAWAII) SS.

On this 1 day of OCTOBER, 2008, before me personally appeared BILLIE SPARKS,
 personally known to me – OR – proved to me on the basis of satisfactory evidence who, being
by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free
act and deed of such person, and if applicable in the capacity shown, having been duly authorized to
executed such instrument in such capacity.



Frank R. Turonis

Printed Name: FRANK R. TURONIS
Notary Public, said County and State

My commission expires: 12/28/11

NOTARY CERTIFICATE (Hawaii Administrative Rules §5-11-8)

Document Identification or Description: **MUTUAL CANCELLATION OF AGREEMENT
PERTAINING TO USE OF PROPERTY**

Doc. Date: 10/1/08
 No. of Pages: 7 Jurisdiction: 5 Circuit
 (in which notarial act is performed)

Frank R. Turonis 10/1/08
 Signature of Notary Date of Certificate