

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

CONDOMINIUM PROJECT NAME	THE GARDENS AT MAKALEHA
Project Address	6420 Kawaihau Road, Kapaa, Hawaii 96746
Registration Number	6729 (conversion)
Effective Date of Report	December 11, 2008
Developer(s)	Peter Sheahan Copeland

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

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

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

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

1. **NOT A SUBDIVISION.** This is a condominium project that should not be confused with a subdivision. A purchaser of a unit will be conveyed a unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element that each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot. The land beneath and immediate adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

There are County of Kauai (County) restrictions on the number of residential dwelling units, or other structures, which may be built on the property. **THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. PRIOR TO PURCHASE, THE PROSPECTIVE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, ON THE PROPERTY.**

2. This Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency.

3. There are presently two (2) residential structures on the property, each of which may be defined as a "unit" under the Condominium Property Act.

4. The Project is in compliance with state and county land use laws and the applicable county real property tax laws. Therefore, a purchaser should be aware that the purchaser shall have a continuing obligation to comply with such land use and real property tax laws.

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

6. This Project is within the State Land Use Commission Agricultural District. Please see page 18 of this report for special requirements for residential dwellings within this district.

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

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	N/A
Address of Project	6420 Kawaihau Road, Kapaa, Hawaii 96746
Address of Project is expected to change because	Each Unit is entitled to its own street address.
Tax Map Key (TMK)	(4) 4-6-033-031
Tax Map Key is expected to change because	County will add unit numbers to the current TMK number.
Land Area	43,560 square feet
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	1
Number of New Building(s)	0
Number of Converted Building(s)	2
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	wood, concrete, and composition roofing

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	1/1	480 SF	53 SF	decks	533 SF
2	1	2/2	1920 SF	48 SF	storage	2,401 SF
				433 SF	deck	
See Exhibit <u> "A" </u> .						

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

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stall in the Project:	4
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit <u> </u> 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.	
**Each unit has ample space for parking within its limited common element land area.	

1.5 Boundaries of the Units

Boundaries of the unit:
The boundaries of each unit is the exterior finished surfaces of the units' perimeter frame, beams, doors, foundations, roofs, windows, frames, and post, if any.

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):
Each owner may alter the structure and any other improvements located within his unit's limited common land area as provided in Article XIII of the Declaration. Permitted alterations to units are as allowed by County of Kauai zoning ordinances and recorded restrictions on the Project.

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit <u> *</u> .
As follows:
Unit 1 = 50%
Unit 2 = 50%
*See page 18.

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 checked="" type="checkbox"/>	Other (describe): None. There are no recreational or common facilities.

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 "B" _____.

Described as follows:

Common Element	Number
Elevators	
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

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

Described in Exhibit "C" _____.

Described as follows:

*Note: The land areas referenced in Exhibit "C" are not legally subdivided lots.

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 are permitted pursuant to Article 10, Sections 10.1 of the Bylaws.
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<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: October 30, 2008

Company that issued the title report: Old Republic Title and Escrow of Hawaii

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input type="checkbox"/>	Residential		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Ohana	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Agricultural
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Agricultural	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Agricultural
<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 Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code				

1.14 Other Zoning Compliance Matters

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

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable</p> <p><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: See Architect's Condition Report, dated August 27, 2008, attached hereto as Exhibit I. Developer adopts this certification stating that the structure and related systems and components appear to be in satisfactory and sound condition for the stated age.</p>	
<p>Developer's statement of the expected useful life of each item reported above: Provided that proper maintenance is applied to the Units, the expected useful life is approximately twenty (20) years for Unit 1 and Unit 2.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: None.</p>	
<p>Estimated cost of curing any violations described above: N/A</p>	

<p>Verified Statement from a County Official</p>	
<p>Regarding any converted structures in the project, attached as Exhibit "F" 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 non-conforming 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 style="text-align: center;">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: Unit 2 is designated as the Additional Dwelling Unit.</p>	

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</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

2.1 Developer(s)	Name: Peter Sheahan Copeland Business Address: P.O. Box 651 Santa Barbara, CA 93102 Business Phone Number : (805) 962-5777 E-mail Address: pcinsb@cox.net
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).	N/A
2.2 Real Estate Broker	Name: Summers Realty, Inc. Business Address: 1310 Inia St. Kapaa, HI 96746 Business Phone Number: (808) 822-5876 E-mail Address: None
2.3 Escrow Depository	Name: Old Republic Title & Escrow of Hawaii Business Address: 4-831 Kuhio Hwy., Ste 416 Kapaa, HI 96746 Business Phone Number: (808) 821-6808
2.4 General Contractor	Name: Unknown Business Address: N/A Business Phone Number: N/A
2.5 Condominium Managing Agent	Name: Self managed by the Association. Business Address: N/A Business Phone Number: N/A
2.6 Attorney for Developer	Name: Michelle S. Miyake, Esq. Business Address: P.O. Box 3050 Lihue, HI 96746-6050 Business Phone Number: (808) 634-2244

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 23, 2008	2008-167358

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

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 23, 2008	2008-167359

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	4733
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "House Rules") to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the Developer. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

Are Proposed	<input type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input type="checkbox"/>	
Developer does not plan to adopt House Rules	<input checked="" type="checkbox"/>	

3.5 Changes to the Condominium Documents

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	100%
Bylaws	67%	100%

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

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>Declarant 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 ordinances, rules, or regulations. See Article XIV of Declaration.</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<u>Management of the Common Elements:</u> The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.	
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

<u>Estimate of the Initial Maintenance Fees:</u> The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.
Exhibit ___ contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input checked="" type="checkbox"/>	Other (specify) None.

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) See page 18.

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit "G" 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: October 28, 2008 Name of Escrow Company: Old Republic Title & Escrow of Hawaii Exhibit "H" contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Lender has priority over a Buyer's rights under a sales contract.
	Foreclosure would terminate Buyer's interest, and Buyer shall be
	entitled to refund of all deposits, less escrow costs.

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. There are no warranties, express or implied.
Appliances: None. There are no warranties, express or implied.

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

<p>Status of Construction: Construction of Unit 1's building was completed in 1978. Construction of Unit 2's building was completed in 1990.</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: N/A</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A</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

<p>Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):</p>	
<input type="checkbox"/>	<p>For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or</p>
<input type="checkbox"/>	<p>For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.</p>

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

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

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

5.7 Rights Under the Sales Contract

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. Agricultural Restrictions. The Project is located on land within the State Land Use Agricultural District and is zoned Agriculture by the County. Except as limited specifically by the condominium documents, all uses permitted in the agricultural zones are permitted. Uses in one zone are not the same as in the other, and a prospective purchaser of any unit should consult with the appropriate County agency for information on uses and construction in the respective zones.

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

2. Common Interests. Each Unit shall have appurtenant thereto an undivided fifty percent (50%) 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 fifty percent (50%) interest to each Unit, irrespective of the actual land areas appurtenant to each Unit.
3. Easements. Responsibility for maintenance and repair of the access easements including as shown on the Condominium Map will be shared equally by Units 1 and 2 because the actual use by each Unit of such easements are anticipated to be the same.
4. Farm Dwelling Agreement. Exhibit "J" contains a sample Farm Dwelling Agreement. Purchasers should be aware that Chapter 205, Hawaii Revised Statutes (H.R.S.), does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling." See Article VII, B.15. (Agricultural Restrictions) of the Declaration for a more detailed explanation.

A farm dwelling may not be constructed unless a unit owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval. The term "farm dwelling" is defined in Chapter 205-4.5(a)(4), H.R.S., as a "single-family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling." Failure to comply these agricultural restrictions may result in a penalty. The penalty for violation of Chapter 205-4.5, H.R.S., is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six (6) months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.

5. Insurance. Developer anticipates the Association will elect to permit individual unit owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual unit owners and not common expenses. Prospective purchasers should consult with their own insurance professionals to obtain an estimate for individual fire and hazard insurance.
6. Maintenance Fees. The Developer believes that there will be no maintenance fees. This is so because all costs of every kind pertaining to each unit and its respective limited common element including, but not limited to, cost of landscaping, maintenance, repair, replacement, and improvement shall be borne entirely by the respective unit owner. All utilities are, and will be separately metered. The Developer believes that the owners would rather treat any repair, maintenance, or replacement, including any maintenance of the common elements, as a special assessment rather than collect and maintain a reserve fund. Based on the foregoing, the Developer has not attached schedule of the breakdown of the annual maintenance fees and the monthly estimated cost for each unit pursuant to section 514B-83(a)(3).

Developer discloses that no reserve study was done in accordance with Section 514A-83.6, Hawai'i Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawai'i Administrative Rules, as amended. No reserves are necessary because there are no common elements that require any type of replacement or major repair.

7. Road Widening Setback. The Project and Unit 1 are subject to a ten (10) feet wide future road widening setback along Kawaihau Road in favor of the County of Kauai. No new structures shall be permitted within the reserve, and all new structures shall be setback from the reserve.
8. Uses. All of the units in the Project are to be used for permitted agricultural and/or residential uses only. No units shall be used for transient, hotel, transient vacation rental, or timeshare purposes. There will be no commercial use except those activities permitted by County ordinance.
9. Utilities. Each unit is responsible for the costs associated with maintaining and/or installing its own utilities.
10. Warranties. None.
11. Wastewater. Each Unit has its own septic system.
12. Water. Presently, there is a County public water system available to the Project. Each Unit has its own individual water meter.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

Peter Sheahan Copeland

Printed Name of Developer

By: Peter J. Copeland 10-23-08
Duly Authorized Signatory* Date

Peter Sheahan Copeland, Developer/Owner

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, _____ County of Kauai

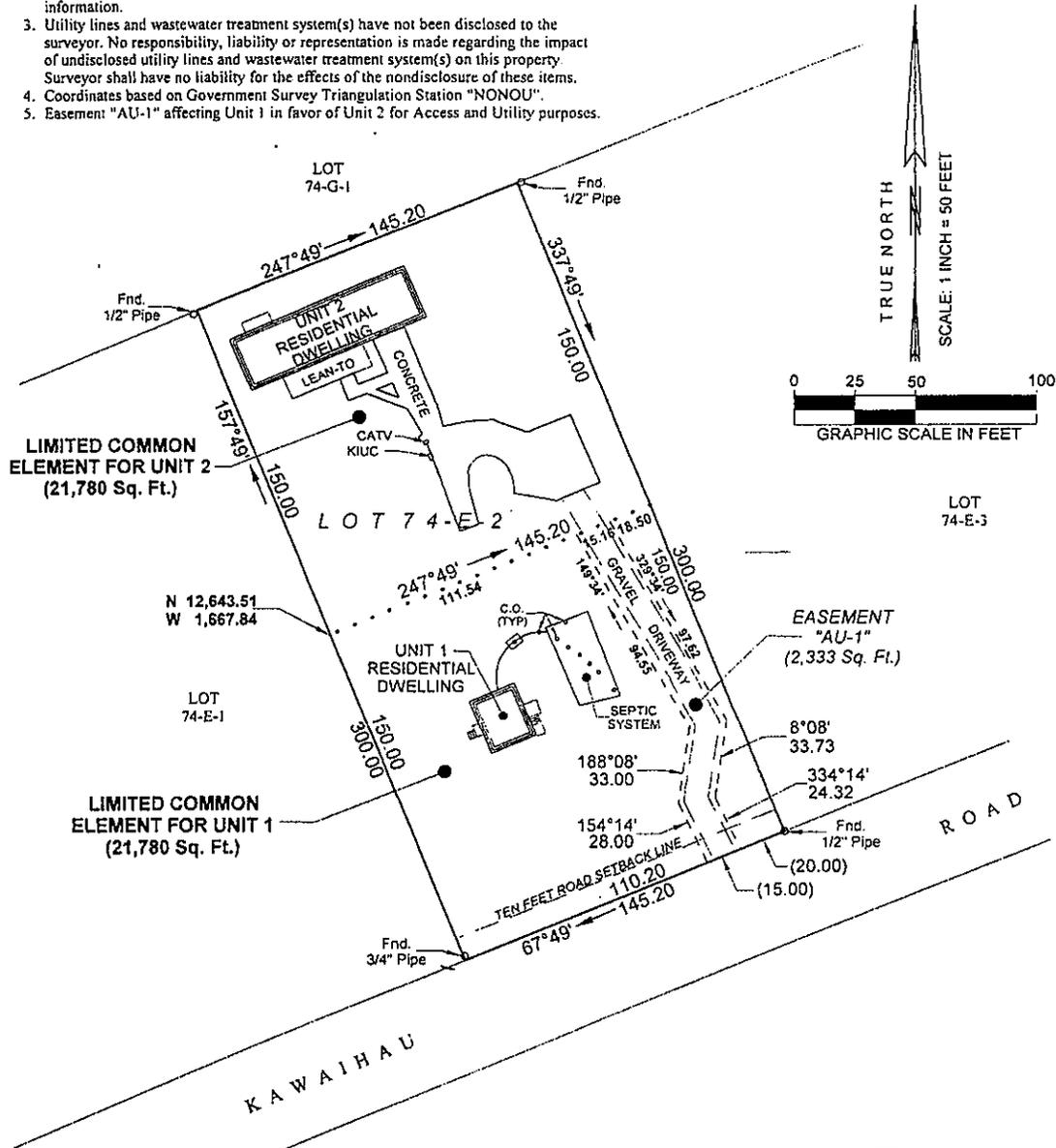
Planning Department, _____ County of Kauai

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

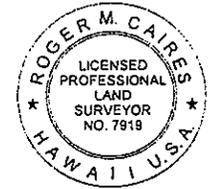
NOTES:

1. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a unit or common element.
2. Underground utilities, septic tanks, etc. were not field located except as shown. The location, existence, size, depth, condition, capacity, etc. of any drainage system, sub-surface water system, cesspool/septic tank system, sewer line, or utility lines to the property, except as shown, are not a part of this Map. The appropriate governmental and/or utility agencies should be contacted for this information.
3. Utility lines and wastewater treatment system(s) have not been disclosed to the surveyor. No responsibility, liability or representation is made regarding the impact of undisclosed utility lines and wastewater treatment system(s) on this property. Surveyor shall have no liability for the effects of the nondisclosure of these items.
4. Coordinates based on Government Survey Triangulation Station "NONOU".
5. Easement "AU-1" affecting Unit 1 in favor of Unit 2 for Access and Utility purposes.

CLS HAWAII
 Land Surveying & Mapping
 P.O. Box 777
 Kalaheo, Kauai, Hawaii 96741
 808.635.3700 * fax 808.332.8910
 surveyor1@CLSHawaii.com



**CONDOMINIUM MAP
 FOR
 "THE GARDENS AT MAKALEHA"
 UNITS 1 AND 2
 AND DESIGNATION OF EASEMENT "AU-1"
 BEING LOT 74-E-2
 BEING A PORTION OF GRANT 7284 TO ANTONE SILVA
 BEING ALSO A PORTION OF LOT 74 OF THE
 KAPAA HOMESTEADS, FIRST SERIES
 KAPAA, KAWAIIHAU, KAUAI, HAWAII
 Tax Map Key: (4) 4 - 6 - 033: 031
 Area: 43,560 Sq. Ft.
 June 9, 2008**



THIS WORK WAS PREPARED BY ME
 OR UNDER MY DIRECT SUPERVISION

Roger M. Cairns

ROGER M. CAIRNS
 Licensed Professional Land Surveyor
 Certificate Number 7919
 Expires 04/30/10

M7379CP6
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Exhibit "A"

Description of Units

The fee simple Project consists of two (2) buildings in the Project. Unit 1 contains one (1) one-story residential dwelling without basement. Unit 2 contains one (1) one-story residential dwelling without basement.

Unit 1 and Unit 2 are located as shown on the Condominium Map.

1. Unit 1 – Limited Common Element 21,780 square feet. Unit 1 consists of one freehold estate consisting of one (1) existing building. The building is a one-story residential dwelling, without basement (shown as "UNIT 1 RESIDENTIAL DWELLING" on the Condominium Map). This building has a wood frame, pier and post foundation with composition roofing, and contains a living room, kitchen, one (1) bedroom, one (1) full bath, and two (2) exterior decks. The net living area of the residential dwelling of Unit 1 is approximately 480 square feet. The exterior decks are approximately 53 square feet. Parking for at least but no more than two (2) vehicles is available anywhere within the Limited Common Element land area.
2. Unit 2 – Limited Common Element 21,780 square feet. Unit 2 consists of one freehold estate consisting of one (1) existing building. The building is a one-story residential dwelling, without basement (shown as "UNIT 2 RESIDENTIAL DWELLING" on the Condominium Map). This building has a wood frame, slab on grade foundation with composition roofing, and contains a living room, dining room, kitchen, two (2) bedrooms, study area, two (2) full baths, laundry area, storage, an exterior covered deck, and an exterior storage area. The net living area of the residential dwelling of Unit 2 is approximately 1,920 square feet. The exterior covered deck is approximately 433 square feet. The exterior storage area is approximately 48 square feet. Parking for at least but no more than two (2) vehicles is available anywhere within the Limited Common Element land area.

The approximate net floor areas of each unit as set forth above is measured from the interior surface of the unit perimeter walls and includes all of the walls and partitions within its perimeter walls.

End of Exhibit "A"

Page 2 of 2

Exhibit “B”

Common Elements

1. the Land in fee simple;
2. all commonly used present or future ducts, electrical equipment, wiring, pipes, and other central and appurtenant installations over, under, and across the Project for services such as cable, gas, irrigation, light, power, sewerage, telecommunications equipment, telephone, and similar utilities that services more than one (1) Unit and any easements for such utility services;
3. the common easements for drainage and all common and shared installations for underground utilities including electricity, water, sewer, telephone, and cable television that run upon and under the Limited Common Elements or Common Elements, if any; and
4. all other parts of the Project existing for the common use or necessary to the existence, maintenance, and safety of the Project including any easements for utilities.

End of Exhibit “B”

Page 1 of 1

Exhibit "C"

Limited Common Elements

The limited common elements appurtenant to each unit consist of the portion hereby designated, set aside, and reserved for the exclusive use of that unit are shown on the Condominium Map and include:

1. Unit 1. The land area surrounding and under Unit 1 is a Limited Common Element of Unit 1 and is for the exclusive use of Unit 1 and consists of approximately 21,780 square feet, subject, however, to an existing ten (10) feet wide future road widening setback along Kawaihau Road in favor of the County of Kauai (hereinafter referred to as the "County"), a Right-of-Way Easement for utility purposes in favor of Kauai Island Utility Cooperative, and Easement "AU-1" in favor of Unit 2 for access purposes as shown on The Gardens at Makaleha Condominium Map dated June 9, 2008 which is approximately 2,333 square feet. Unit 1 has its own water meter and septic system, which are Limited Common Elements of Unit 1.

2. Unit 2. The land area surrounding and under Unit 2 is a Limited Common Element of Unit 2 and is for the exclusive use of Unit 2 and consists of approximately 21,780 square feet, subject, however, to a Right-of-Way Easement for utility purposes in favor of Kauai Island Utility Cooperative, and together with Easement "AU-1" affecting Unit 1 for access purposes as shown on The Gardens at Makaleha Condominium Map dated June 9, 2008 which is approximately 2,333 square feet. Unit 2 has its own water meter and septic system, which are Limited Common Elements of Unit 2.

Any fences, walls, or utility systems or lines that are located within the limited common land area and which services or benefits only one (1) Unit shall be deemed a Limited Common Element of such Unit.

Attached hereto are metes and bounds descriptions of the Limited Common Element area for Unit 1 and for Unit 2.

UNIT 1
Limited Common Element
"THE GARDENS AT MAKAHELA"
TMK: (4) 4-6-033: 031

All that certain parcel of land, being Limited Common Element, Unit 1, "The Gardens at Makahela", being a portion of Lot 74-E-2, Kapa'a Homesteads, First Series, situate at Kapa'a, Kawaihau, Kauai, Hawaii.

Being a portion of Grant 7284 to Antone Silva, and more particularly described as follows:

Beginning at the Northwest corner of this parcel of land, along Lot 74-E-1, Kapa'a Homesteads, First Series, the coordinates of which referred to Government Survey Triangulation Station "NONOU" being: 12,643.51 feet North and 1,667.84 feet West and running by azimuths measured clockwise from True South:

- | | | | |
|-----|----------|--------|---|
| 01. | 247° 49' | 145.20 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 02. | 337° 49' | 150.00 | feet along the remainder of Lot 74-E-3, Kapa'a Homesteads, First Series; |
| 03. | 67° 49' | 145.20 | feet along the North side of Kawaihau Road; |
| 04. | 157° 49' | 150.00 | feet along the remainder of Lot 74-E-1, Kapa'a Homesteads, First Series, to the point of beginning, and containing an AREA of 21,780 square feet. |

SUBJECT, HOWEVER, to existing 10.00 feet wide Road Setback along Kawaihau Road

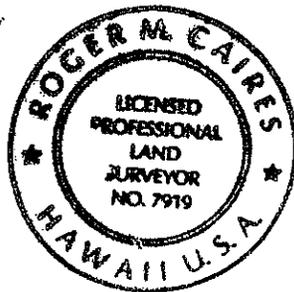
SUBJECT, ALSO, HOWEVER, to a Right-of-Entry Easement for utility purposes, in favor of Kauai Island Utility Cooperative per Document recorded January 25, 1980 in Book 14440, Page 721.

SUBJECT, ALSO, HOWEVER, to Easement "AU-1", in favor of Unit 2, and more particularly described as follows:

Beginning at the Southeast corner of this parcel of land, along the North side of Kawaihau Road, the coordinates of which referred to Government Survey Triangulation Station "NONOU" being: 12,643.51 feet North and 1,667.84 feet West and running by azimuths measured clockwise from True South:

- | | | | |
|-----|----------|-------|--|
| 01. | 67° 49' | 15.00 | feet along the North side of Kawaihau Road; |
| 02. | 154° 14' | 28.00 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 03. | 188° 08' | 33.00 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |

- | | | | |
|-----|----------|-------|--|
| 04. | 149° 34' | 94.55 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 05. | 247° 49' | 15.16 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 06. | 329° 34' | 97.62 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 07. | 8° 08' | 33.73 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 08. | 334° 14' | 24.32 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series, to the point of beginning, and containing an AREA of 2,333 square feet. |



Kalaheo, Hawaii
June 9, 2008

Description Prepared By:
CLS HAWAII – Land Surveying & Mapping

ROGER M. CAIRES
Licensed Professional Land Surveyor
Certificate Number 7919
Expires 4/30/2010

UNIT 2
Limited Common Element
"THE GARDENS AT MAKAHELA"
TMK: (4) 4-6-033: 031

All that certain parcel of land, being Limited Common Element, Unit 2, "The Gardens at Makahela", being a portion of Lot 74-E-2, Kapa'a Homesteads, First Series, situate at Kapa'a, Kawaihau, Kauai, Hawaii.

Being a portion of Grant 7284 to Antone Silva, and more particularly described as follows:

Beginning at the Southwest corner of this parcel of land, along Lot 74-E-1, Kapa'a Homesteads, First Series, the coordinates of which referred to Government Survey Triangulation Station "NONOU" being: 12,643.51 feet North and 1,667.84 feet West and running by azimuths measured clockwise from True South:

- | | | | |
|-----|----------|--------|---|
| 01. | 157° 49' | 150.00 | feet along the remainder of Lot 74-E-1, Kapa'a Homesteads, First Series; |
| 02. | 247° 49' | 145.20 | feet along the remainder of Lot 74-G-1, Kapa'a Homesteads, First Series; |
| 03. | 337° 49' | 150.00 | feet along the remainder of Lot 74-E-3, Kapa'a Homesteads, First Series; |
| 04. | 67° 49' | 145.20 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series, to the point of beginning, and containing an AREA of 21,780 square feet. |

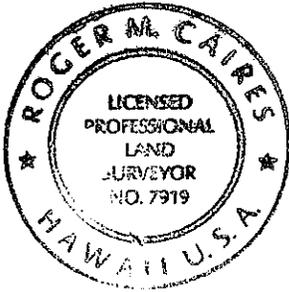
SUBJECT, HOWEVER, to a Right-of-Entry Easement for utility purposes, in favor of Kauai Island Utility Cooperative per Document recorded January 25, 1980 in Book 14440, Page 721.

TOGETHER WITH, Easement "AU-1", affecting Unit 1, and more particularly described as follows:

Beginning at the Southeast corner of this parcel of land, along the North side of Kawaihau Road, the coordinates of which referred to Government Survey Triangulation Station "NONOU" being: 12,643.51 feet North and 1,667.84 feet West and running by azimuths measured clockwise from True South:

- | | | | |
|-----|----------|-------|--|
| 01. | 67° 49' | 15.00 | feet along the North side of Kawaihau Road; |
| 02. | 154° 14' | 28.00 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 03. | 188° 08' | 33.00 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 04. | 149° 34' | 94.55 | feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |

- | | | |
|-----|----------|--|
| 05. | 247° 49' | 15.16 feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 06. | 329° 34' | 97.62 feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 07. | 8° 08' | 33.73 feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series; |
| 08. | 334° 14' | 24.32 feet over and across the remainder of Lot 74-E-2, Kapa'a Homesteads, First Series, to the point of beginning, and containing an AREA of 2,333 square feet. |



Kalaheo, Hawaii
June 9, 2008

Description Prepared By:
CLS HAWAII – Land Surveying & Mapping

A handwritten signature in cursive script that reads "Roger M. Cairnes".

ROGER M. CAIRES
Licensed Professional Land Surveyor
Certificate Number 7919
Expires 4/30/2010

Exhibit "D"

Encumbrances Against Title

1. Real Property Taxes, if any, that may be due and owing, please refer to the County of Kaua'i Real Property Tax Assessment Office.
2. Title to all minerals, and metallic mines reserved to the State of Hawaii.
3. SETBACK (10 feet wide) along Kawaihau Road, as shown on surveyor's map prepared by Masao Kutaka, Registered Professional Surveyor, dated October 1972, as disclosed in Deed dated September 17, 2004 and recorded September 28, 2004 in the Bureau of Conveyances, State of Hawaii, as Document No. 2004-198971.
3. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following:

Instrument : RIGHT-OF-ENTRY
Granted To : CITIZENS UTILITIES COMPANY now held by KAUAI ISLAND UTILITY CO-OP
For : utility purposes
Dated : October 31, 1978
Recorded : January 25, 1980 in the Bureau of Conveyances, State of Hawaii, in Book 14440, Page 721

4. Mortgage to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof, with power of sale and assignment of rents.

AMOUNT : \$506,000.00
MORTGAGOR : PETER SHEAHAN COPELAND, single, as Tenant in Severalty
MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., as a nominee for FIRST MAGNUS FINANCIAL CORPORATION, an Arizona corporation, a corporation organized and existing under the laws of Arizona, as their interest may appear

DATED : June 21, 2007
RECORDED : June 28, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-115590
Loan No. : 7711963384
Return to
Address: : P.O. Box 2026, Flint, MI 48501-2026

MIN: 100039277119633847

5. Condominium Map 4733, filed in the Bureau of Conveyances, State of Hawaii.
6. Matters in an instrument that, among other things, contain or provide for easements, assessments, liens and their subordination; provisions relating to partition, restrictions on severability of component interest, covenants, conditions and restrictions, provision that no violation thereof and no enforcement of any lien provided for therein shall defeat or render invalid the lien of a mortgage or deed of trust made in good faith and for value, but omitting and covenants or restrictions if any, based upon race color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

ENTITLED: DECLARATION OF CONDOMINIUM PROPERTY REGIME OF
 THE GARDENS AT MAKALEHA
RECORDED: October 30, 2008 in the Bureau of Conveyances, State of
 Hawaii, as Document No. 2008-167358.

Liens and charges for upkeep and maintenance as provided in the above mentioned Covenants, Conditions, and Restrictions, if any, where no notice thereof appears on record.

For information regarding the current status of said liens and/or assessments
Contact: ASSOCIATION OF UNIT OWNERS OF THE GARDENS AT MAKALEHA

7. Bylaws of the Association of Units Owners of The Gardens at Makaleha, recorded October 30, 2008 in the Bureau of Conveyances, State of Hawaii, as Document No. 2008-167359.

End of Exhibit "D"

Page 2 of 2

**"THE GARDENS AT MAKALEHA"
CERTIFICATE OF ARCHITECT**

I hereby certify that the floor plan and elevations of Unit 1 AND Unit 2 of "THE GARDENS AT MAKALEHA" on land designated by Tax Map Key, (4) 4-06-033:031, consisting of 6 sheets of which Sheet 1 shows the site plan prepared by Surveyor Roger M. Cairns, sheets 2 and 3 show plans for Unit 1 and sheet 4, 5, and 6, shows plans for Unit 2 which were prepared by the undersigned. To the best of my knowledge; the plans and elevations fully and accurately depict the layout, location, apartment numbers, and dimensions of Unit 1 and Unit 2 substantially as built and as filed with and approved by the county officer having jurisdiction over the issuance of permits for construction of buildings. This property is located in the County of Kauai.

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

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



RON AGOR
Registered Professional Architect
No. 5921

Subscribed and sworn to before me
this 14 day of Aug., 2008

NOTARY PUBLIC, STATE OF HAWAII
Alicia Raco



My commission expires:
**My Commission Expires
12-23-2011**

NOTARY PUBLIC CERTIFICATION
Alicia Raco Fifth Judicial Circuit
Doc. Description: Certificate of Architect

No. of Pages: 6 Date of Doc. 8/14/08
Alicia Raco 8/14/08
Notary Signature Date

BILL "KAIPO" ASING
MAYOR



IAN K. COSTA
DIRECTOR OF PLANNING

GARY K. HEU
ADMINISTRATIVE ASSISTANT

IMAICALANI P. AIU
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUA'I
PLANNING DEPARTMENT

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

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

DATE: October 31, 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: THE GARDENS AT MAKALEHA
Condominium Project (564)
Tax Map Key: (4) 4-6-033: 031

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 Ron Agor to certify that the buildings on the proposed project referred to as The Gardens At Makaleha Condominium Unit 1 and Unit 2 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.

AN EQUAL OPPORTUNITY EMPLOYER

Senior Condominium Specialist
The Gardens At Makaleha Condominium
TMK: (4) 4-6-033: 031
October 31, 2008
Page two

2. There are no variances approved for the subject property.
3. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes and regulations.
4. There are no notices of violations of County building or zoning codes outstanding according to our records.
5. **WAIVER**
The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulations of condominiums under subsection 514 A-40, (b), and (1), Hawaii Revised Statutes.

If you have any questions, please contact Ka'aina Hull at (808) 241- 6677.

cc: Michelle S. Miyake, Attorney at Law
Peter Copland, Project Developer

Exhibit "G"

Summary of Sales Contract

The Seller intends to use the standard HAR Purchase Contract for the sale of the units of the Project ("Sales Contract"), which will contain the purchase price and other terms and conditions under which a Purchaser will agree to buy a unit in the Project. The Sales Contract contains various other important provisions which Purchaser should become acquainted with. If there is a conflict between the terms of this summary and the Sales Contract, the Sales Contract shall control.

Among other things, the Sales Contract will provide:

1. A section of financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price, and that Purchaser will not receive interest on deposits made under the Sales Contract.
2. The identity of the escrow agent and states that Purchaser's deposit will be held in escrow until the Sales Contract is closed or cancelled.
3. A section of closing to be completed and agreed to by the parties which will set forth that Purchaser must close the purchase on or before a certain date and pay Purchaser's share of closing costs in addition to the purchase price.
4. A description for the allocation of payment of closing costs.
5. Provide the following remedies in the event of default under the Sales Contract:
 - a. By Purchaser:
 - i. seller may bring an action against Purchaser for breach of contract;
 - ii. seller may retain Purchaser's initial deposit; and
 - iii. purchaser shall be responsible for expenses incurred.
 - b. By Seller:
 - i. purchaser may bring an action against Seller for breach of contract and for return of all deposits; and
 - ii. seller shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

6. An addendum is attached to the Sales Contract (page 13) which specifically explains when a Sales Contract becomes binding, and Purchaser's right to rescind a binding Sales Contract. Pertinent provisions on this page are as follows:

The Buyer or the Seller may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the Buyer's deposits returned to the Buyer, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

Purchaser's Right to Rescind a Binding Sales Contract After a Material Change: If a "material change" in a project occurs after a Buyer has signed a sales contract that has become binding, the Buyer 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 Buyer's unit or appurtenant limited common elements; or (2) those amenities of the project available for the Buyer's use." The Buyer will be informed of the material change by the Seller on a form prescribed by the Commission containing a description of the material change. After notice of the material change, the Buyer 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 Buyers of the affected unit and delivered to the Seller no later than midnight of the 30 calendar day after the Buyers received the rescission form from the Seller. Buyers 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 Buyer from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

End of Exhibit "G"

Page 2 of 2

Exhibit "H"

Summary of Escrow Agreement

The Escrow Agreement ("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"). 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 project. 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 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 \$250.00.
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 rate.

SPECIAL NOTICE: 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 "I"

ARCHITECT'S CONDITION REPORT

The undersigned, being a licensed Architect within the State of Hawaii, and bearing Registration Number 5921, has inspected Unit 1 and Unit 2 of "THE GARDENS AT MAKALEHA" located at 6420 Kawaihau Road, Tax Map Key, 4th Division, 4-06-033:031.

Unit 1: 1 bedroom, 1 bath, living room, kitchen, dining area, and decks.

Unit 2: 2 bedrooms, 2 bath, living room, kitchen, dining area, deck, laundry area, storage, and deck.

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

1. The systems and components, including visible structural, electrical, and plumbing, appears to be in satisfactory condition for the stated age thereof and appear to be in good sound condition.
2. Without conducting invasive examinations of covered structural, electrical, and plumbing components, the Units appear to be constructed in conformity with the County of Kauai Zoning Ordinances, Building Code, and Rules and Regulations applicable to the construction at the time of construction thereof for Unit 1, and Unit2.
3. The apparent useful life of the Units, provided that proper maintenance is applied to the Units, are as follows:

Unit 1: 20 years.
Unit 2: 20 years.

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

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

DATED: Lihue, Kauai, Hawaii August 27, 2008.



RON AGOR
Registered Professional Architect
No. 5921

Exhibit "J"

<u>LAND COURT SYSTEM</u>	<u>REGULAR SYSTEM</u>

Return by Mail (X) Pickup () To:

County of Kauai
 Planning Department
 4444 Rice Street, Suite 473
 Lihue, Kauai, Hawaii 96766

FARM DWELLING AGREEMENT

THIS AGREEMENT made and entered into by and between

_____ ,
 whose mailing address is _____
 _____ ,

hereinafter called the "APPLICANT(S)", and the COUNTY OF KAUAI PLANNING DEPARTMENT, whose business and mailing address is 4444 Rice Street, Suite 473, Lihue, Hawaii 96766, hereinafter called the "DEPARTMENT",

W I T N E S S E T H

WHEREAS, the APPLICANT(S) warrant and represent that they are
 the _____ of
 that certain parcel of land, Tax Map Key No. _____,
 more particularly described in Exhibit "A" attached hereto and made
 a part hereof; and

WHEREAS, this document pertains only to _____ as shown in Exhibit "B" and made a part hereof; and

WHEREAS, that certain parcel of land is classified Agriculture by the State Land Use Commission and is zoned Agriculture by the County of Kauai; and

WHEREAS, Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations only permit "farm dwellings" within the State Agriculture Land Use District unless otherwise relieved from the restriction by a special permit obtained pursuant to Chapter 205, Section 6, Hawaii Revised Statutes; and

WHEREAS, a "farm dwelling" is defined by Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations as "a single family dwelling located on and used in connection with a farm where agricultural activity provides income to the family occupying the dwelling"; and

WHEREAS, the parcel identified by Tax Map Key No. _____ is entitled to _____ residential units and one guest house; and

WHEREAS, this agreement is evidenced that _____ is entitled to one of those residence units; and

WHEREAS, a "family" as used in the definition of a "farm dwelling" is defined by the State Land Use District Regulations as "an individual or two or more persons related by blood, marriage or adoption or a group comprising not more than five persons, not related by blood, marriage or by adoption"; and

WHEREAS, the APPLICANT(S) acknowledge that a violation of Chapter 205, Hawaii Revised Statutes, and the State Land Use Agriculture District restriction is subject to a citation and fine of not more than \$5,000 pursuant to Chapter 205, Section 13, Hawaii Revised Statutes, as amended; and

WHEREAS, the APPLICANT(S) also acknowledge that failure to abide by this agreement may result in the removal of the prohibited structure at the owner's expense; and

WHEREAS, the DEPARTMENT is charged with the enforcement of the restriction by Chapter 205, Hawaii Revised Statutes;

WHEREAS, the APPLICANT(S) wish to construct a dwelling unit on that certain parcel of land described in Exhibit "A"; and

WHEREAS, the APPLICANT(S) wish to execute this Farm Dwelling Agreement without first obtaining the signatures of all interest holders in the CPR;

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

1. That the dwelling permitted to be constructed on the parcel of land described in Exhibit "A" classified Agriculture by the State Land Use Commission shall be a "farm dwelling" as defined by Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations, as recited herein; and

2. That the dwelling shall only be occupied by a "family", as defined by the State Land Use District Regulations and as recited herein, who derive income from the agricultural activity on the parcel; and

3. That the APPLICANT(S) and all present and future owners, lessees and occupants of said land grant the DEPARTMENT the right of entry at the request of the DEPARTMENT to inspect the premises to assure compliance with the provisions of this agreement; and

4. That this agreement shall be a covenant running with the land and be binding on the APPLICANT(S), and all present and future owners, lessees and occupants of said land and anyone claiming under said APPLICANT(S), their heirs, executors, administrators, successors and assigns, as owners or occupants thereof or otherwise; and

5. That this agreement shall remain in effect so long as the land retains its Agriculture District classification under the State Land Use Commission and the pertinent restrictive provisions of Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations remain in effect; and

6. That the APPLICANT(S) expressly set forth the provisions of this agreement in any subsequent conveyance, deed, lease or rental agreement to said property executed by them, so as to give effect to said covenant; and

7. That this agreement shall be recorded with the State of Hawaii Bureau of Conveyances, fees to be paid by the APPLICANT(S).

8. The DEPARTMENT and APPLICANT(S) shall execute the Farm Dwelling Agreement; and

9. The APPLICANT(S), for themselves (himself/herself), their (his/her) heirs, administrators, successors and assigns, do hereby waive and release the DEPARTMENT and the County of Kauai, a political subdivision of the State of Hawaii, whose principle place of business is 4444 Rice Street, Suite 473, Lihue, Hawaii, 96766, from all claims and causes of action, either legal or equitable, which may hereafter accrue by reason of the DEPARTMENT'S execution of said Farm Dwelling Agreement; and

Exhibit "J"

Page 3 of 4

10. The APPLICANT(S) do(es) hereby promise to indemnify and hold the DEPARTMENT and the County of Kauai, its successors, assigns, offices, employees, agents, attorneys or any other person or legal entity connected with or legally responsible to them, harmless from any and all claims, actions, causes of action, lawsuits, demands or liability for damages of whatever kind and nature, arising out of the DEPARTMENT'S execution of said Farm Dwelling Agreement; and

11. This agreement shall be a covenant running with the portion of land described in Exhibit "A", and shall be binding on APPLICANT(S) and all present and future owners and occupants of said portion of land and any one claiming under APPLICANT(S), their successors, and assigns, as owners or occupants thereof. The APPLICANT(S) further agree(s) to expressly set forth the provisions of this waiver and indemnity agreement in any subsequent conveyance, deed, lease, or rental agreement so as to give effect to said covenant.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the _____ day of _____, _____.

APPROVED:

Applicant(s)

Planning Director
County of Kauai
Planning Department

APPROVED AS TO FORM
AND LEGALITY:

County Attorney

End of Exhibit "J"

Page 4 of 4