

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

CONDOMINIUM PROJECT NAME	DE LA PENNA ESTATES 4
Project Address	4631 Kuawa Road Kilauea, Kauai, Hawaii 96754
Registration Number	6811 (Partial Conversion)
Effective Date of Report	July 21, 2009
Developer(s)	Ramon De La Pena, Trustee, Harriet De La Pena, Trustee, Ramon De La Pena, Jr.

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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

This is a condominium project, not a subdivision. There are county restrictions on the number of farm dwellings, or other structures, which may be built on the property. Therefore, unless the Purchaser is purchasing an existing farm dwelling, there is no assurance that the purchaser will be able to build a farm dwelling on the property. There is no assurance that the purchaser will be able to convert an existing structure to a farm dwelling. The Purchaser should consult with appropriate county agencies to determine whether the Purchaser may build a farm dwelling, or any other type of structure on the property.

1. There are presently one farm dwelling structure and one spatial unit on the Project, each of which may be defined as a "unit" under the Condominium Property Act.
2. This public report does not constitute an "approval" of the Project by the Real Estate Commission or any other governmental agency, nor does it warrant that all applicable county codes, ordinances and subdivision requirements have necessarily been complied with.
3. The land area beneath and immediately appurtenant to each unit is designated as a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the condominium map bounding the designated area in the land comprising the limited common elements are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements associated with county-approved subdivisions, such as fire protection devices, county street lighting, electricity, upgraded water facilities, etc., may not be provided, and county street maintenance and trash collection may not be available for interior roads and driveways.

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

TABLE OF CONTENTS

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

TABLE OF CONTENTS

	Page
5.6	Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance 14
5.6.1	Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance..... 14
5.6.2	Purchaser Deposits Will Be Disbursed Before Closing..... 14
5.7	Rights Under the Sales Contract 16
5.8	Purchaser's Right to Cancel or Rescind a Sales Contract 16
5.8.1	Purchaser's 30-Day Right to Cancel a Sales Contract..... 17
5.8.2	Right to Cancel a Sales Contract if Completion Deadline Missed..... 17
5.8.3	Purchaser's Right to Rescind a Binding Sales Contract After a Material Change 17
6.	MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT..... 18
EXHIBIT A:	Condominium Site Map
EXHIBIT B:	Description of Units and Common Interests in the Project
EXHIBIT C:	Description of Common Elements of the Project
EXHIBIT D:	Description of Limited Common Elements of the Project
EXHIBIT E:	Architect's Condition Report
EXHIBIT F:	Encumbrances Against Title
EXHIBIT G:	Estimate of Initial Maintenance Fees
EXHIBIT H:	Summary of Purchase Contract
EXHIBIT I:	Summary of Escrow Agreement
EXHIBIT J:	Memorandum from the County of Kauai Planning Department
EXHIBIT K:	Sample Farm Dwelling Agreement

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	4631 Kuava Road Kilauea, Kauai, Hawaii 96754
Address of Project is expected to change because	Each unit will be assigned its own street address by the County of Kauai
Tax Map Key (TMK)	[4] 5-2-013:003
Tax Map Key is expected to change because	Each unit will be assigned its own Tax Map Key by the County of Kauai
Land Area	5.697 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	1 farm dwelling and 1 spatial unit
Floors Per Building	1
Number of New Building(s)	0
Number of Converted Building(s)	1
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Unit A is constructed of concrete block on a concrete slab. Unit B is a spatial unit

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
A	1	3/1-1/2	912 sq. ft.	360 sq. ft.	Garage	1392 sq.ft
B	1	0/0	0	16 sq. ft.	Spatial Unit	16 sq. ft.
See Exhibit _____ "C" _____ .						

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

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

1.4 Parking Stalls

Total Parking Stall in the Project:	
Number of Guest Stalls in the Project:	
Number of Parking Stalls Assigned to Each Unit:	
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. *Unit A has an attached two-parking stall garage. There is ample room on the Limited Common Element appurtenant to Unit B for the parking of two vehicles.	

1.5 Boundaries of the Units

Boundaries of the unit: The physical or spatial portion of the project designated for separate ownership or occupancy, the boundaries of which are described in the Declaration, with an exit or common element leading to a public road. Each unit shall be deemed to include all structures located within its appurtenant common element from perimeter wall to perimeter wall and foundation to the exterior of the roof, and including without limitation, shutters, window boxes, doorsteps, porches, balconies, lanais and patios.

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):
Any structure(s) or alteration(s) permitted by law and not prohibited by recorded restriction.

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:

Described in Exhibit "B"

As follows:

Unit A = 50%
Unit B = 50%
100%

NOTE: The common interests were determined by allocating an equal percentage to each unit.

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): There are no recreational or common facilities.

1.9 Common Elements

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

Described in Exhibit "C".

Described as follows:

Common Element	Number
Elevators	N/A
Stairways	N/A
Trash Chutes	N/A

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 "D".

Described as follows:

NOTE: Land areas referenced in Exhibit "E" are not legally subdivided lots.

1.11 Special Use Restrictions

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

<input checked="" type="checkbox"/>	Pets: See Section 6 of this Developer's Public Report
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Section 6 of this Developer's Public Report
<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 "F" describes the encumbrances against title contained in the title report described below.

Date of the title report: March 12, 2009

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

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input type="checkbox"/>	Residential		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input checked="" type="checkbox"/>	Agricultural	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Agriculture
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other (Specify): Spatial Unit	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Agriculture
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input type="checkbox"/> No	
Describe any variances that have been granted to zoning code				

1.14 Other Zoning Compliance Matters

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

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable</p> <p><input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units: Based on the Architect's Condition Report issued September 18, 2008 by Ron Agor, licensed professional architect (Haw. Lic. No. 5921), the systems and components, including visible structural, electrical and plumbing, appear to be in satisfactory condition for the stated age and appear to be in sound condition. See: Architect's Condition Report attached hereto as Exhibit "E".</p>	
<p>Developer's statement of the expected useful life of each item reported above: Based on the Architect's Condition Report issued September 18, 2008 by Ron Agor, licensed professional architect (Haw. Lic. No. 5921), the apparent useful life of the units, provided that proper maintenance is applied to the units, is as follows: Unit A: 15 years; No representation in this regard is made as to Unit B.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: N/A</p>	
<p>Estimated cost of curing any violations described above: N/A</p>	

<p>Verified Statement from a County Official</p>	
<p>Regarding any converted structures in the project, attached as Exhibit "J" is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>	
<p>Other disclosures and information: N/A</p>	

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information: See Section 6 of this Developer's Public Report</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	<p>Name: Ramon De La Pena, Trustee, Harriet De La Pena, Trustee, Ramon De La Peña, Jr.</p> <p>Business Address: 6151 Kala Kea Place Kapaa, Kauai, Hawaii 96746</p> <p>Business Phone Number : 808-822-5957</p> <p>E-mail Address: N/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>N/A</p>
2.2 Real Estate Broker	<p>Name: None Selected. See Section 6 of this Public Report</p> <p>Business Address: N/A</p> <p>Business Phone Number: N/A</p> <p>E-mail Address: N/A</p>
2.3 Escrow Depository	<p>Name: Title Guaranty Escrow Services, Inc.</p> <p>Business Address: 235 Queen Street, 1st Floor Honolulu, Hawaii 96802</p> <p>Business Phone Number: 808-533-5855</p>
2.4 General Contractor	<p>Name: N/A</p> <p>Business Address: N/A</p> <p>Business Phone Number: N/A</p>
2.5 Condominium Managing Agent	<p>Name: Self-managed by Association</p> <p>Business Address: N/A</p> <p>Business Phone Number: N/A</p>
2.6 Attorney for Developer	<p>Name: Patrick J. Childs</p> <p>Business Address: 4365 Kukui Grove St., Ste. 104 Lihue, Kauai, Hawaii 96766</p> <p>Business Phone Number: 808-245-2863</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	January 23, 2008	2009-021161

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	January 23, 2008	2009-021162

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4775
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

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

The House Rules for this project:

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

3.5 Changes to the Condominium Documents

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	100%
Bylaws	67%	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: See Section 6 of this Developer's Public Report

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit "H" 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: April 2, 2009 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit "I" contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgages	Upon default the Lender may foreclose on the property and terminate the Purchaser's sales contract. In that case, all deposits, less cancellation fees, would be refunded to the Purchaser.

5.4 Construction Warranties

<p>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:</p> <p>Building and Other Improvements:</p> <p>None. There are no warranties, express or implied.</p>
<p>Appliances:</p> <p>None. There are no warranties, express or implied.</p>

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

<p>Status of Construction: Unit A was completed in 1991. Unit B is a spatially described unit.</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract: N/A</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A</p>

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

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

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

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

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

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

N/A

5.7 Rights Under the Sales Contract

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

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

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

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

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

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

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

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

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

(1) The purchaser has signed the sales contract.
(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

NOT A SUBDIVISION. This is a condominium project which should not be confused with a subdivision. A purchaser of a condominium unit will be conveyed a unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is NOT a legally subdivided lot.

MAINTENANCE FEES. Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each unit and its respective common element, including but not limited to cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the owner of the affected unit. There is no common element which contains any depreciable improvements. All utilities are separately metered. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report (See "Reserves", below). The Developer also certifies that the foregoing was based on generally accepted accounting principles.

RESERVES. No "reserve study" was done in accordance with Section 514B-148 Hawaii Revised Statutes, and Replacement Reserve Rules, Subchapter 6, Title 107, Hawaii Administrative Rules, as amended.

DISCLOSURE RE: NON-SELECTION OF REAL ESTATE BROKER. As of the effective date of this Developer's Public Report, the developer has not executed a listing agreement for the sale of this condominium project with any duly licensed Hawaii real estate broker. Thus, the developer cannot offer to sell or sell any units in this registered condominium project until: (1) The developer executes a listing agreement for the sale of this condominium project, (2) amends this Developer's Public Report to reflect the new information, and (3) delivers this Developer's Public Report, as amended, to the prospective purchaser. The conditions for a binding sales contract are listed in paragraph 5.8.1, on pages 16 and 17 of this report.

PARKING. The residential dwelling which constitutes Unit A contains a two parking-stall garaget. There is ample room on the limited common element appurtenant to Unit B for parking two vehicles.

SEWAGE DISPOSAL. There is no public sewer available to this Project. Unit A is served by a septic system approved and registered with the State of Hawaii Department of Health. The purchaser of Unit B shall be responsible for permitting, construction and maintenance of a new septic system to serve Unit B.

AGRICULTURAL USES AND FARM DWELLING. This condominium project is situated on agriculturally zoned land under the County of Kauai Comprehensive Zoning Ordinance (the "CZO"), and is subject to all restrictions associated therewith. This is not residentially zoned property and the Developer does not warrant that any residence will be permitted by the County of Kauai with any specific common element. Except as limited specifically by the condominium documents, all uses permitted in the agricultural zones are permitted. Agriculturally zoned properties are subject to density requirements that may change. Any such change will affect the number of allowable units that may be placed on the underlying land. Uses in one zone are not the same as in the other, and a prospective purchaser of any unit should consult with the appropriate County agency for information on uses and construction in the respective zones. A

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

The County of Kauai does presently require each owner in the condominium project to engage in agricultural activities. In order for a subsequent owner to gain a residential building permit. Each owner shall engage in agricultural activity as defined by the State of Hawaii or the County of Kauai. The definition or required level of agricultural activity may change from time to time. Nevertheless, agricultural activity within one owner's limited common element will have an impact upon another owner being able to obtain a building permit and shall increase such activity if the county so requires. In this regard, each owner shall maintain a level of agricultural activity within his limited common element equal to that of every other owner in proportion to the amount of land reasonable available for agricultural usage. If the construction of a dwelling shall cause a decline in agricultural activity and/or acreage within the limited common element appurtenant to one unit, then it shall be the obligation of the other units to increase such activity or acreage if there be no more available land within the affected limited common element.

Purchasers should be aware that Chapter 205, Hawaii Revised Statutes, as amended, (HRS) does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to agricultural activity or is a "farm dwelling". In most cases, a farm dwelling may not be constructed unless an unit owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval. The term "farm dwelling" is defined in HRS Section 205-4.5(a)(4) as a "single family dwelling" located on and used in connection with a farm, including clusters of single-family dwellings permitted within agricultural parks developed by the state, or where agricultural activity provides income to the family occupying the dwelling". The penalty for violation of HRS Section 205-4.5, is a fine of not more than \$5,000.00. If any person who is cited for a violation of the law fails to remove such violation within six months of such citation and the violation continues, such person is subject to a new and separate violation. There shall be a fine of not more than \$5,000.00 for any additional violation.

Exhibit K contains a sample Farm Dwelling Agreement. In short, a Farm Dwelling Agreement means that the initial improvements on each unit may be replaced by or supplemented with a farm dwelling. It is anticipated that the initial improvement on Unit B will be a farm dwelling. The prospective purchaser shall have the right to build a farm dwelling at purchaser's expenses. In such an event, the purchaser shall describe the farm dwelling by filing the "substantially as-built" certificate of an architect or engineer licensed within the State of Hawaii, within thirty (30) days after completion of construction or the improvement or supplement (which is different in any respect from the Condominium Map), and duly record in the Bureau of Conveyances an Amendment to the Declaration and the Condominium Map showing the Project so altered. The County of Kauai (the "County) Planning Department may require, to process the necessary permits for the construction of a farm dwelling and the processing of a Farm Dwelling Agreement, authorization from at least 75% of the legal and equitable ownership of the entire Project.

SPECIAL USE RESTRICTIONS. The Declaration and Bylaws contain restrictions on the use and occupancy of the units which include, but are not limited to the following:

No poultry, pigs, goats, other farm animals or hunting dogs used for pigs and goats, specifically including pit bulls, pit bull-mix and other dogs of similar disposition and/or breeding, shall be allowed to be kept by any owner on the property under any circumstances.

All Owners and occupants shall exercise extreme care not to cause or permit excessive noises that may disturb other occupant. This provision expressly refers to and includes barking dogs.

Each unit owner, at his sole expense, shall maintain his unit, and any improvements therein in good order and in a clean, neat, sanitary and attractive condition, free of all trash and unsightly objects.

FLOOD ZONE. The Project abuts Kilauea Stream on its eastern boundary and is subject to a 100 year flood setback line as shown on the subdivision map prepared by Masao Fujishige, Registered Professional Land Surveyor, dated August 15, 1977.

AGREEMENT DATED MAY 13, 1977, RECORDED AT LIBER 12242 PAGE 280. This document may contain restrictive covenants relating to the original agricultural subdivision of the land underlying the Project. Any prospective purchaser should satisfy him/herself that such provisions are understood as they may impact the development of the units comprising the Project.

RESERVATION OF RIGHTS. The Developer has reserved, the absolute right to amend the Declaration and the Condominium Map without the consent or joinder of any unit owner or any other party (including any mortgagee) holding any interest in any unit or the Project, for the purpose of adding real estate to the Project, creating units, adding common elements within the Project, subdividing units, combining units, converting units into common elements, withdrawing real estate from the Project, merging projects or increments of a project or otherwise altering the Project, upon the condition that no such amendment shall in any way alter or impact in any material way any unit or common interest thereof which has been conveyed by the Developer prior to the filing of such amendment in the Bureau of Conveyances of the State of Hawaii.

The Developer has further reserved, and each of the subsequent owners of Unit A and/or Unit B shall also have, the right to divide their respective individual units and the limited common elements appurtenant thereto, into not more than two units each within the Project (the "Resultant Units"), pursuant and subject to Hawaii Revised Statutes Chapter 514B, as amended, and any other applicable law or regulation, and to provide easements for utilities and access thereto, within the original underlying unit ("A" or "B"), subject to the following conditions:

(i) The Resultant Units and their limited common elements shall not cause the recalculation of the percentage of undivided interest in the common elements of the project. The common interest owned by each of the Resultant Units shall be a twenty-five percent (25%) common interest in the whole.

(ii) In the event that either Unit A or Unit B shall be divided into two Resultant Units pursuant to this Section 4, such that there shall be three units which constitute this Project, the Declaration and the Bylaws annexed thereto shall be amended to require a one hundred percent (100%) unanimous vote of the Board of Directors in order that it shall bind all

unit owners. In the event that both Unit A and Unit B shall each be divided into two Resultant Units pursuant to this provision in this Declaration, such that there shall be four units which constitute this Project, this Declaration and the Bylaws annexed hereto shall be amended to require that a seventy-five percent (75%) vote of the Board of Directors shall be required in order that it shall bind all unit owners.

(iii) A unit owner who elects to further divide his unit under these provisions shall have and is hereby granted the right to construct such improvements as may be allowed by law and the Declaration on either or both of the Resultant Units. Each unit owner may amend this Declaration and the Condominium file plan by his signature alone to reflect such further division and construction. Each unit owner shall cooperate with the other(s) in executing such documents as the State of Hawaii or the County of Kauai may require in order for a unit owner within the project to obtain a building permit for the construction of such improvements as may be allowed, including a single family residence, upon the limited common elements of the Resultant Units. Each unit owner does grant to each of the other unit owners an irrevocable power of attorney to apply for and receive County and State building and other permits, necessary for the construction of allowed improvements upon the limited common elements of the Resultant Units, and the Declaration does constitute for all purposes, such said power of attorney which shall be a personal obligation and covenant binding on all subsequent unit owners which shall run with the Land. This provision shall be enforceable either at law or equity by either a unit owner or by the Unit Owners' Association, with all costs and consequential damages assessed against the offending unit owner(s). The Resultant Units shall remain subject to the Declaration as it may be amended, and to the Bylaws annexed thereto as they may be amended. Nothing therein shall be construed so as to waive any obligation a unit owner may have to construct improvements in accordance to the Declaration, as it may be amended, the By-Laws, as they may be amended, and all governmental laws, regulations and ordinances.

(iv) All costs and expenses arising out of the further division of either Unit A or Unit B into two Resultant Units shall be borne exclusively by the owner of the underlying unit.

(v) An owner who divides his unit into two Resultant Units shall cause to be prepared at his own expense and filed with the State of Hawaii Real Estate Commission:

a. An Amended Public Report which fully complies with the requirements of Hawaii Revised Statutes Section 514B-56.

b. Amendments to the governing instruments of this Project, this Declaration, the Bylaws and the Condominium Map, which reflect the division of either unit of the Project into two Resultant Units, including, without limitation, any provisions required by this Section 4.

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.



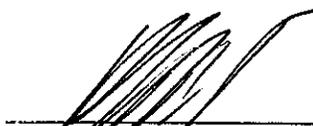
RAMON DE LA PENA, TRUSTEE
Developer

12-1-08
Date



HARRIET DE LA PENA, TRUSTEE
Developer

12-1-08
Date



RAMON DE LA PENA, JR.
Developer

12-1-08
Date

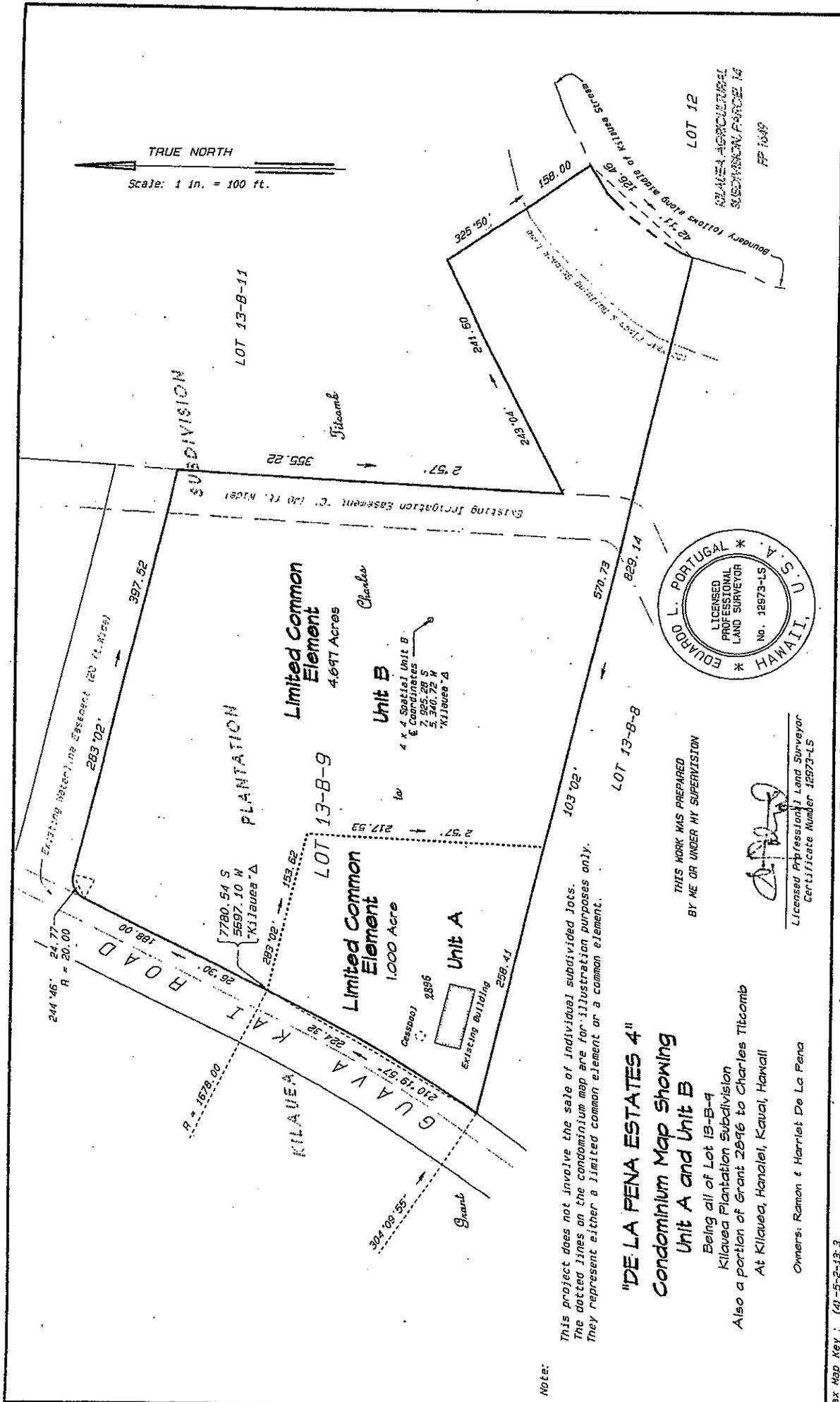
Distribution:

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"



Note:

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

"DE LA PENA ESTATES 4"
Condominium Map Showing
Unit A and Unit B

Being all of Lot 13-B-4
Kilauea Plantation Subdivision
Also a portion of Grant 2896 to Charles Titcomb
At Kilauea, Hanalei, Kawai, Hawaii

Owners: Ramon & Harriet De La Pena

THIS WORK WAS PREPARED
BY ME OR UNDER MY SUPERVISION

(Signature)

Licensed Professional Land Surveyor
Certificate Number 12973-LS

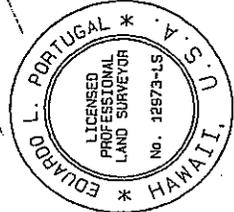


EXHIBIT "B"

DESCRIPTION OF UNITS AND COMMON INTERESTS

The fee simple Project consists of two (2) units which are in compliance with all zoning and building ordinances, codes, rules, regulations, laws, including tax laws, or other requirements applicable to the Project and in force at the time of construction. No variances have been granted to achieve such compliance. This project does not have any basements.

Unit A consists of a single family residential dwelling containing 912 square feet of living floor area, including three bedrooms, one bathroom, a kitchen, a dining area, and a living room. Unit A also has a service area containing 120 square feet, including a laundry room and a half-bath. Unit A also contains a 360 square foot attached two-parking stall garage. Unit A is constructed of concrete masonry units on a concrete slab foundation. Unit A is situated on a limited common element containing 1.000 acre.

Unit B consists of a one-storey spatial unit which is a cubic open area that is approximately four (4) feet in length, four (4) feet in width and four (4) feet in height. Unit B covers and contains a ground surface area of approximately sixteen (16) square feet. The center location of Unit B is identified with a tie in with the Government Survey Triangulation Station "Kilauea", as shown on the Condominium Map for this project. Unit B is situated on a limited common element containing 4.697 acres. There is ample parking space for at least two vehicles within the Limited Common Element appurtenant to Unit B.

The approximate net floor area of a unit as set forth above, is measured from the interior surfaces of the unit perimeter walls and includes all of the walls and partitions within its perimeter walls.

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. The percentage common interest for each unit is determined by apportioning an equal fifty per cent (50%) common interest to each of the two (2) units irrespective of the size of the units and the limited common elements appurtenant to each of them respectively. Therefore, Unit A and Unit B will each have an equal fifty per cent (50%) interest in all common elements of the project, the same proportionate share in all common profits and common expenses of the project and for all other purposes, including voting. The common interest appurtenant to each unit shall be permanent.

END OF EXHIBIT "B"

EXHIBIT "C"

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are all portions of the condominium project other than the units, including specifically, but without limitation:

- (a) All of the Land, in fee simple;
- (b) The limited common elements, subject to the limitations and uses provided for in the Declaration;
- (c) Any portion of any pipe(s), wire(s), conduit(s), or other utility or service line(s), drainage ditch(es) or drainage structure(s), retaining wall(s) and yard fence(s), which is/are utilized by or serve(s) more than one unit or any portion of the common elements.

The common elements also include and other interests in real estate for the benefit of the unit owners which are subject to the Declaration.

END OF EXHIBIT "C"

EXHIBIT "D"

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements," have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements and include:

Unit A – Limited Common Element of 1.000 acre. The land area underlying, surrounding and designated in the Declaration for the exclusive use of Unit A is a limited common element containing an area of 1.000 acre, as labeled and depicted on the Condominium Map.

Pages 2 and 3 of this Exhibit "D" contain a metes and bounds description of the portion of the land which is the limited common element appurtenant to Unit A. This limited common element is not a legally subdivided lot.

Unit B – Limited Common Element of 4.697 acres. The land area underlying, surrounding and designated in the Declaration for the exclusive use of Unit B is a limited common element containing an area of 4.697 acres, as labeled and depicted on the Condominium Map.

Pages 4 and 5 of this Exhibit "D" contain a metes and bounds description of the portion of the land which is the limited common element appurtenant to Unit B. This limited common element is not a legally subdivided lot.

DESCRIPTION

**"DE LA PENA ESTATES 4"
CONDOMINIUM**

UNIT A

LIMITED COMMON ELEMENT

Being portion of Lot 13-B-9

Kilauea Plantation Subdivision

Portion of Grant 2896 to Charles Titcomb

Situate at Kilauea, Hanalei, Kauai, Hawaii

Beginning at the northwest corner of this unit, the west corner of Unit B of "De La Pena Estates 4" Condominium, portion of Lot 13-B-9, Kilauea Plantation Subdivision, portion of Grant 2896 to Charles Titcomb and the east side of Guava Kai Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KILAUEA" being 7,780.54 feet South and 5,697.10 feet West, thence running by azimuth measured clockwise from True South:

- | | | | |
|----|--|--------|---|
| 1. | 283°02' | 153.62 | feet along Unit B of "De La Pena Estates 4" Condominium, portion of Lot 13-B-9, portion of Grant 2896 to Charles Titcomb; |
| 2. | 2°57' | 217.53 | feet along same; |
| 3. | 103°02' | 258.41 | feet along Lot 13-B-8, Kilauea Plantation Subdivision, portion of Grant 2896 to Charles Titcomb; |
| 4. | Thence along the east side of Guava Kai Road on curve to the left, with a radius of 1,678.00 feet, the chord azimuth and distance being 210°19'57" 224.32 feet to the point of beginning and containing an area of 1.000 Acre. | | |

T.M.K: (4)-5-2-13:3



Licensed Professional Land Surveyor
License No. 2225-SE
Portugal Surveying & Mapping, Inc.
December 1, 2006

DESCRIPTION

**“DE LA PENA ESTATES 4”
CONDOMINIUM**

UNIT B

LIMITED COMMON ELEMENT

Being portion of Lot 13-B-9

Kilauea Plantation Subdivision

Portion of Grant 2896 to Charles Titcomb

Situate at Kilauea, Hanalei, Kauai, Hawaii

Beginning at the west corner of this unit, the northwest corner of Unit A of “De La Pena Estates 4” Condominium, portion of Lot 13-B-9, Kilauea Plantation Subdivision, portion of Grant 2896 to Charles Titcomb and the east side of Guava Kai Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station “KILAUEA” being 7,780.54 feet South and 5,697.10 feet West, thence running by azimuth measured clockwise from True South:

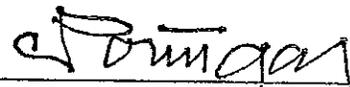
1. 26°30' 188.00 feet along the east side of Guava Kai Road;
2. Thence along Lot 13-B-11, Kilauea Plantation Subdivision, portion of Grant 2896 to Charles Titcomb on a curve to the right with a radius of 20.00 feet, the chord azimuth and distance being 244°46' 24.77 feet;
3. 283°02' 397.52 feet along same;
4. 2°57' 355.22 feet along same;
5. 243°04' 241.60 feet along same;
6. 325°50' 158.00 feet along same;

- | | | | |
|-----|--|--------|---|
| 7. | Thence along the middle of Kilauea Stream, the direct azimuth and distance being | | |
| | | | 42°11' 126.46 feet; |
| 8. | 103°02' | 570.73 | feet along Lot 13-B-8, Kilauea Plantation Subdivision, portion of Grant 2896 to Charles Titcomb; |
| 9. | 182°57' | 271.53 | feet along Unit A of "De La Pena Estates 4" Condominium, portion of Lot 13-B-9, portion of Grant 2896 to Charles Titcomb; |
| 10. | 103°02' | 153.62 | feet along same to the point of beginning and containing an area of 4.697Acres. |

SUBJECT HOWEVER, to the following:

1. Existing Irrigation Easement "C" (40 ft. wide)
2. 100 Year Flood and Building Setback Line

T.M.K.: (4)-5-2-13:3



Licensed Professional Land Surveyor
 License No. 2225-SE
 Portugal Surveying & Mapping, Inc.
 December 1, 2006

END OF EXHIBIT "D"

EXHIBIT "E"

ARCHITECT'S CONDITION REPORT

The undersigned, being a licensed Architect within the State of Hawaii, and bearing Registration Number 5921, has inspected Unit A and Unit B of "DE LA PENA ESTATES 4" located at Tax Map Key, 4th Division, 3-2-013:003.

Unit A: 3 bedrooms, 1 bath, living room, kitchen, dining area, storage, and laundry.

Unit B: Spatial Unit

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

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

Unit A: 15 years.
 Unit B: 15 years.

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

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

DATED: Lihue, Kauai, Hawaii September 18, 2008

RON AGOR
Registered Professional Architect
Fifth Judicial Circuit



NOTARY PUBLIC CERTIFICATION
 Alicia Raco
 Doc. Description: Architect's Condition Report

My Commission Expires 12-23-2011
 No. of Pages: 1 Date of Doc. 9/18/08
 Alicia Raco
 Notary Signature Date

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

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

1. **Tax Map Key: [4] 5-2-013-003**

Real Property Taxes, if any, that may be due and owing. Reference is made to the Department of Taxation, County of Kauai.

Area Assessed : 248,161 square feet

Note: Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines
3. Free flowage of Kilauea Stream
4. Location of the boundary of Kilauea Stream and the effect, if any, upon the area of the land described herein, and the free flowage thereof.
5. Rights of access in favor of others as set forth in that certain unrecorded Agreement dated February 11, 1972, as contained in Deed dated July 10, 1972, recorded in Liber 8431 at Page 229.
6. The terms and provisions contained in the following:

INSTRUMENT: AGREEMENT

DATED : May 13, 1977

RECORDED : Liber 12242 Page 280

PARTIES : BOARD OF AGRICULTURE, by John Farias, Jr., its Chairman,
BOARD OF LAND AND NATURAL RESOURCES, and
HAROLD B. WILSON and MILDRED A. WATSON, husband and
Wife

RE : agricultural subdivision

7. **GRANT**

TO : C. B. KILAUEA, INC., a Hawaii corporation, and
BREWER PROPERTIES, INC., a Delaware corporation

DATED : August 2, 1977

RECORDED : Liber 12400, Page 54

GRANTING : as easement for irrigation and drainage purposes, more particularly described therein

Said Grant was amended by instrument dated August 2, 1977, recorded in Liber 12610 at Page 171.

8. The terms and provisions contained in the following:

INSTRUMENT: WARRANTY AND MORTGAGE ASSUMPTION DEED

DATED : November 17, 1977
RECORDED : Liber 12610 Page 176

9. The terms and provisions contained in the following:

INSTRUMENT: FARM DWELLING AGREEMENT

DATED : October 26, 1989
RECORDED : Liber 23843 Page 515
PARTIES : RAMON DE LA PENA and HARRIET E. DE LA PENA,
"Applicants", and COUNTY OF KAUAI

10. NOTICE OF DEDICATION

DATED : December 23, 2004
RECORDED : Document No. 2005-002194
BY : RAMON E. DE LA PENA and HARRIET E. DE LA PENA, and
RAMON E. DE LA PENA, JR.
RE : dedication of land for agricultural purposes
PERIOD : 10-year effective January 1, 2005

11. A 100 year flood setback line as shown on subdivision map prepared by Masao Fujishige, Registered Professional Land Surveyor, dated August 15, 1977

12. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME
FOR "DE LA PENA ESTATES 4" CONDOMINIUM
PROJECT

DATED : January 23, 2008
RECORDED : Document No. 2009-021161
MAP : 4775 and any amendments thereto

13. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS

DATED : January 23, 2008

RECORDED : Document No. 2009-021162

14. The Final Public Report for the "DE LA PENA ESTATES 4" condominium project is not filed with the Office of the Department of Commerce and Consumer Affairs.

15. Any lien (or claim of lien) for services, labor or material arising from an improvement to the land which contains the Project.

END OF EXHIBIT "F"

EXHIBIT "G"

ESTIMATE OF INITIAL MAINTENANCE FEES

Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each unit and its appurtenant limited common element, including but not limited to cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the owner the affected unit. There is no depreciable common element associated with the Project. All utilities are separately metered. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report. The Developer also certifies that the foregoing was based on generally accepted accounting principles.

END OF EXHIBIT "G"

EXHIBIT "H"

SUMMARY OF PURCHASE CONTRACT

The Seller intends to use the Hawaii Association of Realtors' form of "Purchase Contract" as the sales contract for the sale of units in the Project. The Purchase Contract contains the purchase price, description and location of the unit and other terms and conditions under which a Buyer will agree to buy a unit.

Among other things, the Purchase Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how the Buyer will pay the purchase price.
2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sale is closed or cancelled.
3. Requires that Buyer must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Provides the following remedies in the event of default under the Purchase Contract:

By Seller:

- A. Seller may bring an action against Buyer for breach of contract;
- B. Seller may retain Buyer's deposit as liquidated damages;
- C. Seller shall be compensated for all expenses incurred.

By Buyer:

- A. Buyer may bring an action against Seller for breach of contract;
- B. Buyer may bring an action against Seller compelling Seller to perform under the contract;
- C. Seller shall be responsible for all expenses incurred.

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

5. Allocation of payment of closing costs.

6. Provides that the property is sold "as is".
7. The Purchase Contract provides that the Developer reserves the absolute right to amend the Declaration and the Condominium Map without the consent or joinder of any Unit Owner or any other party (including any mortgagee) holding any interest in any apartment or the Project, for the purpose of adding real estate to the Project, creating units, adding common elements within the project, subdividing units, combining units, converting units into common elements, withdrawing real estate from the Project, merging projects or increments of a project or otherwise altering the Project, upon the condition that no such amendment shall in any way alter or impact in any material way any unit or common interest thereof which has been conveyed by the Developer prior to the filing of such amendment in the Bureau of Conveyances of the State of Hawaii.

END OF EXHIBIT "H"

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY OF HAWAII, INC. (the "Escrow"), and RAMON S. DE LA PENA, TRUSTEE OF THE RAMON S. DE LA PENA SELF-TRUSTEED TRUST, DATED APRIL 10, 1992, HARRIET E. DE LA PENA, TRUSTEE OF THE HARRIET E. DE LA PENA SELF-TRUSTEED TRUST, DATED APRIL 10, 1992, and RAMON S. DE LA PENA, JR., the "Seller" contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Purchase contract Deposited into Escrow. Whenever Seller enters into a purchase contract for the sale of a unit, Seller will deliver an executed copy of the purchase contract to Escrow, including any amendments thereto. The purchase contract shall specify the effective date of the Developer's Public Report and any amendments thereto.

2. Funds Paid to Escrow. Seller shall pay over to Escrow any monies received by Seller from purchasers under purchase contracts covering units in the Project, including all disbursements made on loan commitments, if any, from lending institutions to individual purchasers. Escrow shall receive and hold in escrow and disburse as herein set forth: (1) all payments received by Escrow under purchase contracts made by Seller; (2) all sums received by Escrow hereunder from Seller; (3) all funds from any lending institution pursuant to a mortgage loan for the purchase of any unit by individual purchasers; and (4) all sums received by Escrow from any other source on account of this Project. In accordance with written instructions from Seller that are acceptable to Escrow, Escrow shall deposit all funds so received, within a reasonable time of their receipt by Escrow and in reasonably convenient sums, in a federally-insured, interest-bearing account at any bank, savings and loan association, financial services loan company or credit union authorized to do business in the State of Hawaii. Unless otherwise provided in the Escrow Agreement, any interest earned on funds deposited in Escrow shall accrue to the credit of the purchase unless otherwise provided in the Purchase Agreement.

3. Disbursement of Funds in Escrow. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled:

(a) Effective Public Report and Amendments. Seller shall have delivered to the purchaser a true copy of the Public Report including all amendments, with effective date(s) issued by the Real Estate Commission. Seller shall provide to Escrow a true copy of each Public Report and amendment issued for the Project, and each pending amendment with the date that the pending amendment was filed with the Real Estate Commission.

(b) Waiver of Cancellation Rights.

(i) Notice of Cancellation. Seller shall have delivered to the purchaser notice of the purchaser's thirty-day right of cancellation on a form prescribed by the Real Estate Commission.

(ii) Waiver of Cancellation Rights. The purchaser shall have waived the right to cancel or shall be deemed to have waived the right to cancel in accordance with HRS §514B-86(c). (The purchaser may waive the purchaser's rescission right by (A) checking the waiver box on the rescission notice, signing it and delivering it to the Seller; (B) letting the thirty-day rescission period expire without taking any action to rescind; or (C) closing the purchase of the unit before the rescission period expires.)

(iii) Receipts Related to Cancellation Rights. Seller shall have provided to Escrow evidence that the purchaser has received a true copy of the Public Report and all amendments thereto and the

notice of the thirty-day right of cancellation, which evidence may be a receipt for the Public Report signed by the purchaser, a receipt of the notice of the thirty-day right of cancellation signed by the purchaser, return receipts for copies of the Public Report or notice sent by certified or registered mail or such other evidence satisfactory to Escrow.

(c) Waiver of Rescission Rights.

(i) No Material Change. Seller shall affirm to Escrow that there has been no material change in the Project that gives rise to rescission rights under HRS §514B-87(a) after the purchase contract became binding. ("Material change" as used herein shall have the meaning contained in HRS §514B-3.) Otherwise, the rescission provisions set forth below shall apply.

(ii) Rescission Waived. In the event of a material change in the Project that gives rise to rescission rights under HRS §514B-87(a) after the purchase contract becomes binding, Seller shall affirm that Seller has delivered to the purchaser a description of the material change on a form prescribed by the Real Estate Commission.

(iii) Notice of Right of Rescission Because of Material Change. Seller shall have delivered to the purchaser notice of the purchaser's thirty-day rescission right on a form prescribed by the Real Estate Commission.

(iv) Waiver of Rescission Rights. The purchaser shall have waived the right to rescind or shall be deemed to have waived the right to rescind in accordance with HRS §514B-87(b). (The purchaser may waive the purchaser's rescission right by (A) checking the waiver box on the rescission notice, signing it and delivering it to the Seller; (B) letting the thirty-day rescission period expire without taking any action to rescind; or (C) closing the purchase of the unit before the rescission period expires.)

(v) Receipts Related to Rescission Rights. Seller shall have provided to Escrow evidence that the purchaser has received the thirty-day notice of right of rescission, which evidence may be a receipt for the notice of the thirty-day right of rescission signed by the purchaser, return receipts for copies of the notice mailed certified or registered mail or such other evidence satisfactory to Escrow.

4. Return of Purchaser's Funds and Documents.

(a) Cancellation or Rescission of a Purchase Contract. Unless otherwise provided in this Agreement, a purchaser shall be entitled to a return of such purchaser's funds and Escrow shall pay such funds to such purchaser, together with any interest which may have accrued to the credit of such purchaser, if any one of the following has occurred:

(i) Seller and purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(ii) Seller shall have notified Escrow of Seller's exercise of the option to cancel or rescind the purchase contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Seller; or

(iii) The purchaser shall have notified Escrow of purchaser's exercise of purchaser's right to cancel the purchase contract pursuant to HRS §514B-86 (thirty-day right to cancel), or, if applicable, HRS §514B-89 (failure to complete construction before specified completion deadline);

or

(iv) The purchaser shall have notified Escrow of purchaser's exercise of purchaser's right to rescind the purchase contract pursuant to HRS §514B-87, by a valid rescission signed by all purchasers of the affected unit and postmarked no later than midnight of the thirtieth calendar day after the date that the purchasers received the notice of rescission from Seller, in which case the purchasers shall be entitled to a prompt and full refund of any moneys paid.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in sections 6(a)(i) or 6(a)(ii) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in sections 6(a)(iii) or 6(a)(iv) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to the purchaser (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation, up to a maximum of \$250.00); provided, however, that no refund shall be made to a purchaser at the purchaser's request prior to receipt by Seller of written notice from Escrow of Escrow's intent to make such refund and the purchaser shall not be required to pay a cancellation fee to Escrow for any rescission pursuant to HRS §514B-87.

Seller understands and acknowledges that in the event of a rescission by the purchaser under HRS §514B-87: (A) if interest was accruing to the credit of Seller, interest will be reported to the IRS as being earned by Seller; (B) if Seller required the purchaser to secure a financing commitment, the purchaser shall be entitled to reimbursement from Seller (and not from Escrow) of any fees incurred by the purchaser in securing that financing commitment required by Seller; and (C) Seller shall pay to Escrow a fee commensurate with the work done by Escrow prior to such cancellation, up to a maximum of \$250.00.

5. Escrow will arrange for and supervise the signing of all documents, which are to be signed subsequent to and contemplated by the Purchase contract, and will cause to be recorded and documents for which recordation is necessary.

6. Purchaser's Default. Seller shall give notice in writing to Escrow of the occurrence of each event that initiates an obligation of a purchaser to make a payment to Escrow pursuant to the sales contract as well as notice of the amount and due date of such payment. If the purchaser fails to make such payment to Escrow on or before the due date thereof or if the purchaser fails to perform in any matter that is being handled by Escrow, Escrow shall promptly notify Seller of any such failure on the part of the purchaser. If Seller subsequently certifies in writing to Escrow that Seller has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Seller and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by this Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller, less any escrow cancellation fee. Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

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

BERNARD P. CARVALHO, JR.
MAYOR

GARY K. HEU
ADMINISTRATIVE ASSISTANT



IAN K. COSTA
DIRECTOR OF PLANNING

COPY

IMAIKALANI P. AIU
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUAI
PLANNING DEPARTMENT

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

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

DATE: February 27, 2009

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

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: DELA PENA ESTATES
Condominium Project (577)
Tax Map Key: (4) 5-2-013: 009

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

1. The developer have contracted architect Ron Agor to certify that the buildings on the proposed project referred to as Dela Pena Estates Condominium Unit A and Unit B are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.

Senior Condominium Specialist
Dela Pena Estates Condominium
TMK: (4) 5-2-013: 009
February 27, 2009
Page two

2. There are no variances approved for the subject property.
3. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes and regulations.
4. There are no notices of violations of County building or zoning codes outstanding according to our records.
5. **WAIVER**
The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulations of condominiums under subsection 514 B-84, (a), and (2), Hawaii Revised Statutes.

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

cc: Patrick Childs, Attorney at Law
Ramon Dela Pena, Project Developer

EXHIBIT "K"

LAND COURT SYSTEM	REGULAR SYSTEM
Return by Mail (X) Pickup ()	To:
County of Kauai Planning Department 4444 Rice Street, Suite 473 Lihue, Kauai, Hawaii 96766	

FARM DWELLING AGREEMENT

THIS AGREEMENT made and entered into by and between

_____ whose mailing address is _____

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

W I T N E S S E T H

WHEREAS, the APPLICANT(S) warrant and represent that they are the _____ of

that certain parcel of land, Tax Map Key No. _____, more particularly described in Exhibit "A" attached hereto and made a part hereof; and

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT "K"

(Page 2 of 6)

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

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

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

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

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

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

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

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

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

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

EXHIBIT "K"

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

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

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

APPROVED:

Applicant(s)

Planning Director
County of Kauai
Planning Department

APPROVED AS TO FORM
AND LEGALITY:

County Attorney

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this day of _____, before me
appeared _____ to me personally known,
who being by me duly sworn, did say that he is _____
_____ of the PLANNING
DEPARTMENT of the COUNTY OF KAUAI; and that said instrument was
executed on behalf of said PLANNING DEPARTMENT; and that said
_____ acknowledged that he executed the
same as his free act and deed of the PLANNING DEPARTMENT of the
COUNTY OF KAUAI. Said Department has no seal.

Notary Public, State of Hawaii
My commission expires: _____

STATE OF HAWAII)
COUNTY OF KAUAI) ss.

On this day of _____, before me personally appeared _____

_____ to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

Notary Public, State of Hawaii

My commission expires: _____

EXHIBIT "K"

(Page 6 of 6)