

IMPORTANT - - Read This Developer Prepared Report Before Buying

This Report Is Not a Commission Approval or Disapproval of This Condominium Project

DEVELOPER'S PUBLIC REPORT FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	4020 PAI STREET
Project Address	4020 AND 4020A Pai Street Kalaheo, Hawaii 96741
Registration Number	7801 (Conversion)
Effective Date of Report	May 9, 2016
Developer(s)	Richard K. Gibbons and Michelle L. Gibbons

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 - - Significant Matters

[Use this page for special or significant matters which should be brought to the purchaser's attention. At minimum "Subject Headings" and page numbers where the subject is explained more may be used.]

The developer's inclusion of a disclosure or an explanation of any or all of the following applicable significant matters in this part of the developer's public report shall not be construed to constitute the Commission's:

- **Approval or disapproval of the project;**
- **Representation that the developer has fully or adequately disclosed either all material facts or all pertinent changes, or both, concerning the project;**
- **Representation that the developer's disclosures of other material facts elsewhere in this report is less important; or**
- **Judgment of the value or merits of the project.**

The commission reserves the right to request that the developer include these special and significant matters elsewhere in the developer's public report.

SPECIAL NOTICE:

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

1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency.
2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediate adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.
3. Facilities and improvements normally associated with County approved subdivision may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior road.
4. Each Unit is serviced by its own cesspool.

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

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	4020 and 4020A Pai Street Kalaheo, Hawaii 96741
Address of Project is expected to change because	
Tax Map Key (TMK)	(4) 2-3-022-026
Tax Map Key is expected to change because	County may assign new TMK numbers or cpr numbers for each unit.
Land Area	10,130 square feet
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	2 for Unit 4020 and 1 for Unit 4020A
Number of New Building(s)	0
Number of Converted Building(s)	2
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood, concrete and other allied building materials

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
4020	1	4 / 2.5	1,896	480 /	Garage /	
				242 /	lanai /	
				42	lanai	2,660
4020A	1	2 / 1	840	126	lanai	966
See Exhibit <u> A </u> .						

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

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

1.4 Parking Stalls

Total Parking Stall in the Project:	4 (See Exhibit "A")
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit:
 Each unit shall include its entire structure, and the limited common land area appurtenant to such unit. The boundary of each improved unit is the exterior finished surfaces of the units' perimeter frame, wall, roofs, foundation, windows and frames, doors, beams and post, if any.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):
 Each unit owner may alter the structure and any improvements located within their unit's limited common land area as provided in paragraphs 7.0 and 15.0 of the Declaration of Condominium Property Regime.

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 _____.

As follows:

Unit 4020:	50%
Unit 4020A:	50%
	100%

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

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

1.9 Common Elements

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

Described in Exhibit B _____.

Described as follows:

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

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

Described in Exhibit B _____.

Described as follows:

1.11 Special Use Restrictions

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

<input checked="" type="checkbox"/>	Pets: domestic animals are allowed
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

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

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

Date of the title report: January 29, 2016

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

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

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

1.14 Other Zoning Compliance Matters

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

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>See Exhibit F. Developer adopts the statements made by the Architect in Exhibit F.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>None</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>None</p>	
<p>Estimated cost of curing any violations described above:</p> <p>Not Applicable</p>	

<p>Verified Statement from a County Official</p>	
<p>Regarding any converted structures in the project, attached as Exhibit <u>G</u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal 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:</p>	

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	<p>Name: Richard K. Gibbons and Michele L. Gibbons</p> <p>Business Address: 4020 Pai Street Kalaheo, Kauai, Hawaii 96741</p> <p>Business Phone Number : (909) 809-9025</p> <p>E-mail Address: gibbonsrk@verizon.net</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	
2.2 Real Estate Broker	<p>Name: Re/Max Kauai Living Poipu</p> <p>Business Address: 2253 Poipu Road Koloa, Kauai, Hawaii 96756</p> <p>Business Phone Number: (808) 346-0056</p> <p>E-mail Address: lyndagill@lyndagill.com</p>
2.3 Escrow Depository	<p>Name: Old Republic Title & Escrow of Hawaii, Ltd.</p> <p>Business Address: 3417 Poipu Road, Suite 109 Koloa, Hawaii 96746</p> <p>Business Phone Number: (808) 742-1494</p>
2.4 General Contractor	<p>Name:</p> <p>Business Address:</p> <p>Business Phone Number:</p>
2.5 Condominium Managing Agent	<p>Name: None. Self Managed by the Association</p> <p>Business Address:</p> <p>Business Phone Number:</p>
2.6 Attorney for Developer	<p>Name: Michael H. Sakai</p> <p>Business Address: 708 South King Street, Suite 208-2 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 531-4171</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 19, 2015	A-58790723

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	March 22, 2016	A-59470483

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	October 19, 2015	A-58790724

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	5502
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%	67%
Bylaws	67%	67%

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

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>Developer reserves the right to make amendments to the Declaration, Bylaws and Condominium Map in order to correct typographical errors and to comply with applicable law. See Paragraph 16.0 of the Declaration.</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.
Exhibit ____ 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 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 <u>D</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: October 30, 2015 Name of Escrow Company: Old Republic Title & Escrow of Hawaii Ltd. Exhibit <u>E</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	If there is a default, the mortgage may be foreclosed upon. In such event a sales contract will be cancelled and all deposits will be refunded.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements: None
Appliances: None

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

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

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

<input type="checkbox"/>	<p>Spatial Units. The Developer hereby declares by checking the box to the left that it is offering spatial units for sale and will not be using purchasers' deposits to pay for any costs to pay for project construction or to complete the project.</p> <p>Should the developer be using purchasers' deposits to pay for any project construction costs or to complete the project including lease payments, real property taxes, architectural, engineering, legal fees, financing costs; or costs to cure violations of county zoning and building ordinances and codes or other incidental project expenses, the Developer has to met certain requirements, described below in 5.6.1 or 5.6.2..</p>
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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 checked="" 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>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

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

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

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

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

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

5.7 Rights Under the Sales Contract

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

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

MAINTENANCE FEES. Developer believes that there will be no maintenance fees. This is because all costs of every kind pertaining to each unit and its respective limited common element, including but not limited to, costs of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective unit owner. All utilities are separately metered. Based on the foregoing, there is no schedule of maintenance fees attached to this Public Report.

CESSPOOL. Each unit is serviced by its own cesspool. Each unit owner is solely responsible for the maintenance and up-keep of its own cesspool. This type of wastewater disposal system may have an impact on future improvements, renovations or alterations of the existing dwellings.

MANAGEMENT OF THE PROJECT. The Project consists of only two units and will be self-managed. Accordingly, the Developer has elected that Part VI of Chapter 514B (relating to management) shall not apply to the Project.

AS-IS CONDITION. A prospective purchaser will be purchasing each unit in as-is where-is condition with all faults. Accordingly Developer recommends that a purchaser obtain an inspection report from a qualified inspector.

IMPASSE; DISPUTE RESOLUTION. The Project's Association of Unit Owners and Board of Directors are responsible for management of the Project. Under the Declaration and Bylaws for this Project, any decision of the Project's Association or Board requires the concurrence of both Owners or their designated representatives on the Board, respectively. The Declaration and Bylaws contain no provisions for breaking deadlocks. In the event of conflicts, disputes, or deadlocks between the Owners or their representatives on the Board that cannot be resolved by mutual agreement, the Owners' recourse will be to mediation pursuant to Article VI, Section 7 of the Project's Bylaws and Section 514B-161 of the Act, arbitration pursuant to Section 514B-162 of the Act, or litigation in court. Those methods of dispute resolution can be costly and time-consuming, and where there are disputes between Owners, this management structure can impair the efficient operation of the Project.

DISCLOSURE ADDENDUM. The Disclosure Addendum attached as Exhibit H to this Public Report will be completed by the Developer and provided to each prospective purchaser for their review. Purchaser will be afforded not less than 10 days to review and approve the completed Addendum.

DECLARATION OF COVENANTS AND RESTRICTIONS. The Project is subject to a Declaration of Covenants and Restrictions that was recorded in the Bureau of Conveyances, State of Hawaii, in Book 23312, Page 10. A copy is attached as Exhibit I. Unit 4020 is the residence that meets the requirement of Section 6 of the Covenants. Unit 4020A is the ADU (Additional Dwelling Unit).

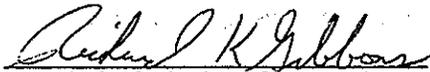
The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located,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

RICHARD K. GIBBONS and
MICHELE L. GIBBONS

Printed Name of Developer

By: 
Duly Authorized Signatory*

May 09, 2016

Date

RICHARD K. GIBBONS

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

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.

RICHARD K. GIBBONS and
MICHELE L. GIBBONS

Printed Name of Developer

By: *Michele L. Gibbons* May 09, 2016
Duly Authorized Signatory* Date

MICHELE L. GIBBONS

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

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

EXHIBIT "A"

Description of Units

The Project is hereby divided into the following two (2) freehold estates:

a. UNIT 4020. Unit 4020 is a freehold estate consisting of one, 2-story dwelling, which contains 3 bedrooms, 1 bathroom, garage, courtyard, and an uncovered lanai on the first floor. The second floor contains 1 bedroom, 1.5 bathrooms, kitchen, laundry area, living room, dining area, a covered lanai and uncovered lanai. The approximate net living area is approximately 1,896 square feet for first and second floor. The other living areas of this unit are approximately 480 square feet for the garage, 242 square feet for the uncovered lanai and 42 square feet for the covered lanai.

b. UNIT 4020A. Unit 4020A is a freehold estate consisting of one, 1-story dwelling, which contains 2 bedrooms, 1 bathroom, kitchen, living/dining area and a covered lanai. The approximate net living area is approximately 840 square feet and the covered lanai is approximately 126 square feet.

NOTE: There is sufficient area for the parking of two vehicles in the limited common element of Unit 4020A.

EXHIBIT "B"

Common Elements

The common elements of the Project and which the units have immediate access to include:

- a. The land in fee simple and the common element driveway containing approximately 1,821 square feet.
- b. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage, hot and cold water and like utilities which services more than one unit and any easements for such utility services, if any.
- c. The common easements for drainage and all common or shared installations for underground utilities including electricity, water (including both the water meter and submeter, if any), telephone, and cable television which run upon or under the limited common or common elements, if any.
- d. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

Limited Common Elements

The land area delineated and designated in the Condominium Map as limited common elements are limited common elements of a unit and consist of the following:

- a. UNIT 4020. The land area surrounding and under Unit 4020 is a limited common element of Unit 4020 and is for the exclusive use of Unit 4020 and consists of approximately 4,662 square feet.
- b. UNIT 4020A. The land area surrounding and under Unit 4020A is a limited common element of Unit 4020A and is for the exclusive use of Unit 4020A and consists of approximately 3,647 square feet.
- c. Any fences, walls or utility systems or lines which are located within the limited common land area and which services or benefits only one unit shall be deemed a limited common element of such unit. If any portion of a unit's cesspool extends over or under the limited common element boundary of an adjoining unit an easement shall exist for the use, maintenance and repair for such cesspool. The maintenance, repair and replacement of a cesspool shall be the sole responsibility of the unit that such cesspool services.
- d. Each limited common element may be subject to additional easements as described below in Paragraph 6.0.d.

EXHIBIT "C"

Encumbrances Against Title

1. Title to all minerals and metallic mines reserved to the State of Hawaii.
2. Covenants, conditions and restrictions contained in the Declaration dated May 1, 1989, recorded June 19, 1989, in the Bureau of Conveyances, State of Hawaii, in Book 23312, Page 10.
3. Easement "13" for drainage purposes, as shown on File Plan No. 1963.
4. Easement "14" for electrical purposes, as shown on File Plan No. 1963.
5. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in Grant, granted to Citizens Utilities Company, for an easement over said Easement "14", dated January 9, 1990, recorded in said Bureau, as Document No. 90-140582.
6. Condominium Map No. 5502, filed in the Bureau of Conveyances, State of Hawaii.
7. Covenants, conditions, restrictions, agreements, obligations, exceptions and other provisions contained in the Declaration of Condominium Property Regime for 4020 dated October 19, 2015, recorded February 5, 2016, in said Bureau, Document No. A-58790723, as amended by instrument recorded as Document No. A-59470483.
8. The terms and provisions contained in the Bylaws of the Association of Unit Owners dated October 19, 2015, recorded February 5, 2016, in said Bureau, as Document No. A-58790724.
9. For real property taxes your attention is directed to the Finance Director, County of Kauai.

EXHIBIT "D"

Summary of Sales Contract; Unit Deed Provisions

The Sales Contract contains the purchase price, description and location of the unit and other terms and conditions under which a Purchaser will agree to buy a unit in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.
2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.
3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, Bylaws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:
 - a. substantially and materially impairs the use and enjoyment of the unit;
 - b. substantially and materially alters the arrangement of the rooms or usable space of a unit or building;
 - c. renders unenforceable a purchasers' loan commitment;
 - d. increases the purchaser's share of common expenses or maintenance fees;
 - e. reduces the obligations of Developer of common expenses on unsold units.
5. Provides that the Developer is selling the units in "AS-IS WHERE-IS" condition. This means that the Developer is not making any warranties or representations with respect to the unit and Project.
6. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.
7. Provides that the closing cost shall be paid as follows:
 - a. By purchaser: title insurance, title report, drafting of unit deed and any note and mortgage, purchaser notary fees, recording fees, one-half of escrow fees, and also a start fee for common expenses, if any.
 - b. By Developer: Developer notary fees, conveyance taxes and one-half of escrow fees.

8. Provides the following remedies, in the event of default under the Sales Contract:

by purchaser:

- a. Developer may bring an action against purchaser for breach of contract;
- b. Developer may retain initial deposit;
- c. Purchaser shall be responsible for expenses incurred.

by Developer:

- a. Purchaser may bring an action against Developer for breach of Contract and for return of all deposits;
- b. Developer shall be responsible for expenses incurred.

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

9. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

10. Provides that the units have been completed.

11. The Unit Deed contains the following provisions for which a prospective purchaser should be aware of:

a. Waiver of Suit.

Grantee hereby accepts the conditions and limitations set forth and described in this Deed as well as any damages, claims, liability, inconvenience or annoyance which Grantee may experience as a result of the Property Conditions and hereby expressly waives any rights, claims or actions which Grantee might otherwise have against Grantor as a result of such circumstances. The Grantee, for himself, his heirs, personal representatives, successors, assigns, and any person using or occupying the unit and said property, hereby releases, and agrees to indemnify and hold harmless, Grantor, Grantor's real estate broker, all of Grantor's agents, consultants, professionals, and contractors, and their respective employees, agents, successors and assigns from and against any and all damages, liability, personal injury claims or illness, property damage claims, cost and expenses including reasonable attorney's fees, relating to any claim by the Grantee or any person using or occupying the unit and property arising directly or indirectly out of or from the Property Conditions described in this Deed, including impairment of the use and enjoyment of the unit and property and loss of market value and hereby agrees to include these provisions in any subsequent conveyance of the unit. Grantee furthermore agrees that Grantee will not file suit against Grantor, its real estate broker or any of their respective officers, directors, employees, agents, successors and assigns, on account of or resulting from any inconvenience, disturbance and/or injury arising from or related to the Property Conditions. Grantee represents and warrants to Grantor that Grantee, in Grantee's sole discretion, has determined that the benefits of owning and enjoying the unit and property outweighs the risks of any of the Property Conditions described in this Deed. The terms and provisions of this Deed shall survive the conveyance of the unit to the Grantee and the delivery and filing of this Deed at the Bureau of Conveyances, State of Hawaii.

b. Mandatory Arbitration.

Any dispute by or between the Grantee, on the one hand, and Grantor, its real estate broker, its professionals, and consultants, and their respective predecessors and/or successors in interest, on the other hand, which was not otherwise waived by the Grantee pursuant to the foregoing paragraph, arising out of or incident to any Property Conditions, the renovation, alteration, construction, development, or operation of the unit, Project, or any portion thereof, or the sale and/or conveyance of the unit by Grantor to Grantee shall be submitted to mediation and, if necessary, to arbitration with Dispute Prevention & Resolution, Inc. ("DPRI") or such other dispute resolution agency as the parties may mutually select. Any person that desires to submit any issue or dispute to arbitration shall promptly so notify the other party in writing. Claims or disputes involving \$100,000 or less shall be heard by a single arbitrator. Claims involving more than \$100,000 or non-monetary issues shall be heard by a panel of three (3) arbitrators. The arbitrators shall be selected by DPRI upon receiving notice from either party that a dispute exists. The arbitration shall be conducted in accordance with the commercial arbitration rules of DPRI then in effect. The decision of a majority of such arbitrators shall be final, conclusive and binding on the parties thereto. All proper costs and expenses of such arbitration including, without limitation, witness fees, attorneys' fees and the fees of the arbitrators shall be determined at the time of the award. In the event of the failure, inability or refusal of any arbitrator to act, a new arbitrator shall be appointed in his stead by DPRI. Any award so rendered shall be binding in all respects and shall be subject to the provisions of Chapter 658A, Hawaii Revised Statutes, as the same may be amended from time to time. On the resolution of any dispute or controversy as set forth in this paragraph, each party hereby irrevocably waives any right and claim to exemplary or punitive damages in any jurisdiction. Any further documents of conveyance, transfer, assignment, or lease of the unit shall be deemed to incorporate these provisions for arbitration of disputes, as if the same were fully set forth in any such document. Any person who is injured by reason of the fact that a dispute subject to the provisions of this arbitration provision is resolved other than by arbitration may recover as damages all cost and expense incurred (including all attorneys' fees) by reason of the fact that the dispute was not submitted to arbitration for resolution as required hereunder. Any arbitration proceeding under this paragraph will be submitted to arbitration in the City and County of Honolulu, State of Hawaii.

The Sales Contract and Unit Deed contain various other provisions which purchasers should become acquainted with. If there is a conflict between the terms of this summary and the Sales Contract and Unit Deed, the terms of the Sales Contract and Unit Deed shall control.

EXHIBIT "E"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is Old Republic Title & Escrow of Hawaii, Ltd., a Hawaii corporation. Under the Escrow Agreement dated October 30, 2015, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The unit deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Notice of Right to Cancel". The Notice provides that purchasers may cancel the Sales Contract and purchaser if the signed Notice is mailed, sent by telegram or faxed to Developer before (1) the unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to Purchaser, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) If the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. If there are any conflicts between the terms of this summary and the Escrow Agreement, the latter shall control.

Island
Architecture & Interiors

ARCHITECT'S STATEMENT OF CONDITION

1. I am a licensed Hawaii Architect with Registration Number AR 11439.
2. I have examined and inspected the structure(s) described as Units 4020 and 4020A of the 4020 Pai Street condominium project (the "Improvements").
3. The inspection included all structural components and mechanical and electrical installation materials to the use and enjoyment of the Improvements.
4. The installations and components, including visible structural, electrical, and plumbing, appear to be in very good condition for the stated age thereof and appear to be in very good condition overall.
5. Without conducting invasive examinations of covered structural, electrical, and plumbing installations and components, the Improvements appear to be constructed in conformity with the County of Kauai Zoning Ordinances, Building Code and Rules and Regulations applicable to construction thereof.
6. 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.
7. 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 SUBSEQUEN DISCOVERY OF ANY PROBLEMS WITH CODE COMPLIANCE OR FOR FUTURE CHANGES IN SUCH CODES.

DATED: May 27, 2015, Kauai, Hawaii

JOHN UNDERWOOD II

Registered Architect No. AR 11439

John Underwood II, AIA

File:c:\data\projects\gibbons\data\condition report.docx

Architecture
Box 1260
ph.808.742.9955

Construction Management
Koloa, Hawaii 96756
fx.808.742.9977

Bernard P. Carvalho, Jr.
Mayor



Michael A. Dahilig
Director of Planning



Nadine K. Nakamura
Managing Director

Ka'aina S. Hull
Deputy Director of Planning

PLANNING DEPARTMENT
County of Kaua'i, State of Hawai'i
4444 Rice Street, Suite A-473, Lihu'e, Hawai'i 96766
TEL (808) 241-4050 FAX (808) 241-6699

DEC 21 2015

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

FROM: Michael A. Dahilig, Director of Planning

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: 4020 PAI STREET
Condominium Project (142)
Tax Map Key: (4) 2-3-022: 026

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 has contracted architect John Underwood II to certify that the buildings on the proposed project referred to as 4020 Pai Street Condominium Unit 1 and Unit 2 are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.

Senior Condominium Specialist
4020 Pai Street Condominium
TMK: (4) 2-3-022: 026
Page two

2. 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.
3. There are no variances approved for the subject property.
4. There are no notices of violations of county building and 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- 4050.

cc: Richard Gibbons, Project Developer
Michael Sakai, Attorney at Law

EXHIBIT "H"

**DEVELOPER'S PUBLIC REPORT
DISCLOSURE ADDENDUM FOR CONVERSIONS**

Purpose of Disclosure Statement: Pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, a Developer is obligated to fully and accurately disclose in writing to a buyer all "material facts" concerning the condominium units. "Material facts" are defined as "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 for sale." This Disclosure Statement is intended to assist Developer in organizing and presenting all material facts concerning each Unit in the Project. It is very important that Developer exercise due care in preparing responses to questions posed in the Disclosure Statement, and that all responses are made in good faith, are truthful and complete to the best of Developer's knowledge. Developer's agent, Buyer and Buyer's agent may rely upon Developer's disclosures. **DEVELOPER MAY WISH TO OBTAIN PROFESSIONAL ADVICE AND/OR HAVE AN EXPERT INSPECT UNIT PRIOR TO PREPARING DISCLOSURE.**

MUST BE COMPLETED BY DEVELOPER ONLY

Developer's Statement: This is a statement concerning information relating to the condition of each Unit in the Project that: (i) is within the knowledge or control of Developer; (ii) can be observed from visible, accessible areas; or (iii) which the Commission deems relevant. Developer may not be aware of problems affecting a Unit, and there may be material facts of which Developer is not aware that qualified experts may be able to discover or time may reveal. Unless Buyer has been otherwise specifically advised, Developer has not conducted any inspections of generally inaccessible areas of Unit. **BUYER SHOULD TAKE CARE TO PROTECT BUYER'S OWN INTEREST BY OBTAINING PROFESSIONAL ADVICE AND BY CONDUCTING THOROUGH INSPECTIONS AND OBTAINING EXPERT HELP IN EVALUATING UNIT AND BY OBTAINING BUYER'S OWN PUBLIC RECORDS.** The statements made below are made by Developer and are not statements or representations of Developer's agent. The Disclosure Statement and the disclosures made by Developer are provided exclusively to Buyers involved in this transaction only, and do not apply to any subsequent sales not involving this Developer.

THIS DISCLOSURE STATEMENT IS NOT A WARRANTY OF ANY KIND BY DEVELOPER OR BY ANY AGENT REPRESENTING DEVELOPER AND IS NOT A SUBSTITUTE FOR ANY EXPERT INSPECTION, PROFESSIONAL ADVICE, OR WARRANTY THAT BUYER MAY WISH TO OBTAIN.

If Units are not Developer occupied, date of Developer's last visit _____.

Instructions to Developer: (1) Answer ALL questions. (2) Explain all material facts known to you. (3) If additional space is needed in Section F, attach new pages and sign at the bottom. (4) Each Unit shall have its own Disclosure. (5) NTMK means NOT TO MY KNOWLEDGE. (6) NA means NOT APPLICABLE and cannot be answered by "Yes," "No" or "NTMK."

THIS DISCLOSURE ADDENDUM IS REGARDING UNIT _____.

A. ITEMS: Check items listed below if you are aware of any current or past defects/malfunctions or major repairs. If checked, use the same number and describe in Section F.

- | | | |
|---|--------------------------------------|---------------------------------------|
| (1) [] Appliances | (12) [] Fire Sprinkler System | (23) [] Smoke Detectors |
| (2) [] Bathtubs/Showers/Basins/Toilets | (13) [] Fireplace/Chimney | (24) [] Solar/Water/Electric Systems |
| (3) [] Ceilings | (14) [] Floors/Floor Coverings | (25) [] Spa |
| (4) [] Ceiling Fans | (15) [] Foundations/Slabs | (26) [] Swimming Pool |
| (5) [] Central Vacuum Systems | (16) [] Gutters | (27) [] Walkways |
| (6) [] Counters/Cabinets | (17) [] Heating/Ventilating/Cooling | (28) [] Walls Exterior |
| (7) [] Decking/Railings/Lanai | (18) [] Lawn Sprinkler System | (29) [] Walls Interior |
| (8) [] Doors/Door Bells/Garage Door | (19) [] Plumbing | (30) [] Water Features |
| (9) [] Driveways | (20) [] Roofs | (31) [] Water Heater |
| (10) [] Electric Outlets/Switches/Lights | (21) [] Security Systems | (32) [] Windows/Jalousies/Skylights |
| (11) [] Fences/Perimeter Walls | (22) [] Sinks/Faucets | (33) [] Other _____ |

B. GENERAL: Do any of the following conditions exist? If "yes", use the same number and describe in Section F.

- | | YES | NO | NTMK | NA | |
|------|-----|-----|------|-----|--|
| 34) | [] | [] | [] | [] |] Does any other party have an unrecorded interest in this Unit and/or a say in its disposition? |
| 35) | [] | [] | [] | [] |] Are there any lawsuits or foreclosure actions affecting this Unit? |
| 36) | [] | [] | [] | [] |] Are there any easements affecting this Unit? |
| 37) | [] | [] | [] | [] |] Are there any roadways, driveways, walls, fences, and/or other improvements which are shared with adjoining land owners? |
| 38) | [] | [] | [] | [] |] Are there any known encroachments? |
| 39) | [] | [] | [] | [] |] Are there any written agreements concerning items 36, 37 or 38? |
| 40) | [] | [] | [] | [] |] Have there ever been substances, materials, or products which may be an environmental hazard such as, but not limited to, asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, contaminated soil or water? |
| 41) | [] | [] | [] | [] |] Is there filled land on this Unit? |
| 42) | [] | [] | [] | [] |] Has there ever been any settling or slippage, sliding, subsidence, or other soil problem? |
| 43) | [] | [] | [] | [] |] Has there ever been any drainage, water infiltration, seepage, flooding, or grading problems? |
| 44) | [] | [] | [] | [] |] Are there any violations of government regulations/ordinances related to this Unit? |
| 44a) | [] | [] | [] | [] |] (a) Are there any zoning or setback violations and/or citations? |
| 44b) | [] | [] | [] | [] |] (b) Are there any nonconforming uses or restrictions on rebuilding? |
| 45) | [] | [] | [] | [] |] Are there any violations of existing land leases? |
| 46) | [] | [] | [] | [] |] Is this Unit subject to Covenants, Conditions and Restrictions (CC&Rs)? |
| 46a) | [] | [] | [] | [] |] (a) Are there any violations of the Covenants, Conditions and Restrictions covering this Unit? |
| 47) | [] | [] | [] | [] |] Are there any rental, lease or license agreements affecting this Unit? |
| 47a) | [] | [] | [] | [] |] (a) Are there any violations of the rental, lease or license agreements? |
| 48) | [] | [] | [] | [] |] Has there been any sign of, or are you aware of any pest problems (e.g., roaches, fleas, ticks, ants, rats, etc.)? |
| 49) | [] | [] | [] | [] |] Is there any damage caused by tree roots? |
| 50) | [] | [] | [] | [] |] Is the Unit located in a Special Management Area? |
| 51) | [] | [] | [] | [] |] Is this Unit located in a geothermal subzone or near a geothermal facility? |
| 52) | [] | [] | [] | [] |] Is the Unit located in a tsunami (tidal wave) inundation area and/or flood zone? |
| 53) | [] | [] | [] | [] |] Is the Unit located in volcanic hazard Zone 1 or 2? (Only applicable to Island of Hawaii) |
| 54) | [] | [] | [] | [] |] Is there any existing or past damage to this Unit or any of the structures from earthquake, fire, flooding, landslides, falling rocks, tsunami, volcanic activity, or wind? |
| 55) | [] | [] | [] | [] |] Is this Unit subject to excessive air pollution? (e.g., "VOG") |
| 56) | [] | [] | [] | [] |] Are you aware of any adverse conditions existing in this general neighborhood/area (e.g., pesticides, soil problems, irrigation, odors etc.)? |
| 57) | [] | [] | [] | [] |] Is this Unit located in an aircraft path and/or does it experience regular excessive aircraft noise? |
| 58) | [] | [] | [] | [] |] Is this Unit exposed to other types of recurring excessive noise (e.g., night club, school, coqui frogs etc.)? |
| 59) | [] | [] | [] | [] |] Are there any additional material facts you should disclose regarding this Unit or neighborhood (e.g., history of homicide, felony, or suicide, pending development in the area, road widening projects, zoning changes; etc.)? |
| 60) | [] | [] | [] | [] |] Is this Unit located within the boundaries of the Air Installation Compatibility Use Zone of any Air Force, Army, Navy, or Marine Corps airport as officially designated by military authorities? |
| 61) | [] | [] | [] | [] |] Are you aware of the presence of or removal of unexploded military ordnance in this general area? |
| 62) | [] | [] | [] | [] |] Is access to this Unit restricted?
<input type="checkbox"/> Public <input type="checkbox"/> Private Road <input type="checkbox"/> By easement |

C. IMPROVEMENTS: Do any of the following conditions exist? If "yes", use the same number and describe in Section F.

- | | YES | NO | NTMK | NA | |
|------|-----|-----|------|-----|--|
| 63) | [] | [] | [] | [] |] Has there ever been any sign of mold, mildew and/or fungus? |
| 64) | [] | [] | [] | [] |] Were the original improvements or any additions, structural modifications, or alterations built without building permits? |
| 65) | [] | [] | [] | [] |] Were any of the building permits not finalized (closed) by the permitting agency? |
| 66) | [] | [] | [] | [] |] Were any of the improvements to this Unit built under an owner-builder permit? |
| 66a) | | | | |] (a) Date of Completion of the improvements covered under the owner-builder permit: _____ |
| 67) | [] | [] | [] | [] |] Is the Developer/Builder a licensed contractor who is providing warranties? |
| 68) | [] | [] | [] | [] |] Have you given any release or waiver of liability, or release from a warranty to any government agency, contractor, engineer, architect, land surveyor, or landscape architect, for any defect, mistake, or omission in the design or construction of this Unit? |
| 69) | [] | [] | [] | [] |] Has the roof been repaired or replaced? |
| 69a) | | | | |] (a) When and by whom? _____ |

YES NO NTMK NA

- 69b) _____ (b) What is the age of the roof? _____
- 69c) [] [] [] [] [] (c) Are there any transferrable warranties? List dates of expiration: _____
- 70) [] [] [] [] [] Is there any presence of wood destroying organisms (e.g., termites, powder post beetles, dry rot, carpenter ants, etc.) in the improvements?
- 70a) [] [] [] [] [] (a) Is there any known damage to the improvements caused by wood destroying organisms?
- 70b) [] [] [] [] [] (b) Has the problem been treated?
- 70c) [] [] [] [] [] (c) Has the damage been repaired?
- 71) [] [] [] [] [] Has there been any termite treatment? List type and date. _____
- 71a) [] [] [] [] [] (a) Are there any warranties? List type and expiration dates. _____
- 72) [] [] [] [] [] Is there any structural damage due to dry rot or other wood destroying organisms?

D. UTILITIES:

- 73) What is your source of water supply?
 a) [] Public [] Private
 Is this Unit separately metered? [] Yes [] No
 Is this a submeter? [] Yes [] No
 Is there a shared water supply? [] Yes [] No
 b) [] Catchment: Tank type _____ Capacity _____ Age _____ Condition _____
 c) [] Other _____

Describe existing problems in Section I.

- 74) What type of waste water/sewage system do you have?
 [] Public Sewer [] Private Sewer [] Connected? If not, is connection currently required? [] Yes [] No
 [] Cesspool [] Septic System [] Individual Sewage Treatment Plant Location _____
 Last Pumped _____ How Often? _____
 Does the cesspool serve more than one dwelling or living unit, including "ohana" homes? (A "dwelling" or "living unit" is defined as having its own kitchen/food preparation area, bathroom and sleeping/living area.) [] Yes [] No
 Describe existing problems in Section I.

- 75) What is your source of electrical power?
 [] Public [] Other: _____
 a) Is the Unit subject to Special Subdivision Project Provision (SSPP) connection fees? [] Yes [] No
 b) Hawaii law requires sellers who pay their electricity bills directly to make a good faith declaration of electricity costs based upon the most recent three-month period that the Unit was occupied. In this context, please answer the following:
 Do you pay your electrical utility bill directly? [] Yes [] No
 If yes, please state the amount you paid for electricity for the most recent three-month period that the Unit was occupied.
 Mon/Yr: _____ Amount: _____ Mon/Yr: _____ Amount: _____ Mon/Yr: _____ Amount: _____
 Buyer's actual electricity costs may vary substantially.

- 76) Propane Gas: [] Piped [] Tank [] None
 77) Telephone Service: [] Yes [] No [] Only party line
 78) Television Cable Service: [] Yes [] No [] Not available
 79) Broadband Internet [] DSL [] Cable [] None
 Describe existing problems in Section F.

E. PLUMBING & WATER DAMAGE: Do any of the following conditions exist? If "yes", use the same number and describe in Section F.

YES NO NTMK NA

- 80) [] [] [] [] [] Is the Unit sprinklered for fire protection?
- 81) [] [] [] [] [] Do you have any leaks or water damage in or to the Unit?
- 82) [] [] [] [] [] Has there been any leakage or water penetration from apartments above or adjacent to your apartment or leakage or water penetration to apartments below your apartment?

F. Question Number and Explanation: _____

EXHIBIT "1"



2

89 89929

REC-151582
RECORDATION REQUESTED BY:

JUN 19 PM 3:00

Security Title Corporation
AFTER RECORDATION RETURN TO:

23312 10

Security Title Corporation

RETURN BY: MAIL () PICKUP (X)

DECLARATION OF COVENANTS AND RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, MICHAEL W. PARSONSON and SANDRA B. PARSONSON, husband and wife, of 4266 Kai Ikena - Drive, Kalaheo, Kauai, Hawaii, hereinafter collectively called "Declarant," are the owners of certain lots situate at Kalaheo, Koloa, Island and County of Kauai, State of Hawaii, said lots being in the subdivision known as the Kalaheo Makai Homesites Subdivision, being Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 39, 40, 41, 42, 43, and 44, all as shown on map recorded in the Bureau of Conveyances of the State of Hawaii as File Plan _____; and,

WHEREAS, Declarant intends to develop, sell and convey said Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 39, 40, 41, 42, 43, and 44, for residential use and desires to impose upon said lots mutual and beneficial restrictions, covenants and conditions under a plan of development and improvement for the benefit of all of said lots in said Kalaheo Makai Homesites Subdivision;

NOW, THEREFORE, Declarant does hereby declare that Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 39, 40, 41, 42, 43, and 44, of said Kalaheo Makai Homesites Subdivision, as shown on said File Plan No. _____, exclusive of roadway or street lots shown thereon, are and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the following declarations:

1. Residence Only. All lots shall be utilized for residential purposes only.
2. Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.
3. Livestock and poultry. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any lot under 1 acre in the subdivision, except that a reasonable number of dogs, cats, or other common household pets may be kept; provided, however, that they are not kept, bred, or maintained for any commercial purpose.

4. Temporary Structures. No structure of a temporary character, trailer, quonset hut, tent, shack, garage, barn, or other outbuildings shall be used on any lot at any time as a residence, either temporarily or permanently.

5. Used Construction Materials and Buildings. No used or secondhand lumber or other material shall be used or incorporated in the construction of any improvements on any lot, nor shall there be placed or maintained upon any lot any used buildings which have been moved from another location.

6. Size and Height of Buildings. Residences shall contain at least 1,200 sq. ft. of living space, exclusive of any garage, carport, basement, lanai, patio, outside porch, or outbuilding. Building height shall not exceed two stories above ground level and buildings on Lots 39 to 44 inclusive shall be restricted to a one-story structure.

7. Lot densities. The following lot is restricted as to density as follows:

Lot 10 - 2 units, 2 ohana units

8. Lot Construction. No part of any lot shall be filled, excavated or otherwise altered as to grade in such manner as to adversely affect drainage of any adjoining lot.

9. Binding Nature of Declaration. No deed, mortgage, lease or other instrument of conveyance affecting any residential lot shall be made or delivered unless such deed, mortgage, lease or other instrument of conveyance shall contain or be subject to the same restrictive covenants as in this Declaration set forth, including this covenant.

10. Roofs and Garage Doors. No mineral surfaced asphalt roll roofing and no high or low ribbed standard corrugated metal roofs will be permitted within the subdivision. Any garage or carport must be equipped with a garage door.

11. Automobiles and trailers. No lot shall be used as a junk yard or auto grave yard. No truck or trailer of any kind shall be parked on any street or road or any part of the right of way of any street or road in the subdivision for a period of more than 4 hours, unless the same is present in the actual construction or repair of buildings located in the subdivision and no truck shall be parked overnight on any roadway within the subdivision. For the purpose of this paragraph, the word "truck" shall be deemed to mean a truck in excess of 3/4 ton.

12. Building location. No building shall be located on any lot nearer than 20 feet to the street lot line.

13. House colors. Exterior house colors shall be limited to earthtones and/or light pastels.

14. Maintenance of Lot. The owner of each lot shall at all times maintain said lot in a good, neat and clean condition so as to prevent it from becoming overgrown with grass and weeds, unsightly, unsanitary or a hazard to health. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall be kept in sanitary containers.

15. Easements Within Residential Lots. All easements for installation and maintenance of utilities and drainage facilities as shown on said File Plan No. _____ are reserved for the purpose and benefit of the subdivision and for dedication by the Declarant. Within said easements no structure, planting (other than ground cover), or material shall be placed, grown or permitted to remain therein which may damage or interfere with the installation and maintenance of such utilities and drainage facilities, or which may change the directional flow of drainage channels or swales. The easement areas of residential lots, including drainage ditches and swales therein, shall be maintained in good ground cover condition by the respective owners of said lots.

16. Remedies for Violation of Declaration. Each and all of the foregoing covenants and restrictions shall run with the land, and jurisdiction may be taken in equity at suit of the Declarant, its successors or assigns, or of any other grantee of any of said lots within said subdivision, to restrict or prevent by injunction, mandatory or restraining, any violation of any of said covenants upon the part of the Grantee to be observed and performed, without prejudice to the right of the Declarant, its successors or assigns, or any other grantee, to adopt or pursue any other remedy thereafter for the same breach or failure, or for any subsequent breach or failure, or to take any action to recover damages for any such breach or failure. In any such suit, the prevailing party shall be entitled to collect from the losing party all reasonable fees and costs incurred by such prevailing party.

17. Severability. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other covenants, which shall remain in full force and effect.

18. Captions. All captions in this Declaration are for convenience only and do not in any way limit or amplify the provisions hereof.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the 1st day of May, 1989.


MICHAEL W. PARSONSON


SANDRA B. PARSONSON

23312 13

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this 1st day of May, 1989, before me personally appeared MICHAEL W. PARSONSON and SANDRA B. PARSONSON, husband and wife, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

LS

Alicia S. [Signature]
Notary Public, State of Hawaii
My commission expires: 5-27-90.