

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

CONDOMINIUM PROJECT NAME	OMAO RANCH LANDS (UNITS 1B AND 3A)
Project Address	2-3990-B Ka'umualii Highway, Omao, Kauai, Hawaii 96756
Registration Number	6790
Effective Date of Report	April 16, 2009
Developer(s)	Omao Ranch Lands, LLC

**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.

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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. This Condominium now contains 15 Units, Units 1A, 1B, 2, 3A, 3B, 4, 5A, 5B, and 6 through 12 as depicted in an amended condominium map filed at the Bureau of Conveyance on February 4, 2009. Developer divided Unit 1 into Units 1A and 1B and Unit 3 into Units 3A and 3B. **This Developer's Public Report covers only Units 1B and 3A.** Another Developer's Public Report on the Condominium, Registration No. 6498, covers Units 1A, 3B and Units 7, 9, 10 and 12. Units 2, 4, 5, 6, 8 and 11, registered under No. 6498, have been conveyed by the Developer. Unit 5 has been divided by its owners into Units 5A and 5B and they will be required to obtain a separate public report to sell the newly created unit.
2. This Condominium is an agricultural condominium on land zoned agriculture and open. The initial units are shade cloth sheds and each unit has an appurtenant limited common element Private Area. The Private Areas are NOT subdivided lots. The total area of the land is 254.272 acres of which 254.261 acres are Private Areas and 0.011 acre is initially a general common element (See Exhibit E and F).
3. In the agricultural district farm dwellings are allowed in some circumstances but the developer does not represent that any unit owner will be permitted to construct a farm dwelling and prospective purchasers should check with the County or their architects for the detailed requirements for constructing a farm dwelling. Parking stalls will be constructed by unit owners when and if they construct farm dwelling but no minimum number is currently required by the County for farm dwellings. Attached to the Declaration is a set of Design Guidelines that unit owners will be required to follow for any improvements. There will be a Design Committee appointed to review plans for compliance with the Design Guidelines.
4. The unit owners will make their own arrangements with the utility companies or County of Kauai for installation of utility lines to serve their units and Private Areas. The Declaration includes certain easements for benefited units through burdened units for access and utilities. Changes are noted in item 1 above.
5. A subdivision application has been filed with the County of Kauai to subdivide the Private Areas of Units 10, 11 and 12 from the remainder of the land of the Condominium. Upon final subdivision approval it is Developer's current intention to withdraw the lots created from the Private Areas of Units 10 and 12 and thereby reduce the number of Units from 15 to 13 (or to 12 if Unit 11 is also withdrawn) all as permitted by the Declaration. See Exhibit B for more details. Developer's rights to withdraw Unit 11 have been assigned to the purchaser of Unit 11.
6. Surrounded by the Private Area of Unit 1B is Exception 2, 0.95 acres, which is referred to in the Declaration as Kuleana 2. Developer intends to apply to the County of Kauai for relocation of this Kuleana 2 and as relocated it will lie within Unit 10. Upon relocation of the Kuleana Developer intends to annex Exception 2 to the Condominium as part of the Private Area of Unit 1B. Whether the additional area will be included in the purchase price or there will be an additional purchase price will be negotiated with the purchaser of Unit 1B. In addition the Developer may annex to the Condominium and add to the Private Area of Unit 1A an additional lot containing 4.86 acres. Whether the additional lot is added to the Private Area of Unit 1A and whether there will be an additional purchase price will be negotiated with the purchaser of Unit 1A.

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## **General Information On Condominiums**

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

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

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

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

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

### **Operation of the Condominium Project**

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

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

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

## 1. THE CONDOMINIUM PROJECT

### 1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner		
Address of Project	2-3990 Ka'umualii Highway, Omao, Kauai, Hawaii 96756	
Address of Project is expected to change because	No street number has been assigned by the County	
Tax Map Key (TMK)	(4) 2-7-003:005	
Tax Map Key is expected to change because	CPR Nos. will be assigned to Units	
Land Area	254.272 acres approximately	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)		

### 1.2 Buildings and Other Improvements

Number of Buildings	17
Floors Per Building	1
Number of New Building(s)	17
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Metal post and shade cloth (Units 1A to 9, 11, 12); Wood frame and metal roof (Unit 10)

### 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
1B				16 sf	Shed	16 sf
3A				16 sf	Shed	16 sf
See Exhibit <u>A</u>						

2	<b>Total Number of Units</b>
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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:	0
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	See item 2, page 1a
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

**1.5 Boundaries of the Units**

Boundaries of the unit:  See Exhibit B
--

**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 Exhibit C
--

**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 <u>D</u> .
As follows:

**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): Pump room area approximately 25 ft by 20 ft adjacent to Unit 1A Private Area

**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 E.

Described as follows:

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

**1.10 Limited Common Elements**

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

Described in Exhibit F.

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 type="checkbox"/>	Pets
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Exhibit G
<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 H describes the encumbrances against title contained in the title report described below.

Date of the title report: February 11, 2009

Company that issued the title report: Title Guaranty of Hawaii, Incorporated

**1.13 Uses Permitted by Zoning and Zoning Compliance Matters**

Uses Permitted by Zoning					
	Type of Use	No. of Units	Use Permitted by Zoning		Zoning
<input type="checkbox"/>	Residential		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Agricultural		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Recreational		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Open District
<input checked="" type="checkbox"/>	Other(specify) Shed	2	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Agriculture District
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.					

**1.14 Other Zoning Compliance Matters**

**Conforming/Non-Conforming Uses, Structures and Lots**

In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.

A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.

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

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

**1.15 Conversions**

<p><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input type="checkbox"/> <b>Applicable</b>  <input checked="" type="checkbox"/> <b>Not Applicable</b></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>Developer's statement of the expected useful life of each item reported above:</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p><b>Verified Statement from a County Official</b></p>
<p>Regarding any converted structures in the project, attached as Exhibit ____ 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"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(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</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <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><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b>  <b>If answer is "Yes", provide information below.</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b>  <input type="checkbox"/> <b>No</b></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> <p>The property has been dedicated to agricultural use for the period ending 12/31/2013</p>	

**1.17 Project with Assisted Living Facility**

<p><b>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS?</b>  <b>If answer is "Yes", complete information below.</b></p>	<p><input type="checkbox"/> <b>Yes</b>  <input checked="" type="checkbox"/> <b>No</b></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><b>2.1 Developer(s)</b></p>	<p>Name: Omao Ranch Lands, LLC</p> <p>Business Address: 3-1866 Kaunualii Highway Lihue, Hawaii 96766</p> <p>Business Phone Number: (808) 245-6739 E-mail Address: <a href="mailto:h.icci@hawaiiantel.net">h.icci@hawaiiantel.net</a></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>The sole manager is Albert W. Stiglmeier, C.P.A., Inc. and its officers and directors are: Albert W. Stiglmeier, President, Vice President, Director Catherine Stiglmeier, Secretary, Treasurer</p> <p>Members: Charles G. King, Eli Brainerd, Julie Simonton, Daryl W. Kaneshiro</p>
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: Sleeping Giant Realty, Inc., a Hawaii corporation Business Address: 4480 Ahukini Road, Lihue, Hawaii 96766</p> <p>Business Phone Number: (808) 245-8831 E-mail Address: <a href="mailto:debra@sleepinggiant.com">debra@sleepinggiant.com</a></p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, 1<sup>st</sup> Floor Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-0211</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: Not applicable Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Self managed by the Association Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Cades Schutte LLP, Attention: Bernice Littman Business Address: 1000 Bishop Street, Suite 1200 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-9219</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
Both	December 10, 2007	3689991; 2007-212715

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
First Amendment	March 17, 2008	3727923; 2008-047865
Amended and Restated	July 18, 2008	3775301; 2008-121884
Second Amended and Restated	February 2, 2009	3825717; 2009-015823

#### 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
Both	December 10, 2007	3689992; 2007-212716

#### 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	1934
Bureau of Conveyances Map Number	4555
Dates of Recordation of Amendments to the Condominium Map: July 30, 2008; February 4, 2009	

**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%	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"/>	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:  Exhibit I

## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

<p><b>Management of the Common Elements:</b> The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.</p>	
<p>The Initial Condominium Managing Agent for this project is (check one):</p>	
<input type="checkbox"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input checked="" type="checkbox"/>	Other (explain) The project will initially be self managed

### 4.2 Estimate of the Initial Maintenance Fees

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

### 4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>	
<input checked="" 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

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

## 5. SALES DOCUMENTS

### 5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>  K  </u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: November 17, 2007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>  L  </u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

### 5.2 Sales to Owner-Occupants

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

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

### 5.3 Blanket Liens

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

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

### 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: Not applicable
Appliances: Not applicable

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

Status of Construction: Units 1B, 3A, 5B completed December 2008
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: Not applicable
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: Not applicable

**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>If the box to the left is checked, Sections 5.6.2, which follow below, will not be applicable to the project.</p>
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**5.6.2 Purchaser Deposits Will Be Disbursed Before Closing**

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

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

<p><b>Box A</b> <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><b><u>Important Notice Regarding Your Deposits:</u></b> 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><b>Box B</b> <input type="checkbox"/></p>	<p>The Developer has <b>not</b> 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 <b><u>Important Notice Regarding Your Deposits</u></b> 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, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (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 <b><u>Important Notice Regarding Your Deposits</u></b> 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:

Form of Limited Warranty Deed with Covenants and Limited Powers of Attorney  
(available for inspection on request of the Developer)

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](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://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 30<sup>th</sup> 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**

None

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.

Omao Ranch Lands, LLC

Printed Name of Developer

By: Albert W. Stiglmeier  
Duly Authorized Signatory\*

March 5, 2009  
Date

Albert W. Stiglmeier, President of sole manager

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

## EXHIBIT A: DESCRIPTION OF UNITS

Fifteen (15) freehold estates are designated each in the space consisting of the entire Buildings that constitute each Unit which spaces are designated on the Condominium Map.

**UNIT DESIGNATIONS AND LOCATIONS.** The Units are designated as Units 1A, 1B, 2, 3A, 3B, 4, 5A, 5B, 6, 7, 8, 9, 10, 11 and 12 and are in the locations shown on the Condominium Map. **(Note: This Public Report covers the sale of only Units 1B and 3A).**

**UNIT LAYOUTS AND DIMENSIONS.** Each Unit initially is a one room metal post and shade cloth agricultural shed, of approximately 16 square feet, without basement, except that Unit 10 initially consists of three such sheds of which shed A has approximately 356 square feet, Shed B has approximately 372 square feet, and Shed C has approximately 336 square feet. As each Unit Owner exercises the right to expand, replace and relocate the Unit, as provided in **Section 17.12** of the Declaration (see Exhibit C to this Public Report) the Unit Owner will amend this Declaration and Condominium Map to describe and depict the layout and dimensions of the Unit as so altered.

## EXHIBIT B: BOUNDARIES OF THE UNITS

The boundaries of each Unit are the outside surfaces of the Building constituting the Unit, so that the entire Building including the floor, foundations, walls and roof are part of the Unit. If any portion of the Improvements forming part of a Unit extends beyond the roofline then for that portion of the Unit the vertical boundaries above the Improvements will be imaginary surfaces continuing the vertical lines of the Improvements and the upper boundary will be an imaginary plane at the level of the highest point of the roof and extending to meet the vertical boundaries. (Declaration Section 6.1)

## EXHIBIT C: PERMITTED ALTERATIONS BY UNIT OWNERS

(References are to the Declaration of Condominium Property Regime)

### 1. Rights to Alter a Unit and its Private Area.

17.2 WITHIN AN UNIT AND ITS PRIVATE AREA. Any alterations or additions solely within a Unit or its Private Area, shall require only the approvals provided in this Section 17.2.

17.2.1 A Unit Owner that complies with the agricultural use of the Unit's Private Area required by Section 10.2 and the provisions of Section 17.2.3 will be permitted to apply to the County of Kauai for building and other required permits to construct one or more farm dwellings but not exceeding the number provided in Section 10.1. If the Unit Owner receives the necessary permits, the Unit Owner may construct the farm dwelling or dwellings at the Unit Owner's sole cost and expense,. All construction of a farm dwelling, and the subsequent alteration, expansion or remodeling of any farm dwelling, shall comply with all applicable laws, ordinances, codes, rules, regulations or other requirements then in effect including, without limitation, the building code and the zoning code of the County of Kauai, this Declaration, the Bylaws, and any applicable encumbrances listed in Exhibit "A". The farm dwelling or dwellings shall be part of the Unit and if the original Unit is demolished shall replace the original Unit.

17.2.2 A Unit Owner that complies with the agricultural use of the Unit's Private Area required by Section 10.2 and the provisions of Section 17.2.3 will be permitted to apply to the County of Kauai for building and other required permits to construct one or more greenhouses, barns, sheds, stables, animal shelters and other farm buildings ("Farm Buildings") and fences, walls, corrals or other farm improvements (together with Farm Buildings "Farm Improvements") permitted by agricultural zoning on the Private Area. If the Unit Owner receives the necessary permits, the Unit Owner may construct the Farm Improvements at the Unit Owner's sole cost and expense. All construction of farm buildings or improvements, and the subsequent alteration, expansion or remodeling of any farm building or improvement shall comply with all applicable laws, ordinances, codes, rules, regulations or other requirements then in effect including, without limitation, the building code and the zoning code of the County of Kauai, this Declaration, the Bylaws, and any applicable encumbrances listed in Exhibit "A". The Farm Improvements shall be Limited Common Elements appurtenant to the same Unit as the Private Area on which they are built.

17.2.3 Before commencing any farm dwelling or Farm Improvement or any additional or replacement Building within a Unit or its Private Area and before commencing any exterior alteration or addition to any Building, or any interior alteration that might cause the Building to fail to comply with the Design Guidelines, a Unit Owner will submit the plans and specifications to the Board for review in accordance with the Design Guidelines. The Design Guidelines are attached as Exhibit "C" [to the Declaration] and can be amended only by an amendment to this Declaration; during Declarant's Rights Period any change will require Declarant's written approval. The Board may delegate review of the plans and specifications to a consultant (the "Design Consultant") whose fees will be payable by the Unit Owner. The Board or the Design Consultant will approve the plans and specifications unless they are not in compliance with the Design Guidelines and the Board or the Design Consultant shall not have any general power of design or aesthetic approval their jurisdiction being limited to determining whether the plans breach the Design Guidelines. Construction of an additional shade cloth shed similar to those comprising the initial Units, for the purpose of dividing a Unit as permitted by Section 17.3 shall

not require Board approval. Approval of plans and specifications will not constitute any warranty from the Board, the Design Consultant or the Declarant that the plans and specifications comply with applicable laws and ordinances or that they will be structurally sound; it will serve only to estop the Board, the Declarant or any owner from claiming that Improvements built in strict conformity to the approved plans and specifications violate the Design Guidelines.

[Note: See page 5 of this Exhibit C below for a listing of the Design Guidelines]

17.2.4 None of the Association, the Board, the Design Consultant or any of its members, Declarant, Declarant's members or managers, Declarant's Affiliates, or any of their respective employees, agents, or consultants (the "Released Parties"), shall be responsible in any way for ensuring the structural integrity or soundness of construction approved under Section 17.2.3, nor for ensuring compliance with governmental regulations, nor for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of this Declaration, nor for defects in any work done according to such plans and specifications. No review or approval by the Design Consultant or any Released Party of any item submitted to the Design Consultant in accordance with this Declaration shall in any manner constitute the Design Consultant's or a Released Party's representation, warranty or agreement that such item (a) has been prepared free of defects or is of good workmanship or design, or will result in Improvements which are readily marketable or free of design or construction defects, or (b) complies with any or all governmental regulations, or (c) will result in any governmental agency's approval of the same. Neither the Design Consultant nor any Released Party shall be liable to any Owner or any other Person for any damage, loss or prejudice suffered or claimed on account of (i) the Design Consultant's or any Released Party's mistake in judgment or negligence, (ii) the approval or rejection of, or the failure to approve or reject, any plans, drawings and specifications, or other request or item, whether or not defective, (iii) the approval or rejection of any variance request, (iv) the construction of any Improvement or performance of any work, whether or not such construction or performance complies with this Declaration or the terms of any approval of the Design Consultant, (v) the manner, appearance, style or quality in which any Unit or Private Area is developed, improved, landscaped, maintained or operated, (vi) the erroneous execution of an estoppel certificate, (vii) the failure of any plan, drawing, specification or other item approved by the Design Consultant to comply with any or all governmental regulations, or (viii) any other matter, decision, act or omission; provided that such Released Party shall not have acted in bad faith and in such event only the Released Party who acted in bad faith shall be liable and not any other Released Party.

17.2.5 Because the Units and their Private Areas are not considered separate zoning lots by the County of Kauai, if required by the building department, or any other agency or department of the County of Kauai, each Unit Owner, with respect to farm dwellings, farm buildings or other improvements to be constructed by the Unit Owner on the Unit Owner's Private Area, that are approved by the Board or Design Consultant, shall have the right to apply for building or other permits on behalf of all Owners. Each Unit Owner (the "appointing Owner") appoints each other Unit Owner (the "building Owner"), with respect to those improvement to be constructed by the building Owner on the building Owner's Private Area, as the appointing Owner's attorney-in-fact with full power of substitution, to execute and deliver such permit applications and to do such things on the appointing Unit Owners' behalf, which grant of such power, being coupled with an interest, is irrevocable, and shall not be affected by the disability of such party or parties,

and which grant of such power shall be binding upon any assignee of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any such assignee or successor-in-interest upon any transfer of any Unit or any interest in it, whether by deed, mortgage, lease, agreement of sale, or any other instrument of conveyance.

17.2.6 The ordinances of the County of Kauai may permit construction of a "Guest House" as defined in those ordinances on the Condominium. If a Guest House is permitted only the Owner of Unit 10 may construct such a Guest House, on Unit 10's Private Area and the same provisions shall apply as apply to farm dwellings except that the Guest House may be designated part of the Unit and will not be limited by the numbers provided in Section 10.1.[See below]" (Declaration Section 17.2)

## 2. Rights to Divide a Unit

"17.3 RESERVED RIGHT TO DIVIDE UNITS. The Unit Owner of any of Unit that is permitted under Section 10.1 to have more than one dwelling shall have the right with respect to that Unit:

17.3.1 To divide the Unit to create two Units (or more if additional dwellings are permitted by the County) and allocate Private Area or other Limited Common Elements between the new Units provided that the total Common Interest appurtenant to the newly created Units shall equal the Common Interest appurtenant to the original Unit. In the event of division the right to one dwelling shall be appurtenant to each new Unit.

Any such division shall be effective if these procedures are followed:

- (a) The Unit Owner records or causes to be recorded an amendment to this Declaration describing the Unit(s) in question and setting out at least: (1) a description of the newly formed Unit(s); (2) the Common Interest appurtenant to each of the newly formed Units, which shall equal the total of the Common Interest appurtenant to the original Unit and (3) the amendment of Section 10.1 and Exhibit B and B 1 to reflect the division.
- (b) The Unit Owner shall record or cause to be recorded an amendment to the Condominium Map for the Unit being divided complying with Section 514B 34; and
- (c) The Unit Owner shall comply in all respects with all applicable governmental codes, statutes, ordinances, rules and regulations, or with all variances granted from them." (Declaration Section 17.3)

## 3. Limits on Number of Farm Dwellings

10.1 USE OF UNITS. The Units in the Condominium, including Buildings constructed to replace the original shed Units, shall be occupied and used as farm dwellings and any other uses that are in compliance with all federal, State and County land use, zoning (including Chapter 8, the Comprehensive Zoning Ordinance, of the Revised Code of Ordinances of the County of Kauai as it may be amended or replaced), and other applicable laws and with all recorded declarations or other agreements listed as encumbrances in Exhibit "A". In the event a Unit Owner alters the Unit as provided in Section 17, the maximum number of farm dwellings on each Private Area and the water meters used for each Unit and its Private Area will be limited as follows unless the County of Kauai permits additional farm dwellings and water meters. Where a Unit has two (2) farm dwellings permitted, unless the zoning ordinances permit otherwise or the Unit owner obtains a variance to permit otherwise, then only one is permitted in the area of agricultural zoning and the other must be in the area of open zoning. Since Unit 11 has

no permitted number of dwellings and no allocated water meter, it can not be used for farm dwellings but only for accessory farm buildings unless the County of Kauai permits a farm dwelling and water meter.

Unit	Total Number of dwellings	Area of Open zoning	Area of Agriculture zoning	5/8" diameter Water Meters/ status
1A	1 in Ag. zone	0.00 acres	18.38 acres	1/new
1B	1 in open zone (not including Kuleana 2)	5.65 acres	2.951 acres	1/new
2	2	7.09 acres	18.047 acres	2 /new
3A	1 in open zone	9.105 acres	2.234 acres	1 /new
3B	1 in Ag. zone	0.095 acres	7.905	1/new
4	1	0.00 acres	5.001 acres	1 /new
5A	1 in open zone	5.056 acres	4.229 acres	1/new
5B	1 in open zone	5.034 acres	3.510 acres	1/new
6	2	5.07 acres	15.78 acre	2 /new
7	1	0.00 acres	7.250 acres	1 /new
8	1	7.39 acres	0.262 acres	1 /new
9	1 in open zone	6.81 acres	3.607 acres	1 /new
10	2 (not including Kuleana 1)	45.489 acres	66.745 acres	1 /existing 1 /new
11	No dwellings (possible water tank site)	0.00 acres	1.5 acres	0
12	No dwellings (Koloa Road Area)	0.0 acres	0.071 acres	0

(Portion of Declaration Section 10.1)

4. Design Guidelines. (Declaration Exhibit "C")

1. Setbacks.

(a) All farm dwellings and Farm Improvements with the exception of fences or corrals, shall maintain a minimum setback of at least twenty (20) feet (or any greater setback required by the County of Kauai), from the boundary of a Unit's Private Area and will comply with any additional building setback from the property line of the Condominium.

(b) The Pump House located in the Common Element Pump House Area shall have a minimum setback of ten (10) feet from the Pump House Area boundary along Omao Road and zero setback from the side and rear Pump House Area boundaries. Roof overhangs shall not extend beyond the Pump House Area boundaries. .

2. Improvements in Easements. No improvements except improvements for the purpose for which an easement is granted such as driveway improvements within Shared Driveways or underground utility lines shall be built in any roadway, utility or access easement, affecting the Land. A pump shelter shall be allowed in Easement 3, located in the Private Area of Unit 1A.

3. Completion of Construction.

(a) All construction, once started, shall be completed expeditiously, shall not extend beyond a two-year period from commencement, and shall not unreasonably interfere with the use of any other Unit or Limited Common Element.

(b) Temporary structures or trailers may be erected or placed on any Unit's Private Area during a reasonable period of construction for use as a construction office and supply shelter, but in no event as a temporary or permanent residence. The temporary structures or trailers and any construction materials shall remain on the Private Area only during the period of construction of permanent improvements on the Private Area and must be removed within thirty (30) days after completion of that construction.

4. Height Limits.

(a) To protect views and to insure blending of structures with the natural landscape and exceptional viewplanes of the Land, no farm dwelling or other improvement, including any barn, may be erected which has a height exceeding 30 feet, measured in accordance with the applicable County of Kauai Ordinances.

(b) Trees shall not exceed the 30 feet height limit when mature in order to prevent interference of views from farm dwellings built at higher elevations. This restriction shall not apply to lands within the Open zones shown on the Condominium Map.

5. Standard Exterior Architectural Restrictions.

(a) Shiny roof materials, glossy paint or exterior coverings that may cause a glare to farm dwellings at higher elevations shall not be permitted. Metal roofs or walls shall be painted with a non-reflective earth tone color.

(b) Exterior walls for farm dwellings or other Buildings shall not be made out of corrugated metal siding. Prefabricated metal Farm Buildings shall be painted a non-reflective earth tone color.

EXHIBIT D: COMMON INTERESTS

The Common Interest for each Unit is listed below and calculated by the following formula:

Number of acres of the Unit's Private Area	X 100	=	The Unit's Common Interest
Divided by the number of acres of all Private Areas (initially 254.261ac)			

If any Unit and its Private Area is withdrawn from the Condominium then the Common Interest of the remaining Units will be recalculated based on the same Formula.

The Units and their Common Interests are as follows:

Unit Number	Common Interest
1A	7.22
1B	3.38
2	9.89
3A	4.46
3B	3.15
4	1.97
5A	3.65
5B	3.36
6	8.20
7	2.85
8	3.01
9	4.10
10	44.14
11	0.59
12	0.03
Total	100.00

## EXHIBIT E: COMMON ELEMENTS

COMMON ELEMENTS. One freehold estate is designated in all remaining portions of the Condominium, which are called the Common Elements, including:

- (a) The Land in fee simple and any appurtenances to the Land as described in Exhibit "A";
- (b) Any cables, conduits, ducts, irrigation lines, electrical equipment, wiring, pipes, and other central and appurtenant transmission facilities and installations under and across the Condominium, if any, which serve more than one Unit for services such as power, water, storm water, cable television, internet access, television signal distribution, and any future technologies installed in the Condominium, performing similar functions.
- (c) All other portion of the Condominium that are not designated as a Unit.

(Declaration Section 4)

EXHIBIT F: LIMITED COMMON ELEMENTS

5. LIMITED COMMON ELEMENTS. Certain parts of the Common Elements, which are called the Limited Common Elements, are designated, set aside and reserved for the exclusive use of certain Units, as provided in this Section 4 and such Units shall have appurtenant to them exclusive easements for the use of those Limited Common Elements as set out in this Declaration. The costs and expenses of every description relating to the Limited Common Elements, including the costs of maintenance, repair, replacement, insurance, improvement and additions to the Limited Common Elements, shall be charged to the Owners of the Limited Common Elements. Any Limited Common Element that is appurtenant to only one Unit will be subject to Direct Administration. The costs and expenses of other Limited Common Elements will be allocated as provided in the Bylaws. Limited Common Elements that are not subject to Direct Administration shall be managed and maintained by the Association on behalf of their Owners. In any event that a dispute arises between the Owners of more than one Unit to which a particular Limited Common Element is appurtenant and which is not subject to Direct Administration, with respect to management or maintenance of that Limited Common Element, the dispute shall be resolved by the Board (or the Managing Agent if any and if delegated by the Board), which shall be the sole arbiter with respect to such matters.

5.1 PRIVATE AREAS. Each Unit shall have appurtenant to it a Private Area, shown on the Condominium Map, with an area shown on the Condominium Map as follows.

The Units and their Private Areas in acres are approximately as follows:

Unit Number	Private Area
1A	18.380
1B	8.601 (excl. Exclusion 2 0.95 ac.)
2	25.137
3A	11.339
3B	8.0
4	5.001
5A	9.285
5B	8.544
6	20.85
7	7.250
8	7.652
9	10.417
10	112.234 (excl. Exclusion 1 1.19 ac.)
11	1.5
12	0.071
Total	254.261

All Improvements within the Private Areas, with the exception of the Units and any Improvements described in Section 5.2 and the Shared Driveways, will be Limited Common Elements appurtenant only to the Unit within the Private Area.

## 5.2 WATER SYSTEM.

5.2.1 The only portion of the Land that is not designated as Private Area is an area situated along Omao Road and designated on the Condominium Map as "Common Element Pump House Area (0.011 acre)". Initially the Pump House Area is a General Common Element. In the event that the Declarant elects to develop the Water System, including the Pump House Area, the Pump House constructed on it, the equipment installed in the Pump House and the waterlines installed in Easements 3 through 12, 15, 17 and 18, and the electric lines installed in Easement 14, will be Limited Common Elements. The Omao Road Water System will be appurtenant to Units 1A through 11 and the Koloa Road Water System will be appurtenant to Units 2 through 11.

5.2.2 Exclusion 1, the separate lot(s) created by any withdrawal of Unit 10 and the separate lot created by any withdrawal of Unit 11 will each have an easement to use the Water System provided that the owner of the benefited lot pays its Water System Share and the benefited lot will be made subject to a covenant for such payment. The owners of such benefited lots and owners of those of Units 1A through 11 as have not been withdrawn are the "Water System Owners". The "Koloa Road Water System Owners" are the Water System Owners except the Owners of Units 1A and 1B.

5.2.3 The Water System will be administered by the Association but all costs of maintenance, repair, replacement and insurance of the Water System (the "Water System Costs") will be allocated between the Omao Road Water System and the Koloa Road Water System charged to the Water System Owners or the Koloa Road Water System Owners as the case may be. Each Water System Owner's share of the Water System Costs (its "Water System Share") will be allocated as provided in Section 7.1.2. The costs of construction, maintenance, repair, replacement and insurance of any pump required by the location of any Building on the Units 1A or the Unit 1B Private Area will be the responsibility of the Owner on whose Private Area the Building is located and will not be Water System Costs.

5.2.4 Upon construction of the water system known as the Lawai water system, serving Unit 10 or the subdivided Lots comprised of Unit 10's Private Area, the Owner of Unit 10 or such lots may withdraw and disconnect Unit 10 or such lots from the Water System and thereby cease to be a Water System Owner and be relieved of the obligation for its Water System Share.

5.2.5 If Units are withdrawn or disconnected from the Water System so that all Units remaining in the Condominium are served by the Water System, the Water System will become a General Common Element but the Water System Costs will continue to be allocated among all Water System Owners in accordance with the Water System Shares.

5.3 SHARED DRIVEWAYS. There are Shared Driveways more particularly described in Section 8.5 as Easements 1, 2, 5, 8, 10 and 12. Each Shared Driveway is a Limited Common Element appurtenant to the Units served by the Shared Driveway.

5.4 DIRECT ADMINISTRATION. Any Limited Common Element appurtenant to only one Unit will be subject to Direct Administration.

(Declaration Section 5)

"Direct Administration" means the direct operation, maintenance, repair and replacement of a Limited Common Element by its Owner.

## EXHIBIT G: USE RESTRICTIONS

1. Use of Units. "The Units in the Condominium, including Buildings constructed to replace the original shed Units, shall be occupied and used as farm dwellings and any other uses that are in compliance with all federal, State and County land use, zoning (including Chapter 8, the Comprehensive Zoning Ordinance, of the Revised Code of Ordinances of the County of Kauai as it may be amended or replaced), and other applicable laws and with all recorded declarations or other agreements listed as encumbrances in Exhibit "A". (Declaration Portion of Section 10.1 see Exhibit C for the remainder of Section 10.1)
2. Use of Private Areas Each Units Private Area shall be used primarily for agricultural use and only for those uses permissible in an Agricultural District "A" as provided in Chapter 205 HRS except that the Private Area of Unit 11 may be used as a water tank site and the Private Area of Unit 12 may be used for the Koloa Road Area. In the event that any Unit Owner of Units 1 through 11 (a "noncomplying Owner") shall fail to undertake sufficient agricultural activity on the Private Area so that other Unit Owners may be prohibited from constructing farm dwellings in the numbers permitted under Section 10.1, then at the request of a Unit Owner who is so adversely affected and provided the requesting Unit Owner is in compliance with this use requirement (a "complying Owner"), the Association shall enter upon the Private Area of the noncomplying Owner and plant, cultivate and harvest crops or plants on that Private Area or use the same as pasture or for grazing purposes, or other agricultural purposes, in order to satisfy the agricultural requirement and any costs incurred by the Association shall be charged to the noncomplying Owner as a special assessment. (Declaration Section 10.2)
3. Prohibition on Activities which Jeopardize the Condominium. No Unit Owner shall do or suffer or permit to be done anything in any Unit or appurtenant Limited Common Element or elsewhere on the Condominium which will: (1) injure the reputation of the Condominium, (2) jeopardize the safety or soundness of the Condominium, (3) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, (4) reduce the value of the Condominium, (5) result in the cancellation of insurance applicable to the Condominium, or adversely affect the right of recovery under any policy, or result in reputable companies refusing to provide insurance as required or permitted by the Bylaws, (6) increase the rate of insurance applicable to the Units or their contents, or to the Condominium, or (7) contravene the terms of this Declaration. By acquiring a Unit in the Condominium or an interest in it, every person acquiring the Unit or interest shall be deemed to have agreed that the exercise by Declarant of Declarant's Rights shall not be deemed to breach the prohibitions of this Section. (Declaration Section 10.3)
4. Obligation to Maintain. A Unit Owner shall keep the entire Unit, including its interior and exterior and all plumbing, electrical and other fixtures and appurtenances constituting a part of the Unit and its Private Area and other Limited Common Elements subject to Direct Administration in good order and repair. All external surfaces that are stained or painted shall be restained or repainted at sufficient intervals as to prevent the structure from detracting from the scenic beauty of the Land. If any Unit, Private Area or Limited Common Element is allowed by the Unit Owner to become unsightly, the Association shall have the right to remedy the unsightly condition at the Unit Owner's expense in accordance with the provisions of the Bylaws.
  - a. No dilapidated structures shall be moved onto or stored on the Land.

b. Storing of farm equipment or heavy machinery shall be screened in sheds or by landscaping, or stored at a location that is not highly visible or detracting when viewed from neighboring farm dwellings.

c. No noxious, offensive, or illegal activity(ies) shall be carried on upon any Unit or its Private Area, nor shall anything be done on them which may be or may become an annoyance or nuisance to neighboring properties, for example the raising of fighting chickens, accumulation of junked vehicles.

d. All electric service meters shall be located in sheltered stands and shall be along an adjacent public road except as provided in Section 8.5. Meters should be consolidated into one shelter where possible.

e. Garbage and Refuse Disposal. No Private Area shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste.

(Declaration Section 10.4)

5. Owners to Install Utilities. It will be the responsibility of each Unit Owner if the Unit Owner desires utility services to install or cause to be installed any required pullboxes for electrical, telephone and cable services as well as the required conduits. All utility lines including water lines shall be located underground whether they are within easements or within a Unit's Private Area. (Declaration Section 10.5)

6. Exemptions For Persons With Disabilities. No matter what else this Declaration, the Bylaws or the House Rules say, Owners with disabilities shall be allowed reasonable exemptions from the Declaration, the Bylaws and the House Rules, when necessary and as appropriate to enable them to use and enjoy their Units and the Common Elements, provided that any Owner with a disability desiring such an exemption shall make such request, in writing, to the Board. That request shall set out, with specificity and in detail, the nature of the request and the reason that the requesting party needs to be granted such an exemption. The Board of Directors shall not unreasonably withhold or delay its consent to such a request, and any such request shall be deemed to be granted if not denied in writing within forty-five (45) days after the Board's receipt of it, or within forty-five (45) days after the Board's receipt of additional information reasonably required by the Board in order to consider such request, whichever shall last occur. (Declaration Section 10.6)

7. Use of Common Elements. Subject to the reserved rights of Declarant under this Declaration each Unit Owner may use any General Common Elements in accordance with the purposes for which they were intended without hindering or encroaching upon the lawful rights of the other Unit Owners, subject always to:

(a) the rights of the Board or the Association to change the use of General Common Elements or to lease or otherwise use for the benefit of the Association to the extent permitted by the Act; and

(b) The exclusive rights to use the Limited Common Elements as provided in this Declaration. No matter what else this Declaration may say or imply, neither the Board nor the Association shall have any right to change the use of or to lease any Limited Common Element without the prior written consent of the Owners of the Limited Common Element.

(Declaration Section 11)

EXHIBIT H: LIST OF ENCUMBRANCES

1. Encumbrances on the Land of the Condominium.
  - (a) Real Property Taxes, First Installment, Fiscal Year July 1, 2008 - June 30, 2009.
  - (b) Stipulation and Decree dated June 7, 1951, filed in the Circuit Court of the Fifth Circuit, State of Hawaii, Equity No. 144, filed as Land Court Document No. 135050, re: to receive water from the Konohiki of the Ahupuaa of Koloa in a constant stream in the amount of 45,000 gallons per day.
  - (c) DESIGNATION OF EASEMENT "T" to maintain, operate, repair and use a reservoir known as the "Smith Reservoir" shown on Map 1.
  - (d) DESIGNATION OF EASEMENT "DD" (20 feet wide) for tunnel, ditch and siphon purposes shown on Map 7, as set forth by Land Court Order No. 2859, filed August 21, 1937.
  - (e) DESIGNATION OF EASEMENT "99" (area 2,330 square feet, 10 feet wide) as shown on Map 106, as set forth by Land Court Order No. 115158, filed January 20, 1994.
  - (f) The terms and provisions contained in the instrument dated August 27, 1937 filed as Land Court Document No. 40955 recorded Liber 1398 Page 371, among The McBryde Sugar Company, Limited, Bishop Trust Company, Limited, Trustee for Eric A. Knudsen and Augustus F. Knudsen, Eric A. Knudsen and Augustus F. Knudsen, and Bishop Trust Company, Limited, re water rights.
  - (g) The terms and provisions contained in the instrument : Right-of-Entry in favor of: Milohae Limited Partnership, a Hawaii limited partnership dated June 20, 2003 filed as Land Court Document No. 2948570 granting a non-exclusive right-of-entry for underground waterline utility facilities.
  - (h) The terms and provisions contained in the Right-of-Entry in favor of Kauai Island Utility Cooperative, a cooperative association dated May 22, 2006 filed Land Court Document No. 3480515 granting right-of-entry for the transmission and distribution of electricity and for communications and control circuits.
  - (i) The terms and provisions contained in the Koloa Western Bypass (Northern Leg) Road Easement dated June 28, 2006 filed as Land Court Document No. 3532952 between Moir Family Limited Partnership, a Hawaii limited partnership, and Kukui'ula Development Company (Hawaii), LLC, a Hawaii limited liability company.
  - (j) The terms and provisions contained in the Limited Warranty Deed With Covenants, Reservations, Restrictions On Sale, And Disclaimers dated November 2, 2000 filed as Land Court Document No. 2662386 recorded as Document No. 2000-155601. The foregoing includes, but is not limited to, matters relating to the following: Unrecorded Purchase Agreement dated May 2, 1994, by and between First Hawaiian Bank, as Trustee of the Eric A. Knudsen Trust, and Bishop Trust Company, Limited, as Trustee of the Augustus F. Knudsen Trust, and Kukui'ula Development Company, Inc.

(k) The terms and provisions contained in the Notice of Dedication to Agriculture effective January 1, 2004 recorded as Document No. 2003-250812 by Moir Family Limited Partnership (Not noted on the Transfer Certificate(s) of Title for Lot 427-A).

(l) The terms and provisions contained in the Declaration of Condominium Property Regime for "Omao Ranch Lands" condominium project dated October 8, 2007 filed as Land Court Document No. 3689991 and recorded as Document No. 2007-212715 and condominium map 1934 filed in the Office of the Assistant Registrar of the Land Court, and 4555 recorded in the Bureau of Conveyances, and any amendments thereto.

Said above Declaration was amended by instrument dated March 17, 2008, filed as Land Court Document No. 3727923, recorded as Document No. 2008-047865, dated July 18, 2008, filed as Land Court Document No. 3775301, recorded as Document No. 2008-121884 and dated February 2, 2009 filed as Land Court Document No. 3825717, recorded as Document No. 2009-015823.

The terms and provisions contained in the By-Laws of the Association of Owners acknowledged on October 8, 2007) filed as Land Court Document No. 3689992 and recorded as Document No. 2007-212716.

(m) Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

(n) Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.

2. Encumbrances on 4.86 acre parcel which is intended to be annexed to the Condominium.

(a) Real Property Taxes, Second Installment, Fiscal Year July 1, 2008 - June 30, 2009.

(b) Reservation in favor of the State of Hawaii of all mineral and metallic mines.

(c) Perpetual use as a public highway of that portion of the said parcel running along and contiguous to the Easterly boundary thereof which is shown and designated on the said map as the Omao Homestead Road, as set forth in that certain Exchange Deed dated October 10, 1935, recorded in Liber 1296 at Page 176.

(d) The terms and provisions contained in the Limited Warranty Deed With Covenants, Reservations, Restrictions On Sale, And Disclaimers dated November 2, 2000 filed as Land Court Document No. 2662386 recorded as Document No. 2000-155601. The foregoing includes, but is not limited to, matters relating to the following: Unrecorded Purchase Agreement dated May 2, 1994, by and between First Hawaiian Bank, as Trustee of the Eric A. Knudsen Trust, and Bishop Trust Company, Limited, as Trustee of the Augustus F. Knudsen Trust, and Kukui'ula Development Company, Inc.

(e) The terms and provisions contained in the Notice of Dedication to Agriculture effective January 1, 2004 recorded as Document No. 2003-250812 by Moir Family Limited Partnership (Not noted on the Transfer Certificate(s) of Title for Lot 427-A).

(f) The terms and provisions contained in the Notice of Dedication to Agriculture effective January 1, 2009 recorded as Document No. 2009-008500 by Omao Ranch Lands LLC.

(g) Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

(h) Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.

3. Encumbrances on Exclusion 2 which is intended to be annexed to the Condominium.

(a) Real Property Taxes, Second Installment, Fiscal Year July 1, 2008 - June 30, 2009.

(b) Reservations in favor of the State of Hawaii in Land Patent Number S-8656 regarding (1) All minerals as therein defined, and the right to prospect for, mine and remove the same, etc.; (2) All surface and ground waters, and the right to capture the same, etc.; and (3) All prehistoric and historic remains.

(c) The terms and provisions contained in the Exchange Deed dated January 28, 1971 recorded in Liber 7947 Page 418. The foregoing includes, but is not limited to, matters relating to reservation unto Grove Farm Company, Incorporated, a Hawaii corporation, of all ancient water rights appurtenant to the land and does not include the right to develop water on, take water from, or transport water across the land.

(d) The terms and provisions contained in the Limited Warranty Deed with Covenants, Reservations, Restrictions on Sale and Disclaimer dated November 2, 2000 recorded as Document No. 2000-155601.

(e) Notice of Dedication dated effective January 1, 2000 filed as Land Court Document No. 2604986 and recorded as Document No. 2000-015352 by First Hawaiian Bank, Trustee of the Eric A. Knudsen Trust under Deed of Trust dated April 30, 1922, as amended, et al. re dedication of land for agricultural purposes for ten (10) years.

(f) Notice of Dedication dated effective January 1, 2004) recorded as Document No. 2003-250811 by Moir Family Limited Partnership re dedication of land for agricultural purposes for ten (10) years.

(g) The land has no recorded access to a public roadway.

(h) Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

(i) Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.

4. Additional Easements. The Declaration provides for the following easements over Private Areas for the benefit of other Units or the County.

(a) EASEMENT 99. Units 1A and 2 will be subject to an easement in favor of the Board of Water Supply, County of Kauai, for the intermittent discharge of water through the existing pipeline drain within Unit 2's Private Area within existing easement 99, the water of which flows through the natural drainage swale that traverses through the Private Areas of Units 1A and 2, to the culvert situated along Omao Road and the grantees of Units 1A and 2 will be required in their Unit Deeds to affirmatively agree to accept the discharge. (Declaration Section 8.4).

(b) ACCESS AND UTILITY EASEMENTS. There are the following easements for access and utility purposes:

Easement Number and purpose	Benefited and Burdened Units	Area	Location
1. Access/Utility	Burdened Unit 1B, Benefited Units 2 and 3A	0.211 ac	From Omao Road in the Unit 1B Private Area as shown on the Condominium Map.
2. Access/Utility	Burdened Unit 2 Benefited Unit 3A	0.195 ac	Within Unit 2 Private Area connecting to Easement 1 as shown on the Condominium Map
3. Utility	Burdened Unit 1A Benefited Units 2-11	0.467 ac.	Within Unit 1A Private Area as shown on the Condominium Map
4. Utility	Burdened Unit 2 Benefited Units 3A-11	0.212 ac.	Within Unit 2 Private Area as shown on the Condominium Map
5. Access/Utility	Burdened Unit 2 Benefited Units 3A-11 for utility purposes and Unit 3A and 3B for access purposes.	0.009 ac.	Within Unit 2 Private Area along Koloa Road as shown on the Condominium Map.
6. Utility	Burdened Unit 3B Benefited Units 2, 3A, 4-11	0.518 ac.	Within Unit 3B Private Area along Koloa Road as shown on the Condominium Map.

Easement Number and purpose	Benefited and Burdened Units	Area	Location
7. Utility	Burdened Unit 4 Benefited Units 2-3B, 5A-11	0.221 ac.	Within Unit 4 Private Area along Koloa Road as shown on the Condominium Map
8. Access/Utility	Burdened Unit 5A Benefited Units 2-4, 5B-11 for utility Benefited Units 4, 5B and 6 for access	0.009 ac.	Within Unit 5A Private Area along Koloa Road as shown on the Condominium Map.
9. Utility	Burdened Unit 6 Benefited Units 2-5B, 7-11	0.409 ac.	Within Unit 6 Private Area along Koloa Road as shown on the Condominium Map
10. Access/Utility	Burdened Unit 8 Benefited Units 2-7, 9-11 for utility Benefited Units 6 & 7 for access	0.012 ac	Within Unit 8 Private Area along Koloa Road as shown on the Condominium Map
11. Utility	Burdened Unit 7 Benefited Units 2-6, 8-11	0.176 ac.	Within Unit 7 Private Area along Koloa Road as shown on the Condominium Map
12. Access/Utility	Burdened Unit 9 Benefited Units 2-8, 10-11 for utility Benefited Unit 10 for access	0.145 ac.	Within Unit 9 Private Area along Koloa Road as shown on the Condominium Map.
13. Irrigation access	Burdened Unit 5A Benefited Unit 6	0.082 ac.	Within Unit 5A Private Area as shown on the Condominium Map
14. Access/Utility	Burdened Unit 1A Benefited Units or lots served by the Koloa Water System, and Kauai Island Utility Cooperative	0.050 acres	Extending from Koloa Rd. and along Omao Rd. within Unit 1A Private Area as shown on the Condominium Map.
15. Utility	Burdened Unit 10 Benefited Units 2-9 and 11	1.513 acres	Within Unit 10 Private Area along Koloa Road as shown on the Condominium Map

Easement Number and purpose	Benefited and Burdened Units	Area	Location
16. Access/Utility	Burdened Unit 3B Benefited Unit 3A	0.335 acres	Within Unit 3B Private Area as shown on the Condominium Map
17. Utility	Burdened Unit 11 Benefited Units 2-10	0.199 Acres	Within Unit 11 Private Area along Lot 426 and Koloa Road as shown on the Condominium Map
18. Utility	Burdened Unit 2 Benefited Units 3A-11	0.137 Acres	Within Unit 2 Private Area along Koloa Road as shown on the Condominium Map
19. Access/Utility	Burdened Unit 5A Benefited Unit 5B	0.375 Acres	Within Unit 5A Private Area as shown on the Condominium Map
20. Utility	Burdened Unit 1A Benefited Unit 1B	0.016 Acres	Within Unit 1A Private Area along Omao Road as shown on the Condominium Map
21. Utility	Burdened Unit 1A Benefited Unit 1B	0.007 Acres	Within Unit 1A Private Area along Omao Road as shown on the Condominium Map

## EXHIBIT I: DEVELOPER'S RESERVED RIGHTS

In the Declaration and Bylaws Developer is called "Declarant"

### 1. Definitions.

"Declarant's Rights Period" means the period during which Declarant will have special rights including consent rights. Declarant's Rights Period will end on the earlier of (i) January 1, 2015 or (ii) when neither Declarant nor any of its Affiliates has any interest in the property subject to this Declaration or the property described in Exhibit D.

"Declarant's Rights" means all rights reserved to Declarant in this Declaration and the Bylaws, including the easements reserved by **Section 8**, the rights reserved by **Section 23**, and all consent rights reserved by this Declaration or the Bylaws. Declarant's Rights do not include developer control of the Association (the right to appoint and remove directors or officers of the Association, as permitted by Section 514B-106 (d)) but Declarant has the same right to elect or remove directors as other Owners.

"Subdivision" is the proposed consolidation and resubdivision of the Land of the Condominium and designation of certain easements, which has been filed by the Declarant with the County of Kauai, as it may be amended from time to time. However no amendment shall be made which would result in a subdivided lot partly included in the Land and partly excluded. To avoid such a result the Declarant using Declarant's Rights will annex or withdraw land to or from the Land and to or from the applicable Private Area.

"Water System" means the water system from the main on Omao Road to the Pump House and equipment and then through pipes to a Water Tank located within the Private Area of Unit 10 which Declarant may elect to develop as provided in Section 23.10 and which will be a Limited Common Element or General Common Element as described in Section 5.2 with costs allocated as provided in Section 7.1.2. (Declaration Section 1.2.)

### 2. Declarant's Consent Rights. Declarant has reserved consent or approval rights including approval of:

- A change in the Design Guidelines attached as **Exhibit "C"** to the Declaration (see Exhibit C to this Public Report).
- Amendments to the Declaration (Declaration Section 18.3.1)
- Amendments to the Bylaws (Bylaws Section 12.8.3 and 12.8.4)
- Changes to late charges for maintenance fee assessments (Bylaws Section 7.6.)
- Adoption or change of (Bylaws Section 11.1)
- Incorporation of the Association (Bylaws Section 12.1)

3. Rights to Amend.

“18.2.1 No matter what else this Declaration says, during Declarant's Rights Period, Declarant shall have the right (but not the obligation) to amend this Declaration and the Bylaws (and the Condominium Map, if appropriate) without the consent or joinder of any Unit owner, lienholder or other person or entity, for the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (ii) the County of Kauai, including as provided in Section 8.6 (iii) any title insurance company issuing a title insurance policy on the Condominium or any of the Units, (iv) any institutional lender lending funds on the security of the Condominium or any of the Units, or (v) the laws and rules of any state or country in which Declarant intends to market or sell Units or interests in Units, or any other governmental or quasi-governmental agency, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development and the Veterans Administration. However, except as provided in Section 23, no amendment which would change the Common Interest appurtenant to a Unit or materially change the design, location or size of a Unit shall be made without the consent of all persons having an interest in that Unit and Declarant cannot use its power of attorney under Section 23.13.3 to grant itself that consent.” (Declaration 18.2.1)

The Declarant shall have the reserved right to amend these Bylaws unilaterally for the same purposes that the Declarant may amend the Declaration. Each and every party acquiring an interest in the Condominium, by doing so consents to these Declarant amendments and agrees to execute and deliver any documents and instruments and to do such other things as may be necessary or convenient to effect those Amendments. The powers of attorney granted to the Declarant in the Declaration apply to Declarant's amendments of these Bylaws also. (Bylaws Section 12.8.2)

4. Other Declarant's Rights

23. DECLARANT'S RESERVED RIGHTS. No matter what else this Declaration and the Bylaws may say, Declarant reserves the following rights during Declarant's Rights Period or such shorter period as is provided in the applicable Section:

23.1 DECLARANT'S EASEMENT TO COMPLETE CONSTRUCTION OF THE CONDOMINIUM. Declarant and its agents, employees, consultants, contractors, licensees, successors, mortgagees and assigns shall have an easement over, under and upon the Condominium as may be necessary or appropriate in the opinion of the Declarant for the completion of construction of Common Elements of the Condominium and the correction of defects in them and for the construction of the Water System if Declarant elects to do so.

23.2 DECLARANT'S EASEMENT FOR NOISE AND DUST. Declarant and its agents, employees, consultants, contractors, licensees, successors and assigns

shall have an easement over, under and on the Condominium or any portion of it, to cause or permit noise, dust and other nuisances to be created by or to result from any work that is connected with or incidental to the construction and sale of any Unit or any interest in it or other Improvements in the Condominium, or the subdivision, consolidation, resubdivision and/or withdrawal of portions of the Land and/or division, consolidation and/or withdrawal of Units.

23.3 DECLARANT'S EASEMENT FOR SALES ACTIVITIES. Declarant and its brokers, sales agents and other related persons shall have the right to conduct extensive sales, marketing, rental and leasing activities at the Condominium, on any General Common Elements and from any Unit and Limited Common Element owned by it, which right shall include showing the Condominium to potential buyers, renters and lessees, and using banners, signs and other displays and activities at the Condominium. Such activities may include the initial sale, resale, rental or leasing of Units and interests in them. In the event that Declarant's mortgage lender, if any, or any successor to or assignee of Declarant's mortgage lender acquires any portion of the Condominium in the course of any foreclosure or other legal proceeding or in the exercise of the mortgage remedies or by a deed or an assignment in lieu of foreclosure, that mortgage lender and its successors and assigns shall have the same rights as Declarant to conduct such extensive sales, marketing, rental and leasing activities on the Condominium to the fullest extent permitted by the Act.

23.4 DECLARANT'S EASEMENT FOR THE DIVISION AND CONSOLIDATION OF UNITS, AND TO SUBDIVIDE AND/OR TO CONSOLIDATE AND RESUBDIVIDE THE LAND. Declarant and its agents, employees, consultants, contractors, licensees, successors, mortgagees and assigns shall have an easement over, under, upon and through the Common Elements, any Limited Common Elements and the Units or any portion of them as may be necessary or appropriate in the opinion of Declarant to effect the division or consolidation of Units prior to their conveyance to third parties, and the subdivision, consolidation and/or resubdivision of the Land, as contemplated by Sections 23.6, and 23.7, and this easement shall allow Declarant and its agents, employees, consultants, contractors, licensees, successors, mortgagees and assigns to cause or permit noise, dust and other nuisances to be created by or to result from any work connected with or incidental to effecting any such division or consolidation of Units or the subdivision, consolidation and/or resubdivision of the Land.

23.5 RESERVED RIGHT TO GRANT EASEMENTS. Declarant shall have the right to delete, relocate, realign, reserve, grant and receive any and all easements and rights-of-way over, under and on the Common Elements (including Limited Common Elements) deemed necessary or desirable in Declarant's sole discretion, including easements and rights-of-way for utilities or irrigation.

23.6 RESERVED RIGHT TO DIVIDE AND CONSOLIDATE UNITS. Declarant shall have the right:

23.6.1 With respect to any Unit which it owns to: (1) alter the floor plan of the Unit provided that the Common Interest appurtenant to the Unit shall not change, (2) divide the Unit to create two or more Units and allocate Private Area or other Limited Common Elements between the new Units provided that the total Common Interest appurtenant to the newly created Units shall equal the Common Interest appurtenant to the original Unit; and (3) consolidate Units provided that the Common Interest appurtenant to the consolidated Unit shall equal the Common Interests appurtenant to the original Units prior to Consolidation.

23.6.2 The rights to consolidate and divide may be used together so that Units may be consolidated and redivided in the same amendment.

Any such alteration, division or consolidation of Unit(s) shall be effective if these procedures are followed:

(a) Declarant records or causes to be recorded an amendment to this Declaration describing the Unit(s) in question and setting out at least: (1) a description of the newly formed Unit(s); (2) in the case of the consolidation of Units, the Common Interest appurtenant to the newly formed Unit, which shall be calculated by adding together the Common Interests for the Units to be consolidated; or (3) in the case of the division of a Unit the Common Interest appurtenant to each of the newly formed Units, which shall equal the total of the Common Interest appurtenant to the original Unit. In the event of concurrent consolidation and redivision the Common Interests of the resulting Units shall equal the total Common Interests of all Units consolidated.

(b) Declarant shall record or cause to be recorded an amendment to the Condominium Map for the Unit(s) being altered, divided or consolidated complying with Section 514B 34; and

(c) Any such alteration shall comply in all respects with all applicable governmental codes, statutes, ordinances, rules and regulations, or with all variances granted from them.

23.7 **RESERVED RIGHT TO MODIFY CONDOMINIUM.** Declarant shall have the reserved right to effect such modifications to Units and Common Elements in the Condominium and/or to execute, record and deliver any amendments to this Declaration, the Condominium Map, the Bylaws and the House Rules as may be necessary or required by Declarant in its sole discretion, or to effect compliance by the Condominium, the Association or by Declarant, with laws which apply to the Condominium, including the Fair Housing Act, as amended, 42 U.S.C. §§3601 et seq., including any and all rules and regulations promulgated under it.

23.8 **RESERVED RIGHT TO REDESIGNATE LIMITED COMMON ELEMENTS AS APPURTENANT TO OTHER UNITS.** Declarant may amend this Declaration to designate all or a portion of certain Limited Common Elements as may be appurtenant to any Unit owned by Declarant, to another Unit or Units owned by Declarant.

23.9 RESERVED RIGHT TO SUBDIVIDE, CONSOLIDATE, RESUBDIVIDE, ANNEX AND/OR WITHDRAW LAND AND UNITS.

23.9.1 Declarant shall have the right to subdivide, divide, consolidate, resubdivide, annex and/or withdraw from the operation of this Declaration, all or any portion of the Land underlying, and Units in, the Condominium and all or any portion of the lands described in Exhibit "D". In connection with such right, Declarant shall have the further reserved right to enter and go upon the Land to do all things necessary or proper to effectuate such subdivision, division, consolidation, resubdivision and/or withdrawal of portions of the Land and/or Units, including making surveys to undertake a realignment of boundaries of the Land (it being understood that Declarant shall have the reserved right to effect any such realignment), and to facilitate the granting, reserving, adding, deletion, reception, realignment and relocating of easements and rights-of-way for utilities and all other required easements and rights-of-way. The subdivision, division, consolidation, resubdivision redivision and/or withdrawal of portions of the Land and/or Units shall be subject to, and Declarant shall, at its own expense, comply with, all of the then-applicable governmental laws, rules and regulations, including subdivision requirements.

23.9.2 Without limitation, upon approval of the Subdivision or any revision to the Subdivision, made at the request of the County of Kauai or in connection with the exercise of Declarant's Reserved Rights, Declarant may withdraw from the Condominium Unit 10 (proposed Lot 427-A-1), Unit 11 (with the consent of the Owners of Unit 11) and Unit 12. In the event that these are all withdrawn from the Condominium, the Condominium will contain only twelve (12) Units 1A through 9.

23.9.3 Without limitation, Declarant may:

- (a) annex the land described as Exclusion 2 and more particularly described in Exhibit "D" to the Condominium and in the event Declarant does so then Declarant may either create an additional Unit with Exclusion 2 as its Private Area or may add Exclusion 2 to the Private Area of Unit 1B.
- (b) annex the 4.86 acre parcel described in Exhibit "D" to the Condominium and in the event Declarant does so then Declarant may either create an additional Unit with the 4.86 acre parcel as its Private Area or may add the 4.86 acre parcel to the Private Area of Unit 1A.

The common interest of the new Units or the additional common interest of Unit 1A or Unit 1B will be calculated by the formula provided in Section 6.

23.9.4 Upon the exercise of its reserved right to subdivide, consolidate, resubdivide and/or withdraw, Declarant shall, at Declarant's expense and without being required to obtain the consent or joinder of any Unit owner or lienholder, execute and record in the Record Office an amendment to the Declaration and the Condominium Map:

- (a) describing the withdrawn land and any improvements on it;
- (b) describing the realigned boundaries of the land upon which the Units then

constituting the Condominium are located;

(c) where applicable and appropriate, granting, reserving or relocating easements over, under and on the Common Elements as permitted above; and

(d) if necessary, adjusting the Common Interest for each Unit which remains a part of the Condominium in accordance with Section 6. The recording of the amendment to this Declaration and the Condominium Map shall effectuate the withdrawal, without any further consent or joinder of any party. The withdrawn land shall belong to Declarant (or the grantee of Unit 11 if the rights to withdraw have been assigned to such grantee in accordance with Section 23.14) and Declarant or such assignee shall have the right, as grantor, to execute and deliver a deed of the subdivided and withdrawn area upon recording of the withdrawal amendment.

The exercise by Declarant of the right to subdivide, consolidate, resubdivide and/or withdraw all or any portion of the Land and/or Units provided in this Section 23 shall not in any way limit or be deemed to limit Declarant's full use of areas remaining in the Condominium upon withdrawal, including further development of the Condominium by constructing additional improvements for commercial or other uses permitted by applicable laws and ordinances then in effect.

**23.10 RESERVED RIGHT TO DEVELOP WATER SYSTEM AND OTHER COMMON ELEMENT IMPROVEMENTS.** Declarant shall have the right but not the obligation to develop or cause to be developed a Water System consisting of a Pump House and related equipment and a waterline through Easements 3 through 12, 14 and 15 and other Common Element improvements, at Declarant's expense or the expense of the person with whom Declarant may contract to develop a Water System. Upon completion the Water System will be a Limited Common Element as described in Section 5.2.

**23.11 RESERVED RIGHT TO OBTAIN PERMITS FOR COMMON ELEMENTS.** As to Water System or any improvements, such as roadway improvements or installation of utilities, that are located within the common elements or if it is necessary to pass over or under a Private Area or other Limited Common Element, the Declarant during Declarant's Rights Period shall have the right, on behalf of all the Unit Owners, to apply for and obtain the necessary permits. Upon the expiration of Declarant's Rights Period the Association, through its Board of Directors, shall automatically succeed to this right.

**23.12 RESERVED RIGHT TO CORRECT LAND COURT MAP ERROR.** By surveyor's error Map 108 Land Court Application 956 shows Lot 427-A with an incorrect alignment along Koloa Road so that a strip of land approximately three (3) feet wide is shown as part of Lot 427-A but should be shown as part of Koloa Road. The State Land Surveyor has made demand upon the surveyor that prepared Map 108 to prepare an amended or new map and to cause the consolidation and resubdivision of the affected lots and the filing of a Land Court petition to correct the error.

Declarant reserves the right to do all things necessary to correct or cooperate with other affected landowners to correct the error, including:

23.12.1 obtaining a new Map for Land Court Application 956 or revised Map 108;

23.12.2 if necessary obtaining subdivision approval from the County for a revised Lot 427-A (or such other number as the County or the Land Court may assign) as shown on such a new Map or revised Map 108 for Land Court Application 956;

23.12.3 filing a petition with the Land Court, without the need for the joinder of any other person, for a Land Court Order approving the new or amended Land Court Map

23.12.4 causing the Land Court Order to be filed with the Record Office

23.12.5 amending this Declaration to change the descriptions of the Land and the Private Areas to conform to the new or amended Land Court Map

23.12.6 executing and filing such other documents and taking such other actions as may be necessary in Declarant's opinion to correct the error.

In the event that Declarant's Rights Period ends before the actions contemplated by this Section 23.12 are completed, Declarant may assign its rights under this Section 23.12 to the Association and the term of the rights under this Section 23.12 shall thereupon be extended until the earlier of (i) January 1, 2015 or (ii) completion of the actions contemplated by this Section 23.12.

**23.13 UNIT OWNERS ACCEPTANCE OF DECLARANT'S RIGHTS.** Each and every party acquiring an interest in the Condominium or the Land by such acquisition consents to the rights reserved by Declarant under this Section 23 and elsewhere in this Declaration or the Bylaws and:

23.13.1 acknowledges and agrees that the construction, alteration, demolition, sales, rental and leasing activities may result in noise and nuisances and consents to such activity by Declarant and its permitted assigns;

23.13.2 consents to every deletion, relocation, realignment, reservation, subdivision, consolidation, creation, development, construction and annexation of Units and related Improvements to the Condominium, to the annexation or withdrawal of lands from the Condominium, to the granting or reception of easements and rights-of-way provided in this Section 23, and to every other act taken by or right reserved to Declarant under this Section 23 and elsewhere in the Declaration and Bylaws;

23.13.3 agrees to execute, deliver and record such documents and instruments and to do such other things as may be necessary or convenient to effect the same, including any subdivision, consolidation or permit applications, any amendments of this Declaration, the Bylaws or the Condominium Map, and any grant of easements or amendments to them; and appoints Declarant and its assigns as his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf,

which grant of such power, being coupled with an interest, is irrevocable for the term of Declarant's Rights Period, and shall not be affected by the disability of such party or parties, and which grant of such power shall be binding upon any assignee of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any such assignee or successor-in-interest upon any transfer of any Unit or any interest in it, whether by deed, mortgage, lease, agreement of sale, or any other instrument of conveyance;

23.13.4 consents to the recording in the Record Office of any and all documents that in the opinion of Declarant are necessary or useful to effect Declarant's reserved rights, including any easements and any amendments of this Declaration, the Bylaws and the Condominium Map; and

23.13.5 further waives, releases and discharges any rights, claims or actions that such party may acquire against Declarant, its brokers, sales agents, employees and lenders, and their respective successors and assigns as a result of any such activity or activities.

23.14 ASSIGNMENT OF DECLARANT'S RIGHTS The rights reserved to Declarant in this Declaration shall be fully assignable by Declarant, and Declarant may assign or mortgage or grant a security interest in whole or in part in any rights reserved to Declarant in this Declaration by a recorded instrument specifically assigning or mortgaging or granting a security interest in such rights, but such rights shall be held by only one person or entity at any time unless the assignment specifically provides otherwise. Declarant has partially assigned its rights so that the right to withdraw Unit 11 has been assigned to the grantee of Unit 11 in the first deed of Unit 11 to a person other than Declarant filed as Land Court Document No. 3784265 and recorded as Document 2008 136797. Every Owner of a Unit in the Condominium and all holders of liens affecting any of the Units and each and every other party acquiring an interest in the Condominium or in the Land or any part of it, by acquiring such Unit, lien or other interest, consents to any such assignment by Declarant, and, to the extent designated by Declarant, agrees to recognize any assignee as the "Declarant" under this Declaration. (Declaration Section 23)

5. Protections of Developer.

24. DISCLOSURES.

24.1 PROTECTED PERSONS. As used in this Section 24 "Protected Person" means and includes Declarant and its manager, members, and all their Affiliates, in their respective capacities as the Declarant of the Condominium and the initial grantor of the Units in the Condominium. Protected Person also includes the County of Kauai, the Land Use Commission of the State of Hawaii, the United States government to the extent, if any, required by the permits or land use approvals for the Condominium.

## 24.2 ACKNOWLEDGMENT OF POTENTIAL CONDITIONS.

### 24.2.1 DESCRIPTION OF POTENTIAL CONDITIONS.

(a) The Condominium includes, is adjacent to, nearby or in the vicinity of lands being, or which in the future may be, actively used for the growing, harvesting and processing of agricultural products (such growing, harvesting and processing activities collectively called the "Agricultural Activities"), which activities may from time to time bring upon the Condominium or result in exposure to smoke, dust, odors, vibrations, noise, heat, agricultural chemicals, particulates and similar substances and nuisances (collectively called the "Agricultural By-Products").

(b) Without limiting Section 24.2.1(a), the Agricultural Activities or other characteristics of the Condominium or adjacent lands may result in insects (including mosquitoes), rodents and other pests and vermin (collectively called the "Pest Conditions").

(c) The Condominium has or will have located within it or adjacent to it, electrical lines, cesspools, wires, cables, conduits, and other facilities which may cause odors, may interfere with television and radio reception, and may have adverse health effects (collectively called the "Utility Conditions").

(d) Units 1 and 2 will be subject to the easement 99 described in Section 8.4 and the discharge of waters may cause odors, pests, or damage to those Units or their Improvements (the "Discharge Conditions").

(e) Declarant has reserved for the Unit Owners the right to develop their Private Areas. Such development and sales activities will result in blasting, dust, noise, vibrations, increased traffic, obstruction of views and ventilation, and other nuisances. Together with the similar rights reserved by Declarant in Section 23 these are collectively called the "Development Conditions".

The Agricultural Activities, Agricultural By Products, Pest Conditions, Utility Conditions, Discharge Conditions and Development Conditions are collectively called the "Conditions".

The listing of certain items in this Section 24.2 is not a representation that there are no other sources of potential interference with the enjoyment of the Condominium or Unit.

24.2.2 Assumption Release, Waiver and Indemnity. Each Unit Owner and Unit lessee, by acquiring any interest in a Unit or by occupying a Unit, by doing so automatically:

(a) Assumes complete risk of and forever releases the Protected Persons, from all claims for damages (including consequential, special, exemplary and punitive damages) and nuisances occurring on the Condominium or Unit and arising out of any of the Conditions;

(b) Forever waives any right to require and releases each Protected Person from any obligation, to take any action to correct, modify, alter, eliminate or abate any of the Conditions and waives any right to file any suit or claim against any

Protected Person for injunction or abatement of nuisances or damages;

(c) Agrees to and shall indemnify, defend and hold harmless each Protected Person from and against all claims, demands, actions, losses, damages, liabilities, costs and expenses, including attorneys' fees, asserted against or incurred by each Protected Person which arise out of any injury, death or damage to person, property or business that occurs on the Unit Owner's Unit or the Condominium and is the result of any of the Conditions, no matter what theory of liability is asserted against a Protected Person; and

(d) Agrees that any Conditions and any claim, demand, action, loss, damage, liability, cost or expense arising from them, shall not constitute a breach of any covenant or warranty of any Protected Person or be the basis for a suit or other claim for injunction or abatement of nuisances or damages, and forever waives any right to file any such suit or claim. . (Declaration Section 23)

EXHIBIT J: MAINTENANCE FEES

Maintenance Fees and Budget  
 Estimated Budget (Maintenance Fee Disbursements)

Expense Category	Omao Water System		Koloa Water System	
	Monthly	Annual	Monthly	Annual
Water System				
Electricity		0.00		5,000.00
Water		*1000.00		10,000.00
Maintenance, Repairs, Supplies for building		0.00		7,500.00
Special sampling as required/Emergency Repairs		200.00		2,000.00
Total Water System (less Unit 1 submetered water)		200.00		24,500.00

Other		
Association administration and Design Committee Expenses		6000.00
Insurance		1,500.00
Miscellaneous		1,000.00
Total Other		8,500.00

**Notes:**

The Estimated Budget assumes that the Water System is built and the Unit maintenance fees assumes that water usage for the Units using the Water System is based on density. Units 1A, 1B, 3A, 3B, 4, 5A, 5B 7, 8 and 9, and Exclusion 1 are allowed one farm dwelling each. Units 2, 6 and 10 are allowed two (2) farm dwellings each. Unit 11 is allowed no farm dwellings and for purposes of the estimate will be treated as though it were allowed one-half a farm dwelling.

Units 1A and 1B are served only by the Omao Water System; the other Units served are served by the entire water system. Therefore, for initial estimate purposes:

The Omao Water System charges are based on serving 17.5 dwellings. \*The estimated water cost will be submetered to Units 1A and 1B; therefore, the balance of the Omao Water System costs \$200.00 will be divided by 17.5 or \$11.00 per dwelling (rounded to the nearest dollar).

The Koloa Water System charges are based on serving 15.5 dwellings; therefore, the \$24,500 will be divided by 15.5 or \$1581.00 per dwelling (rounded to the nearest dollar).

Units 3A, 3B, 4, 5A, 5B, 7, 8 and 9 and Exclusion 1 fees are estimated at \$1592.00 each annually. Units 2, 6 and 10 with two dwellings each allowed are estimated at \$3184.00 each annually. Unit 11 fees are estimated at \$796.00 annually. Units 1A and 1B, with one dwelling each, only Omao Water System charges, plus half the submetered water are each estimated at \$511.00 annually.

**THESE ARE ESTIMATES BASED ON ALLOWED FARM DWELLING DENSITIES. RESULTS WILL DIFFER IF THE UNITS AND THEIR PRIVATE AREAS ARE NOT DEVELOPED WITH THE MAXIMUM NUMBER OF FARM DWELLINGS. ALSO AGRICULTURAL WATER USAGE IS ANTICIPATED BY UNIT OWNERS FOR THEIR PRIVATE AREAS, FOR WHICH THE WATER CHARGES WILL BE ADJUSTED ACCORDINGLY. NO RESERVES HAVE BEEN ESTIMATED SINCE THE ONLY GENERAL COMMON ELEMENT IS CURRENTLY UNIMPROVED LAND.**

Estimated Initial Maintenance Fee Schedule

Unit No	Common Interest %	Category	Monthly (to nearest \$)	Annual \$
1A	10.60	Water System:		511
		Other:		614
		<b>Total</b>	94	1125
1B		Water System:		511
		Other:		287
		<b>Total</b>	67	798
2	9.89	Water System:		3184
		Other:		841
		<b>Total</b>	335	4025
3A		Water System:		1592
		Other:		380
		<b>Total</b>	164	1972
3B	7.61	Water System:		1592
		Other:		267
		<b>Total</b>	155	1859
4	1.97	Water System:		1592
		Other:		168
		<b>Total</b>	147	1760
5A		Water System:		1592
		Other:		310
		<b>Total</b>	159	1902
5B	7.01	Water System:		1592
		Other:		286
		<b>Total</b>	157	1878
6	8.20	Water System:		3184
		Other:		697
		<b>Total</b>	323	3881
7	2.85	Water System:		1592
		Other:		242
		<b>Total</b>	153	1834
8	3.01	Water System:		1592
		Other:		256
		<b>Total</b>	154	1848
9	4.10	Water System:		1592
		Other:		348
		<b>Total</b>	162	1940
10	44.14	Water System:		3184
		Other:		3752
		<b>Total</b>	578	6936

11	0.59	Water System:		796	
		Other:		50	
		<b>Total</b>	71		846
12	0.03	<b>Total</b>	0		3
	100.00				

Fees rounded to the nearest dollar

EXHIBIT J: MAINTENANCE FEES

I, Albert W. Stiglmeier, President of Albert W. Stiglmeier C.P.A., Inc. sole manager of Omao Ranch Lands LLC certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Purchasers become obligated to pay maintenance fees upon closing

Albert W. Stiglmeier  
Signature

February 17, 2009  
Date

## EXHIBIT K: SUMMARY OF SALES CONTRACT

The Sales Contract provides for the sale of a Unit by the developer to a Buyer. The Sales Contract contains many important provisions which are not set out here and should be carefully reviewed by every prospective Buyer. The Sales Contract has been written in language intended to be easier for Buyers to read than that used in traditional legal documents. This summary is not complete and will not control in the event of any conflict with a provision in the Sales Contract. Prospective Buyers are cautioned and encouraged to read the Sales Contract carefully.

1. In the Sales Contract the developer is called "Seller". The Sales Contract provides for the number, amount and timing of payments Buyer is to make to Escrow. The Sales Contract provides that all interest received by Seller or Escrow on Buyer's deposits will belong to Seller.
2. The Sales Contract describes the "Property" being sold, including the Unit and its common interest.
3. The Sales Contract confirms that Buyer has had the opportunity to read and approve certain important legal documents for the Project, including the Declaration and Bylaws. Seller's rights to change the documents is described.
4. The Sales Contract contains the following disclaimers

"5.6 No Construction by Seller; As is Purchase. The Units currently consist of shade cloth sheds described in the Declaration. The Seller will not make any improvements to the Condominium, the Units or their Private Areas. The Seller gives no warranties on the Units. The Property is purchased by the Buyer as is as more particularly spelled out in Section 5.6.2.

5.6.1 Farm Dwellings and Water System. In certain circumstances the Declaration provides that a Unit Owner may alter the Unit and construct a farm dwelling. Seller makes no promise or warranty that Buyer will be permitted by the County of Kauai to construct a farm dwelling. Buyer understands that before any Unit owner will be able to construct a farm dwelling, water system improvements will be required to serve the Units of the Condominium. Seller has no obligation to construct the water system improvements. Daryl Kaneshiro, one of the members of Seller, has agreed in the Operating Agreement of Seller that he will construct water system improvements. Seller agrees to cause Mr. Kaneshiro to construct the water system, in accordance with the terms of the Operating Agreement.

5.6.2 AS IS. NO PERSON ACTING ON BEHALF OF SELLER IS AUTHORIZED TO MAKE, AND BY SIGNING THIS AGREEMENT, BUYER AGREES THAT SELLER HAS NOT MADE, AND DISCLAIMS, ANY REPRESENTATIONS, WARRANTIES OR PROMISES OF ANY KIND WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, CONCERNING OR WITH RESPECT TO: THE MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE CONDOMINIUM; THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE CONDOMINIUM; ANY ARCHAEOLOGICAL SITES, REMAINS OR

ARTIFACTS ON THE LAND; THE CONDOMINIUM'S COMPLIANCE WITH LAWS, ORDINANCES OR REGULATIONS; THE QUALITY OF THE CONSTRUCTION OR MATERIALS INCORPORATED INTO THE CONDOMINIUM; THE PRESENCE OR ABSENCE OF MOLD, STANDING WATER OR HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE CONDOMINIUM; THE FACT THAT ALL OR A PORTION OF THE CONDOMINIUM MAY BE LOCATED ON OR NEAR A TSUNAMI INUNDATION AREA; THE ABILITY OF UNIT OWNERS TO OBTAIN PERMITS FOR THE CONSTRUCTION OF FARM DWELLINGS OR OTHER IMPROVEMENTS, THE ABILITY OF THE CONDOMINIUM TO WITHSTAND EARTHQUAKE OR HURRICANE DAMAGE; THE EXISTENCE OF TERMITES OR OTHER PESTS OR TERMITE DAMAGE OR ANY OTHER MATTER CONCERNING THE CONDOMINIUM.

5.6.3 CHAPTER 672E. HAWAII REVISED STATUTES, CHAPTER 672E, CONTAINS IMPORTANT REQUIREMENTS A PERSON MUST FOLLOW BEFORE THE PERSON MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIRED, OR CONSTRUCTED THE PERSON'S HOME OR FACILITY. NINETY DAYS BEFORE THE PERSON FILES THE PERSON'S LAWSUIT OR OTHER ACTION, THE PERSON MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS THE PERSON ALLEGES ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. THE PERSON IS NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW, AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT THE PERSON'S ABILITY TO FILE A LAWSUIT OR OTHER ACTION. THE GIVING OF THIS NOTICE DOES NOT INCREASE SELLERS'S RESPONSIBILITY UNDER THIS CONTRACT CHANGE THE PROVISIONS OF SECTION 5.6.1 OR SECTION 5.6.2.

This Section 5.6 shall survive the Closing and shall not be merged with the Unit Deed.

5.6.4 Other Disclaimers.

(a) The Condominium Map, Artist's Renderings and Building Plans and Specifications Are Not Warranties. The Condominium Map is intended to show only the (a) unit numbers, (b) approximate layout, location, boundaries and dimensions of units, (c) approximate elevation of the Units, and (C) parking plan and any other detail which is specifically required to be shown under Section 514B 33; the Condominium Map is not intended to and shall not be interpreted as creating any obligation to construct or install any other improvements, amenities or facilities as may be depicted and no person may rely in any way on any other detail or other matter depicted. In no event, whether before or after the Effective Date, shall any artist's renderings or models constitute a representation or warranty in any way.

(b) Estimate of Maintenance Fees. Seller's estimate of the monthly maintenance fees for the Condominium, as shown in the Public Report, was prepared based upon information believed to be accurate and correct. However, Seller makes no warranty or promise regarding the accuracy of these amounts. BUYER AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY SELLER; FOR EXAMPLE THEY ARE NOT A REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF ANY LINE ITEM. Buyer acknowledges and agrees also that the maintenance fees may increase, for example, as a result of changes in the Condominium permitted by the Declaration, increases in insurance premiums, utility costs, maintenance services and management fees, etc.

(c) Seller Makes No Promises About Rentals or Other Economic Benefits. BUYER AGREES THAT NO ONE (INCLUDING SELLER OR ANY SALESPERSON) HAS TALKED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S UNIT. IF BUYER WANTS TO RENT OR SELL THE UNIT, HOW BUYER DOES IT WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED IN THIS AGREEMENT. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE UNIT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE UNIT OR ABOUT THE TAX EFFECTS OF BUYING THE UNIT.

(d) Disclosures in the Public Report. Buyer is aware that the Public Report contains additional disclosures about the Condominium and about Seller's rights under the Unit Deed. Buyer agrees that all disclosures in the Public Report are incorporated in this Agreement. If Buyer chooses to proceed with the purchase of the Property then Buyer will be accepting all the conditions and risks disclosed in the Public Report at the Effective Date.

5.6.5 No Authority to Contradict. None of Seller's Agents has the authority to make any representations which contradict the statements set out in this Agreement. Buyer acknowledges that Buyer has not relied on any such representations made by any of Seller's Agents."

5. The Sales Contract limits the remedies of the Buyer in the event of default by the Seller, as follows:

If Seller fails to keep any of Seller's promises or agreements contained in this Agreement after the Effective Date, Buyer may cancel this Agreement. If Buyer cancels this Agreement because of Seller's default, then Buyer shall receive the return of all of Buyer's deposits with interest from the date of each such deposit at the rate of five (5%) per cent per year. This right of cancellation and refund with interest shall be Buyer's sole remedy. (Section 5.9.2)

6. The Sales Contract provides for mediation and arbitration of disputes. (Section 5.9)

## EXHIBIT L: SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement provides how the funds paid by Buyer under the Sales Contract to Escrow are to be held and released. The Escrow Agreement contains many important provisions which are not set out here and should be carefully reviewed by every prospective Buyer. This summary is not complete and will not control in the event of any conflict with a provision in the Escrow Agreement. Prospective Buyers are cautioned and encouraged to read the Escrow Agreement carefully.

1. The Escrow Agreement provides that Escrow is to collect Buyer's payments and hold them in accounts with banks or savings institutions that are federally insured.
2. The Escrow Agreement provides for the closing or settlement of the sale. Escrow collects all payments and other amounts owed under the Sales Contract, including closing costs which are shared between the Developer and Buyer as set forth in the Sales Contract.
3. Escrow handles the closing and the transfer of title in accordance with the Escrow Agreement. The Unit must be conveyed to Buyer free and clear of any blanket liens, such as mortgages covering more than one unit.
4. The Escrow Agreement provides certain protections to Escrow in the event of a dispute between Buyer and the Developer. These rights include filing an "interpleader" and the right to recover certain fees and costs. In an interpleader action the escrow deposit is given to the court to decide what action to take.
5. The Escrow Agreement sets out escrow fees, escrow cancellation fees and the fees for certain policies of title insurance.