

**CONDOMINIUM PUBLIC REPORT**

Prepared &  
Issued by: Developer: MAKALEHA LAND COMPANY, LLC  
Address: 6748 Waipouli Road  
Kapaa, Kauai, Hawaii 96746

Project Name(\*): Lokelani  
Address: Lot 10, Makaleha Falls Estates  
Kapaa, Kauai, Hawaii

Registration No. 5121

Effective date: August 25, 2003  
Expiration date: September 25, 2004

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, in any, of the project or of purchasing an apartment in the project.

**Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.**

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
  - FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.
    - No prior reports have been issued.
    - This report supersedes all prior public reports.
    - This report must be read together with \_\_\_\_\_
  - SUPPLEMENTARY:** (pink) This report updates information contained in the:
    - Preliminary Public Report dated: \_\_\_\_\_
    - Final Public Report dated: \_\_\_\_\_
    - Supplementary Public Report dated: \_\_\_\_\_
- And
- Supersedes all prior public reports
  - Must be read together with \_\_\_\_\_
  - This report reactivates the \_\_\_\_\_ public report(s) which expired on \_\_\_\_\_

(\*) Exactly as named in the Declaration  
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.  
FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

[ X ] Required and attached to this report as Exhibit "J" [ ] Not required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[ X ] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

**SPECIAL ATTENTION**

This is a CONDOMINIUM PROJECT, **not** a subdivision. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. 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, on the property.

1. There are presently two (2) shade sheds, each of which may be defined as an "apartment" under the condominium property act.
2. This public report does **not** constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
3. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and is **not** a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.
5. Final Subdivision approval has been obtained for the Makaleha Falls Estates Subdivision in which this Project is located. The Developer has completed all improvements required by the County of Kauai for the subdivision except for the grassing along the road in the subdivision. See page 20a for additional information.

6. Until the subdivision improvements are accepted by the County of Kauai, a prospective purchaser may not be able to obtain water service, use the shade shed unit, or obtain a building permit for additional improvements. See page 20a and Exhibit "L" for additional information. The subdivision ordinances of the County of Kauai requires that all improvements be completed no later than one year after the date of Final Subdivision Approval (approval was obtained by the Developer on December 10, 2002).
7. The use restriction that "Condominium Houses" shall be used for residential purposes contained in Paragraph G.1 of the Declaration of Condominium Property Regime only applies to the dwelling and does not limit or restrict a unit's limited common element land area to only residential uses. The Project is located in an area designated as agricultural. See Exhibit "K" for additional information.
8. Pages 20 and 20a contain important additional disclosures which prospective purchasers are advised to read.

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

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## **General Information On Condominiums**

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. 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 or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

"Common Elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

## **Operation of the Condominium Project**

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment 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 an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely 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 buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

**I. PERSONS CONNECTED WITH THE PROJECT**

Developer: MAKALEHA LAND COMPANY, LLC Phone: (808) 821-9632  
6748 Waipouli Road (Business)  
Kapaa, Kauai, Hawaii 96746

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Christopher B. Singleton, Manager  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate Broker \*: Vision Properties, Inc. Phone: (808) 822-4444  
4-1070 Kuhio Highway (Business)  
Kapaa, Kauai, Hawaii 96746

Escrow: First American Title Company, Inc. Phone: (808) 536-3866  
333 Queen Street, Suite #700 (Business)  
Honolulu, Hawaii 96813

General Contractor \*: Us Guys Builders, LLC Phone: (808) 822-9544  
4-1070 Kuhio Highway, Suite B (Business)  
Kapaa, Kauai, Hawaii 96746

Condominium Managing Agent \*: Self-managed by the Association of Unit Owners Phone: \_\_\_\_\_  
(Business)

Attorney for Developer: Donald H. Wilson Phone: (808) 245-4705  
Belles Graham Proudfoot & Wilson (Business)  
4334 Rice Street, Suite 202  
Lihue, Kauai, Hawaii 96766-1388

\*For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

Proposed

Recorded - Bureau of Conveyances: Document No. 2003-109497

Book \_\_\_\_\_ Page \_\_\_\_\_

Filed - Land Court: Document No. \_\_\_\_\_

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed

Recorded - Bureau of Conveyances Condo Map No. 3593

Filed - Land Court Condo Map No. \_\_\_\_\_

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment 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 which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed

Recorded - Bureau of Conveyances: Document No. 2003-109498

Book \_\_\_\_\_ Page \_\_\_\_\_

Filed - Land Court: Document No. \_\_\_\_\_

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt 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.

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interests which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75% *	<u>100%</u>
Bylaws	65%	<u>75%</u>
House Rules	-----	<u>N/A</u>

\*The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

The Developer reserves the right to change the Declaration and Condominium Map as provided for in Section M. of the Declaration.



III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit\_\_\_\_\_contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:\_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:            Monthly                    Quarterly  
    Semi-Annually            Annually

Exhibit\_\_\_\_\_contains a schedule of the lease rent for each apartment per  Month  Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:  
                                  Canceled                    Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit\_\_\_\_\_contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:\_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:            Monthly                    Quarterly  
    Semi-Annually            Annually

Exhibit\_\_\_\_\_contains a schedule of the lease rent for each apartment per:  Month  Year

Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: Lot 10, Makaleha Falls Estates  
Kapaa, Kauai, Hawaii

Tax Map Key: (TMK): (4) 4-6-006-088

Address     TMK    is expected to change because addresses will be assigned by the County when houses are constructed; CPR numbers will be added to the current TMK number.

Total Land Area: 1.019     square feet     acre(s)    Zoning: SLUC-Agricultural

Fee Owner: MAKALEHA LAND COMPANY, LLC  
 6748 Waipouli Road  
 Kapaa, Kauai, Hawaii 96746

**C. Buildings and Other Improvements:**

1.  New Building(s)  
 Conversion of Existing Building(s)  
 Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building 1  
 Exhibit "A" contains further explanations.

3. Principal Construction Material:  
 Concrete       Hollow Tile       Wood  
 Other steel post and screen

4. Permitted Uses by Zoning:

	No. of Apts.	<u>Use Permitted by Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Agricultural	_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other: Shed	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Is/Are this/ these use(s) specifically permitted by the project's Declaration or Bylaws?

- Yes                       No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- Pets: Animals and pets are limited as provided in Section 13.1 of the Bylaws and Paragraph 5(v) of the Declaration of Covenants, Conditions and Restrictions dated January 31, 2003 and recorded as Document No. 2003-038244, as amended.
- Number of Occupants: \_\_\_\_\_
- Other: see Declaration of Covenants, Conditions and Restrictions, a summary of which is attached hereto as Exhibit K.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit A</u>	<u>1</u>	<u>0/0</u>	<u>N/A</u>	<u>16</u>	<u>Shade Shed</u>
<u>Unit B</u>	<u>1</u>	<u>0/0</u>	<u>N/A</u>	<u>16</u>	<u>Shade Shed</u>

Total number of Apartments: 2

**\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

**Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.**

Boundaries of Each Apartment:

See Exhibit "A"

Permitted Alterations to Apartments:

See Exhibit "B"

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by Section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 0

	Regular		Compact		Tandem		TOTAL
	Covered	Open	Covered	Open	Covered	Open	
Assigned (for each unit)		<u>0</u>					<u>0</u>
Guest							
Unassigned							
Extra for Purchase							
Other: _____							
Total Covered & Open:	<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>

Each apartment will have the exclusive use of at least 2 parking stall(s).  
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- There are no recreational or common facilities.
- Swimming pool                       Storage Area                       Recreation Area
- Laundry Area                       Tennis court                       Trash Chute/Enclosure(s)
- Other: \_\_\_\_\_

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

- There are no violations.                       Violations will not be cured.
- Violations and cost to cure are listed below.                       Violations will be cured by \_\_\_\_\_  
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations  
(For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

- a.  No variances to zoning code have been granted.  
 Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawfully at one time but which does not now conform to present zoning requirements:

	Conforming	Non-Conforming	Illegal
Uses	<u>  X  </u>	<u>          </u>	<u>          </u>
Structures	<u>  X  </u>	<u>          </u>	<u>          </u>
Lot	<u>  X  </u>	<u>          </u>	<u>          </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

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

D. Common Elements, Limited Common Elements, Common Interests:

1. Common Elements. Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit   "C"  .

as follows:

2. **Limited Common Elements:** Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit "D" \*.

as follows:

\*Note: Land areas referenced herein are not legally subdivided lots.

3. **Common Interests:** Each apartment will have an undivided fractional interests in all of the common elements. This interest is called the "common interests." It is used to determine each apartment'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 apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit \_\_\_\_\_.

as follows:

Each unit shall have appurtenant thereto an undivided fifty percent (50%) interest in all common elements of the property, and the same proportionate share in all common profits and common expenses of the property (except as may be otherwise provided in the Bylaws) and for all other purposes, including voting. The fractional common interest for each unit is determined by assigning a fifty percent (50%) interest to each of the two (2) units irrespective of the actual land areas contained in the limited common elements appurtenant to each unit.

- E. **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 on or your purchase and ownership of an apartment in the project.

Exhibit "E" describes the encumbrances against the title contained in the title report dated May 27, 2003 and issued by Title Guaranty of Hawaii.

**Blanket Liens:**

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[ X ] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	Lender has priority over Buyer's rights under a sales contract, and has a right to terminate sales contracts upon foreclosure of its mortgage before an apartment sale is closed. Should the lender terminate Buyer's sales contract, Buyer shall be entitled to a refund of all deposits, less escrow cancellation fee.

**F. Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

None: Units are sold "as is".

2. Appliances:

N/A



G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

The construction of Unit A was completed in March 2003.  
The construction of Unit B was completed in March 2003.

H. **Project Phases:**

The developer  has  has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

#### IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment 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.

**Initial Condominium Managing Agent:** When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report is:

not affiliated with the Developer  the Developer or the Developer's affiliate.  
 self-managed by the Association of Apartment Owners  Other \_\_\_\_\_

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment 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 apartment and the apartment 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 "F" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

None  Electricity (\_\_\_\_ Common Elements only \_\_\_\_ Common Elements & Apartments)  
 Gas (\_\_\_\_ Common Elements only \_\_\_\_ Common Elements & Apartments)  
 Water  Sewer  Television Cable  
 Other \_\_\_\_\_

## V. MISCELLANEOUS

### A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate commission include but are not limited to:

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit "G" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated June 9, 2003  
Exhibit "H" contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

### B. Buyer's Right to Cancel Sales Contract:

#### 1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The developer delivers to the buyer a copy of:
  - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
  - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
  - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
  - B) Declaration of Condominium Property Regime, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other \_\_\_\_\_

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 5120 filed with the Real Estate Commission on June 12, 2003.

Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. **Additional Information Not Covered Above:**

1. Purchasers should be aware that Chapter 205, Hawaii Revised Statutes ("H.R.S."), does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".

The term "farm dwelling" is defined in H.R.S. Chapter 205-4.5(a)(4) as a "single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwelling permitted within agricultural parks developed by the State or where agricultural activity provides income to the family occupying the dwelling."

The penalty for violation of H.R.S. Section 205-4.5, is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.

In order for any purchaser to obtain a building permit to construct a single family residential unit (farm dwelling), the County of Kauai will require the purchase to sign a Farm Dwelling Agreement in the form attached hereto as Exhibit "I".

In addition, Section K.2. of the Declaration imposes a duty on each unit owner to bear an equal burden proportionate to the unit owner's respective appurtenant interest in the common area for the cost of maintaining agricultural activities on the Project that are satisfactory to the Planning Department of the County of Kauai and that will allow the issuance of a Farm Dwelling Agreement and corresponding building permit to all of the units within the Project. See Section K.2. of Exhibit "B", Alteration of Project.

2. The use of hazardous material is restricted except as provided under Article H of the Declaration and all hazardous materials laws.
3. The project, and all uses and improvements on the apartments in the project, are subject to the Declaration of Covenants, Conditions And Restrictions For Makaleha Falls Estates dated January 31, 2003, and recorded in said Bureau as Document No. 2003-038244, as amended by First Amendment of Declaration of Covenants, Conditions and Restrictions For Makaleha Falls Estates dated April 29, 2003 and recorded in said Bureau as Document No. 2003-091572, and by Second Amendment of Declaration of Covenants, Conditions and Restrictions For Makaleha Falls Estates dated May 27, 2003, recorded as Document No. 2003-109476, a summary of which is attached as Exhibit "K".
4. Current County of Kauai ordinances allow the construction of one single-family dwelling and one "additional dwelling unit" ("ADU") on the property. Construction of the ADU is authorized pursuant to a specific ordinance that may or may not continue to be in effect in the future. No warranty or representation is made by the Developer as to the continued effectiveness of the ADU ordinance or the ability of any Owner to construct an ADU on the property at any specific time in the future. Also, under current County of Kauai zoning and building procedures the ADU is defined as the second of the single-family dwellings to be constructed on the property; the first single-family dwelling to be constructed on the property will not be considered by the County as an ADU, but rather will be considered by the County as the "primary" single-family dwelling authorized to be constructed on the property. There is no guarantee that the owners of both Units in this Project will be able to construct a single-family dwelling on their respective Unit in the event the ADU ordinance expires and is not renewed, or in the event of any amendment to the ADU ordinance that adversely affects current rights regarding the construction of ADUs.

Prospective purchasers of the Project should consult with the County of Kauai planning authorities regarding an ADU and other building permit requirements and any amendments to applicable ordinances regarding the same that may have been adopted subsequent to the date of this Condominium Public Report.

5. Under current County of Kauai ordinances, no guest houses may be constructed on either Unit in the Project, except on a temporary basis as described in the Declaration of Covenants, Conditions and Restrictions For Makaleha Falls Estates, a summary of which is attached hereto as Exhibit K.
6. As a condition to final subdivision approval for the Makaleha Falls Estates Subdivision, the Developer is required to construct certain subdivision improvements consisting of a County-standard roadway to serve all Subdivision lots, shoulders and grassing along the roadway, and utility services to all lots. The Developer has contracted for construction of these improvements with Ka'lwa Construction, Inc. and has posted a performance bond in favor of the County of Kauai guaranteeing completion of the improvements. A Verified Statement of Project Financing, Project Construction Costs and Estimate of Time of Completion of Project Construction has been submitted to the Real Estate Commission with this Condominium Public Report and is available for review by potential purchasers and their representatives.
7. As a condition to issuance of building permits for the Condominium apartment structures described herein, the Developer has entered into agreements with the County of Kauai Departments of Water and Public Works that (a) until the Subdivision improvements are constructed and accepted by the County of Kauai, County water service to Subdivision lots (and by extension to the condominium units described herein) may not be available, (b) no condominium sheds shall be used for any purpose other than filing the condominium registration application, and (c) no further building permits on any Subdivision lot or any condominium unit registered with the State of Hawaii located within the Subdivision shall be applied for or issued unless and until the Subdivision roadway is paved and accepted by the County and the roadway shoulder grassing is either completed and accepted or an acceptable grassing bond is posted in favor of the County. In this regard, prospective purchasers should refer to the Waiver and Release Agreement recorded as Document No. 2003-035345 and the Developer's attorney's letter dated February 14, 2003, both of which are attached to this Public Report as Exhibit L. Also, the Developer has submitted to the County of Kauai Department of Public Works a proposed Waiver, Release and Indemnity Agreement in the form included with Exhibit L which, if and when accepted by the Department of Public Works, will further document the Developer's agreements as stated in this paragraph.
8. The Developer has established specific building sites on each of the condominium units described herein, which are referred to as "building envelopes" and shown on the Condominium Map. These sites have been developed with regard to view plane protection for all lots within the Makaleha Falls Estates Subdivision. The residence to be constructed on each unit in the project must be constructed within the building envelope for that unit as shown on the Condominium Map and as described in the Declaration of Condominium Property Regime for the project.
9. The County of Kauai has established limited access from the Makaleha Falls Estates Subdivision roadway into the project. For this project, access to Units A and B shall be through Easement "AU-5," affecting Lot 9 of the Makaleha Falls Estates Subdivision, as shown on the Condominium Map.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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 buyers 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.

MAKALEHA LAND COMPANY, LLC  
Owner/Developer

By   
CHRISTOPHER B. SINGLETON  
Its Managing Member

June 9, 2003  
\_\_\_\_\_  
Dated

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

***\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner, Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

## EXHIBIT "A"

### DESCRIPTION OF BUILDINGS

The project consists of two (2) shade sheds built of principally steel post and screen construction, without a basement or foundation. Each structure (herein called "unit") is shown on the Condominium Map

Units A and B, located as shown on the Condominium Map, each contain a total area of 16 square feet.

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



## EXHIBIT "B"

### ALTERATION OF PROJECT

Paragraph K of the Declaration provides that:

1. Provided that the unit owner satisfies the applicable terms and conditions of the Project Documents and obtains all of the necessary governmental permits, each unit owner shall have the right at his sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owner of any other unit or any other persons or entity, to construct, reconstruct, repair, maintain, improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his unit or portions thereof or upon or within the Yard Areas or other limited common elements or easements appurtenant to his unit (collectively, the foregoing are referred to as "alterations"). Each unit owner who makes such alterations (hereinafter referred to as the "Altering Owner") shall have the right without the consent or joinder of any other person to amend this declaration and the Condominium Map to accomplish any such alterations. If required by the Act, promptly upon completion of such alterations the Altering Owner shall duly record such amendment to this declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as built. All existing unit owners and all future unit owners and their mortgagees, by accepting an interest in a unit, consent to all such alterations and agree to give and shall be deemed to have given the Altering Owner a power of attorney to execute an amendment to the declaration solely for the purpose of describing the alterations to such unit in the declaration so that the Altering Owner shall hereafter have a power of attorney from all the other unit owners to execute such amendment to the declaration. This power of attorney shall be deemed coupled with each owner's interest in his unit (including his common interest) and shall be irrevocable. If, despite the provisions of this paragraph, any governmental agency shall require some or all of the owners of units in the Project (other than the Altering Owner) to sign the necessary governmental permit application or related documents, then all of the other unit owners shall be required to sign any such permit applications or related documents (including authorizations allowing the Altering Owner to sign such governmental permits on behalf of such other owners) as may be necessary to allow the Altering Owner to obtain all such governmental permit necessary to make the alterations authorized by this paragraph. Any such unit owner who wrongfully refuses to sign such permits or provide the Altering Owner with the necessary authorizations: shall be liable to the Altering Owner for all such damages (including costs and attorneys' fees) incurred by the Altering Owner as a result of such refusal; and shall be subject to such other legal and/or equitable remedies as may be available to the Altering Owner.

2. In certain cases, H.R.S. Chapter 205 may require that the Condominium Houses located within the Project qualify and be used as Farm Dwellings. If one or more of the Condominium Houses within the Project must qualify as a Farm Dwelling, then the affected unit owner will be required to enter into an agreement with the County of Kauai certifying that the Farm Dwelling will be used in connection with a farm or where agricultural activity provides income to the family occupying the Farm Dwelling. In addition, the Planning Department of the County of Kauai may not allow any Farm Dwelling to be constructed after the first Farm Dwelling within the Project unless the Planning Department inspects the Project to confirm whether agricultural activities are being conducted on the Project in accordance with H.R.S. Chapter 205. Each unit owner in the Project, therefore, shall bear an equal burden proportionate to the unit owner's respective appurtenant interest in the common area, for the cost of maintaining agricultural activities on the Project that are satisfactory to the Planning Department of the County of Kauai and that will allow the issuance of a Farm Dwelling Agreement and corresponding building permit to all of the units within the Project. Any assessment that may be necessary to maintain agricultural activities pursuant to this paragraph may be imposed upon each unit in accordance with the Bylaws as a common expense of the association in connection with the operation of the Project.

3. Any alteration of a unit pursuant to this paragraph K shall be subject to the following conditions:

(a) All such alterations shall conform with all applicable governmental regulations, laws and ordinances.

(b) Such alterations may decrease or increase the size of the affected unit, provided that no alteration shall extend or place the unit outside of the limits of the Yard Area appurtenant to such unit.

(c) All such alterations shall be at the sole expense of the unit owner making the change and shall be made within one (1) year of the commencement thereof and in a manner that will not unreasonably interfere with the other unit owner's use of his unit or Yard Area.

(d) The owner of the altered unit, at such owner's sole expense, shall have the right to utilize, relocate, construct, reconstruct, realign and/or develop additional, central and appurtenant installations for services to the unit affected by such alteration for electricity, sewer and other utilities and services. When necessary, the owner of the altered unit may add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith. Provided, however, that no work done pursuant to this paragraph shall cause any unreasonable interruption in the service of such utilities to any other part of the Project, nor shall it unreasonably interfere with any other unit owner's use or enjoyment of his unit or Yard Area.

4. Each and every conveyance, lease and mortgage or other lien made or created on any unit and all common interests, limited common elements, and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a unit shall reserve to all unit owners the rights set forth in this paragraph.

\* SPECIAL NOTATION:

When applying for or submitting Farm Dwelling Agreements, building permits, use permits, zoning permits or any other land use permits with governmental agencies, the governmental agency may require some or all of the owners of the Project to sign the permit forms. In such case, all unit owners shall be required to sign such permit applications and related documents as may be necessary for any unit owner to obtain such permits, so long as the requesting unit owner has complied with the Condominium Documents.

The issuance of an effective date for the Condominium Public Report should not be construed to mean that all governmental laws, ordinances and regulations have been complied with and all subsequent development and use shall comply with applicable governmental laws, ordinances and regulations.

Additionally, the creation of the Condominium Property Regime does not mean that the land has met the subdivision requirements of the County. As such, certain facilities and improvements normally associated with County approved subdivisions may not be necessarily included as part of this Project.

**EXHIBIT "C"**

**COMMON ELEMENTS**

The common elements of the project shall specifically include, but are not limited to, the following:

1. The Property described in Exhibit "A", attached to the Declaration, in fee simple.
2. All central and appurtenant installations for common services, including utilities.
3. Any and all apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, use, maintenance or safety, or normally in common use.

## EXHIBIT "D"

### LIMITED COMMON ELEMENTS

Certain units shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

Yard Area A: Yard Area A consists of the land area under and surrounding Unit A, contains an area of 23,914 square feet, as designated on the Condominium Map, and is reserved for the exclusive use of Unit A for the support of the building and other improvements comprising Unit A, and for the purposes described in the Project Documents.

Yard Area B: Yard Area B consists of the land area under and surrounding Unit B, contains an area of 20,482 square feet, as designated on the Condominium Map, and is reserved for the exclusive use of Unit B for the support of the building and other improvements comprising Unit B, and for the purposes described in the Project Documents.

**EXHIBIT "E"**

**ENCUMBRANCES AGAINST TITLE**

1. Any taxes that may be due and owing and tax liens that may exist, refer to Director of Finance, Kauai County.  
  
-Note:- Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes.
2. PURCHASE MONEY MORTGAGE dated August 13, 2001, in favor of FROST FAMILY TRUST DATED MAY 14, 1999 by its Trustees, Jess L. Frost and Dolores M. Frost, recorded in said Bureau as Document No. 2001-141590.  
  
By ASSIGNMENT AND ASSUMPTION OF PURCHASE MONEY MORTGAGE dated November 29, 2002, recorded as Document No. 2003-042119, MAKALEHA LAND COMPANY, LLC, a Hawaii limited liability company, assumes all obligations of above said mortgage. Consent given by instrument recorded as Document No. 2003-042120.
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:  
  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MAKALEHA FALLS ESTATES dated January 31, 2003, recorded as Document No. 2003-038244.  
  
Said Declaration was amended by instrument dated April 29, 2003, recorded as Document No. 2003-091572, and by instrument dated May 27, 2003, and recorded as Document No. 2003-109476.
4. SECOND MORTGAGE AND CONSENT dated November 29, 2002, in favor of MAKALEHA FALLS LLC, a Hawaii limited liability company, recorded as Document No. 2003-042117. Consent given by FROST FAMILY TRUST dated May 14, 1999, by instrument recorded as Document No. 2003-042118.
5. Any unrecorded leases and matters arising from or affecting the same.
6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:  
  
Declaration of Condominium Property Regime of Lokelani, dated May 2, 2003, and recorded in said Bureau as Document No. 2003-109497.  
  
Condominium Map No. 3593.
7. By-Laws of the Association of Unit Owners of Lokelani dated May 2, 2003, and recorded in said Bureau as Document No. 2003-109498.
8. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.

EXHIBIT "F"

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
Unit A	\$ 25                      \$300
Unit B	\$ 25                      \$300

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

**Estimate of Maintenance Fee Disbursements:**

Monthly Fee x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
  - common elements only
  - common elements and apartments
- Elevator
- Gas
  - common elements only
  - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

Driveway/Gate	\$ 25	\$300
Building		
Grounds		

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance	\$ 25	\$300
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Reserves(\*)

Taxes and Government Assessments

- Audit Fees
- Legal Fees
- Other

TOTAL	\$ 50	\$600
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I, CHRISTOPHER B. SINGLETON, the Managing Member of MAKALEHA LAND COMPANY, LLC, a Hawaii limited liability company, the owner/developer for the LOKELANI Condominium project, hereby certifies that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
CHRISTOPHER B. SINGLETON

June 9, 2003  
Date

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting, and therefore the Developer has not prepared a reserve study.

End of EXHIBIT     "F"



## EXHIBIT "G"

### SUMMARY OF CONDOMINIUM SALE AGREEMENT

The Condominium Sale Agreement (hereinafter collectively called the "Agreement") contains the price and other terms and conditions under which a purchaser will agree to buy a unit in the Project. Among other things, the Agreement states:

(a) The total purchase price, method of payment and additional sums that must be paid in connection with the purchase of a unit.

(b) That the Developer is obligated to construct certain subdivision improvements prior to the County of Kauai being obligated to provide County water to the property or to issue any building permit for the property.

(c) That the purchaser has the right to cancel the purchase of the property within 30 days after having received and read the Final Public Report for the Project.

(d) That the Developer reserves certain rights for construction entry and to grant easements that may affect the property.

(e) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.

(f) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(g) Requirements relating to the purchaser's financing of the purchase of a unit.

(h) That the unit and the Project will be subject to various other legal documents which the purchaser should examine.

(g) That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project, and that the purchaser is buying the property in its "as is" condition.

(h) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(i) That, unless requested, the purchaser will not receive interest on deposits made under the Agreement.

(j) If the buyer shall default:

(1) The contract may, at the Developer's option, be terminated by written notice to the purchaser; and

(2) Any initial or additional deposits paid by the purchaser into escrow may be retained by the Developer as liquidated damages; and

(3) The Developer may pursue any other remedy, including specific performance, permitted by law or equity. All costs, including reasonable attorneys' fees, incurred by reason of default by the purchaser shall be borne by the purchaser.

The Agreement contains various other important provisions relating to the purchase of a unit in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Agreement on file with the Real Estate Commission.

## EXHIBIT "H"

### SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.

(c) The purchaser is entitled to a refund if the purchaser or seller cancels the Sales Contract in accordance with its cancellation provisions, or if the purchaser terminates its reservation before the Sales Contract is binding. However, Escrow may deduct from the refund cancellation fees in accordance with the Sales Contract.

In the event of a default by the purchaser, the funds paid by the purchaser shall belong to the seller as liquidated damages (up to a maximum of twenty percent (20%) of the total purchase price).

The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.

(d) The purchaser's funds that are placed in trust prior to closing may be used by the seller after (1) the purchaser has (i) been provided with a final public report; (ii) executed a receipt and notice and has waived his right to cancel or thirty (30) days have elapsed since the purchaser has been provided with the final public report and receipt and notice of right to cancel; and (2) the seller notifies escrow in writing that since (i) and (ii) have happened, the Sales Contract is binding; and (3) the seller's attorney advises escrow that the Sales Contract is binding and the requirements of Hawaii Revised Statutes, Sections 514A-63 and -65 have been met.

(e) Escrow may not disburse any buyer's funds in the construction of the project until completion of the project and the expiration of the mechanic's and materialmen's lien period. Escrow may disburse prior to completion of the project and expiration of the applicable lien period if the Developers would furnish each purchaser an Owners Title Insurance with an endorsement against any future liens placed on the apartments or project as a result of the development, plus providing the Real Estate Commission a release of the General Contractor's lien rights.

EXHIBIT "I"

LAND COURT SYSTEM

REGULAR SYSTEM

RETURN BY: MAIL [ ] PICKUP [ ] To:

County of Kauai  
Planning Department  
4280 Rice Street  
Lihue, Kauai, Hawaii 96766

FARM DWELLING AGREEMENT

This agreement made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, by and between \_\_\_\_\_

whose mailing address is \_\_\_\_\_

hereinafter called the "APPLICANT(S)", and the COUNTY OF KAUAI, Planning Department, whose business and mailing address is 4280 Rice Street, Lihue, Hawaii 96766, hereinafter called the "DEPARTMENT",

W I T N E S S E T H :

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

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

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

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

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

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

WHEREAS, this agreement is evidenced that \_\_\_\_\_ is entitled to one of those residential units; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. The APPLICANT(S), for themselves (himself/herself), their (his/her) heirs, administrators, successors and assigns, do hereby waive and release the DEPARTMENT and the County of Kauai, a political subdivision of the State of Hawaii, whose principle place of business is 4396 Rice Street, Lihue, Hawaii, 96766, from all claims and causes of action, either legal or equitable, which may hereafter accrue by reason of the DEPARTMENT'S execution of said Farm Dwelling Agreement; and

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

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

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.

APPROVED:

Applicant(s)

\_\_\_\_\_  
Planning Director

\_\_\_\_\_  
\_\_\_\_\_

APPROVED AS TO FORM  
AND LEGALITY:

\_\_\_\_\_  
County Attorney

\_\_\_\_\_

STATE OF HAWAII        }  
                              } ss.  
COUNTY OF KAUAI       }

On this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

\_\_\_\_\_  
Notary Public, Fifth Judicial Circuit  
State of Hawaii

My commission expires:

**EXHIBIT "J"**

**DISCLOSURE ABSTRACT FOR LOKELANI**

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of the Lokelani condominium project makes the following disclosures:

1. The Developer of the Project is MAKALEHA LAND COMPANY, LLC, a Hawaii limited liability company, whose mailing address is 6748 Waipouli Road, Kapaa, Kauai, Hawaii 96746.
2. The real estate broker for the project is VISION PROPERTIES, INC., whose mailing address is 4-1070 Kuhio Highway, Kapaa, Kauai, Hawaii 96746, and whose telephone number is (808) 822-4444.
3. The escrow company for the project is FIRST AMERICAN TITLE COMPANY, INC., whose mailing address is 333 Queen Street, Suite #700, Honolulu, Hawaii 96813, and whose telephone number is (808) 536-3866.
4. See Exhibit "F" to the Final Public Report for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles.
5. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition.
6. All of the units of the Project are to be used for residential purposes only. No apartments shall be used for hotel or timeshare purposes. There will be no commercial use except those activities permitted by County Ordinance.
7. The Developer has not conducted a reserve study in accordance with Section 514A-83.6, and the replacement reserve rules, Subchapter 5, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. There are no depreciable common elements in the Project.

IN WITNESS WHEREOF, the Developer has executed this Disclosure Abstract this 9<sup>th</sup> day of June, 2003.

MAKALEHA LAND COMPANY, LLC,  
a Hawaii limited liability company

By   
CHRISTOPHER B. SINGLETON  
Its Manager

---

RECEIPT

The undersigned has received a copy of the foregoing Disclosure Abstract with Exhibit "F" this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Purchaser(s):

---



**EXHIBIT "K"**

**SUMMARY OF DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR MAKALEHA FALLS ESTATES**

Uses of Units in the Lokelani condominium project (the "Project") are subject to the Declaration Of Covenants, Conditions and Restrictions For Makaleha Falls Estates dated January 31, 2003 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-038244, as amended by the First Amendment of Declaration of Covenants, Conditions and Restrictions For Makaleha Falls Estates dated April 29, 2003 and recorded in said Bureau of Conveyances as Document No. 2003-091572, and by Second Amendment of Declaration of Covenants, Conditions and Restrictions For Makaleha Falls Estates dated May 27, 2003, recorded as Document No. 2003-109476 (collectively, the "Restrictive Covenants"). Among other things, the Restrictive Covenants provide as follows:

1. That Lots 1-11 in the Subdivision shall be subject to the Restrictive Covenants.
2. That all Lots are subject to the permissible uses within the "A" Agricultural District in the State of Hawaii Land Use Commission Rules and Regulations in effect from time to time.
3. That the Lots in the Subdivision are subject to various easements for access and utility purposes as more fully detailed in the Restrictive Covenants.
4. That there are access restrictions applicable to Lots 1 and 11.
5. That improvements on all Lots are subject to certain design, landscape and use restrictions and criteria, as more fully detailed in the Restrictive Covenants.
6. That Lots 4-8 are subject to all applicable County of Kauai building setback lines applicable to the floodways as shown on the final subdivision map for the Subdivision and as more fully detailed in the Restrictive Covenants, and that Lots 4-8 are also subject to certain drainage and surface water runoff terms and conditions as more fully detailed in the Restrictive Covenants.
7. That domestic water service will not be available until required construction improvements for the Subdivision are completed and accepted by the Department of Water, County of Kauai.
8. That the Declarant reserves the right to grant such easements or rights of entry as may be deemed necessary or appropriate for utility services to and from the Lots.

It is incumbent upon purchasers and prospective purchasers to read with care the Restrictive Covenants. Prospective purchasers may obtain a copy of the Restrictive Covenants by asking the Sales Agent for a copy.

EXHIBIT "L"

THE ORIGINAL OF THE DOCUMENT  
RECORDED AS FOLLOWS  
STATE OF HAWAII

BUREAU OF CONVEYANCES

DATE FEB 24 2003 TIME 1200  
DOCUMENT NO. 2002-075759

LAND COURT SYSTEM

REGULAR SYSTEM

After Recordation, Return by: ( X ) Mail ( ) Pickup

BELLES GRAHAM PROUDFOOT & WILSON (DHW)

4334 Rice Street, Suite 202

Lihue, Kauai, Hawaii 96766

Telephone: (808) 245-4705

This Document Contains 4 Pages

TYPE OF DOCUMENT:

WAIVER AND RELEASE AGREEMENT

PARTIES TO DOCUMENT:

APPLICANT: MAKALEHA LAND COMPANY, LLC,  
a Hawaii limited liability company  
6748 Waipoli Road  
Kapaa, Kauai, Hawaii 96746

COUNTY: COUNTY OF KAUAI  
c/o Department of Water Supply  
P. O. Box 1706  
Lihue, Kauai, Hawaii 96766

TAX MAP KEY FOR PROPERTY:

(4) 4-6-06:88

## WAIVER AND RELEASE AGREEMENT

This Waiver And Release Agreement ("Agreement") is made this 25 day of February, 2003, by MAKALEHA LAND COMPANY, LLC, a Hawaii limited liability company, whose mailing address is 6748 Waipouli Road, Kapaa, Kauai, Hawaii 96746 ("Owner"), in favor of the COUNTY OF KAUAI, a political subdivision of the State of Hawaii, whose mailing address is c/o the Department of Water Supply, County of Kauai, P. O. Box 1706, Lihue, Kauai, Hawaii 96766 ("County").

### I. RECITALS

1. The Owner intends to construct two (2) agricultural sheds (referred to as the "Sheds") on a portion of certain property known as Lot 88 of the Makaleha Falls Estates subdivision located at Kapaa, Kauai, Hawaii, designated by Kauai Tax Map Key No. (4)4-6-06:88 ("Subject Property").
2. The Subject Property is presently without water or water services from the County of Kauai.
3. The Owner has applied for building permits from the Building Division of the Department of Public Works of the County of Kauai ("Building Division") for the Sheds.
4. The Owner desires to commence construction of the Sheds knowing that no County-supplied water service of any kind exists and acknowledging and accepting the fact that no County-supplied water service may ever exist at the Subject Property.

### II. AGREEMENT

NOW, THEREFORE, the Owner agrees, promises and covenants as follows:

1. The issuance to Owner of one or more building permits by the County of Kauai for the construction of the Sheds on the Subject Property will not be construed by Owner or Owner's agents, successors in interest, heirs or assigns to infer, warrant or guarantee that water or water services by the County will be provided to the Subject Property at any time in the future.
2. The Owner and Owner's agents, successors in interest, heirs or assigns will not use the issuance of building permits for the Sheds as a basis for any claim, action, suit or demand of any kind for the providing of water or water services by the County, at this time or any time in the future.
3. The Owner and Owner's agents, successors in interest, heirs or assigns waive any right they have, or could or will have, to institute any claim, action, suit or demand

of any kind which could or will arise out of the absence of County-supplied water or water services at the Subject Property.

4. Prior to taking any action that affects the title to Subject Property, Owner will notify Owner's agents, successors in interest, or assigns of the entire contents of this Agreement, as such agency, successorship or assignment becomes legally effected, by having him, her or them affix his, her or their signatures upon a document attesting to such notice, and will provide to the Building Division of the Department of Public Works of the County of Kauai a copy of such properly executed document upon execution.

5. The Owner will indemnify and hold harmless the County of Kauai, the Department of Water, and Board of Water Supply from any claim, action, suit or demand that is brought by Owner's agents, successors in interest or assigns for Owner's failure to comply with any provision of this Agreement.

6. The covenants and servitudes created in this Waiver and Release are hereby declared to encumber and touch and concern the property and the beneficial rights in the property. Owner expressly understands and agrees that the covenants and servitudes created by this Agreement shall run with the land as an encumbrance on the property and shall constitute notice to all persons, natural and corporate, who may have or claim an interest in the property.

7. The validity of this Agreement its terms and conditions, and any disputes relating to this Agreement shall be governed by the laws of the County of Kauai, State of Hawaii.

8. This Agreement may be executed in counterparts. Each counterpart shall be executed by one or more parties hereinbefore named and the several counterparts shall constitute one instrument to the same effect as though the signatures of all the parties are upon the same document.

IN WITNESS WHEREOF, the Applicant has executed this Waiver And Release Agreement on the date first written above.

MAKALEHA LAND COMPANY, LLC  
a Hawaii limited liability company

By   
CHRIS SINGLETON  
Its Member/Manager

STATE OF HAWAII        )  
                                  ) SS:  
COUNTY OF KAUAI     )

On this 25<sup>th</sup> day of February, 2003, before me appeared CHRIS SINGLETON, to me personally known, who, being by me duly sworn, did say that he is the Managing Member of MAKALEHA LAND COMPANY, LLC, a Hawaii limited liability company, that the foregoing instrument was signed in the name and on behalf of said limited liability company, and said CHRIS SINGLETON acknowledged that he executed the same as his free act and deed and as the free act and deed of said limited liability company.

L.S.

Jennifer A. Uyeda-Gali

Name of Notary: JENNIFER A. UYEDA-GALI  
Notary Public, State of Hawaii.

My commission expires: 12/17/2004

**BELLES GRAHAM  
PROUDFOOT & WILSON**

ATTORNEYS AT LAW

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

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

COUNSEL

JONATHAN J. CHUN  
PAMELA P. RASK

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

Federal I.D. No. 99-0317663

February 14, 2003

Mr. Mario Antonio  
Building Division, Department of Public Works  
County of Kauai  
4444 Rice Street, Ste. 175  
Lihue, Kauai, Hawaii 96766

Re: Makaleha Falls Subdivision/CPR Shed Building Permits

Dear Mr. Antonio:

On behalf of our client Makaleha Land Company, LLC, the developer of the Makaleha Falls Subdivision, we are hereby requesting your consideration of our client's request for issuance of building permits for construction of 22 CPR sheds prior to the completion and acceptance of the Subdivision roadway and related improvements. In support of this request, we offer the following:

1. It is proposed to construct two sheds on each of the 11 Subdivision lots. Us Guys Builders, LLC will be contracted to construct each CPR shed of four fence posts and shade cloth. None of the sheds will be used for any purpose other than the filing of a condominium registration application for each lot with the State of Hawaii Real Estate Commission; no residential use will be made of the sheds, and there will be no water, electric or other utility service to the sheds.

2. The required Subdivision improvements, consisting primarily of the Subdivision road improvements (including grassing along the road shoulders) are now under construction pursuant to a contract with Ka'Iwa Construction, Inc. A Subdivision Bond for the full estimated cost of construction (\$963,690.00) secures the construction. The estimated time for completion of the Subdivision improvements is five months.

3. Construction of the CPR sheds will not be done in any area or in any way that will interfere with the grading or construction work on the Subdivision improvements.

4. Delaying the issuance of building permits for the CPR sheds until completion and acceptance of the Subdivision improvements will have a significant

Mr. Mario Antonio  
Building Division, Department of Public Works  
County of Kauai  
February 14, 2003  
Page 2

adverse economic burden on our client due to the more than five month delay in being able to file and obtain a condominium public report, the issuance of which is a prerequisite for marketing and selling CPR units in the Subdivision.

5. In support of this request, our client will submit a signed waiver of claims and indemnification agreement in favor of the County, signed by our client and both of its contractors, holding the County harmless from any and all claims and damages related to the issuance and construction of the CPR shed permits prior to completion and acceptance of the Subdivision improvements, and also holding the County harmless from any and all claims and damages related to damage to the Subdivision improvements as a result of the CPR shed permits and construction.

6. Finally, our client will agree that no further building permits for any lot or CPR unit within the Subdivision shall be applied for or issued unless and until the Subdivision roadway improvements are paved and accepted by the County, and the roadway shoulder grassing is either completed and accepted or an acceptable grassing bond is posted in favor of the County. Full disclosure of this restriction shall be made in the CPR registration documents and in the sales agreement contract with all prospective purchasers of CPR units.

We hope that the foregoing assurances and agreements will help you to give favorable consideration for our client's request for immediate issuance of the CPR shed building permits. Please feel free to contact me if you need any further information, and thank you for your assistance and consideration.

Very truly yours,

BELLES GRAHAM  
PROUDFOOT & WILSON



Donald H. Wilson

cc: Makaleha Land Company, LLC  
Attn: Chris Singleton

## WAIVER, RELEASE AND INDEMNITY AGREEMENT

In consideration of the County of Kauai's issuance of building permits to Homeowner MAKALEHA LAND COMPANY, LLC, a Hawaii limited liability company, PRIOR TO FINAL APPROVAL OF SUBDIVISION CONSTRUCTION BY THE COUNTY OF KAUAI AS REQUIRED BY SECTION 9-3.9, KAUAI COUNTY CODE 1987, for construction of homeowner improvements consisting of CPR sheds on Lots 1-11 of the Makaleha Falls Estates Subdivision, Tax Map Key No. (4) 4-6-006-011, located at Kapaa, Kawaihau, Kauai, Hawaii, Homeowner MAKALEHA LAND COMPANY, LLC, Homeowner's Contractor US GUYS BUILDERS, LLC, a Hawaii limited liability company, Developer MAKALEHA LAND COMPANY, LLC, and Developer's Contractor KA'IWA CONSTRUCTION, INC., a Hawaii corporation, hereby Waive, Release and Agree to Indemnify the County of Kauai from ALL CLAIMS, ALL LIABILITY, and ALL DAMAGES which may arise from:

1. The acts or omissions of Homeowner and Homeowner's Contractor and subcontractors.
2. The acts or omissions of Developer and Developer's Contractor and subcontractors.
3. The acts or omissions of the County of Kauai.

This Waiver, Release and Indemnity shall include all claims against the County of Kauai including, but not limited to, claims from third parties and claims by the parties against each other.

In the event any claim for liability or damages is filed against the County of Kauai, then Homeowner, Homeowner's Contractor, Developer, and Developer's Contractor shall indemnify the County of Kauai from all damages which any claimant may recover from the County of Kauai including all reasonable and necessary attorneys fees and costs of suit.

The County of Kauai hereby notifies Homeowner that no occupancy shall be allowed of any improvement placed on the subject property nor shall any contracts for sale be allowed unless the contract contains a provision, in a form acceptable to the County of Kauai, against any occupancy prior to final acceptance of the subdivision improvements by the County of Kauai.

The rights of the County of Kauai and the obligations of Homeowner, Homeowner's Contractor, Developer, and Developer's Contractor shall be binding upon and inure to their respective heirs, estates, personal representatives, successors, successors in interest, successors in trust, and assigns.



IN WITNESS WHEREOF, Homeowner, Homeowner's Contractor, Developer, and Developer's Contractor have executed this Waiver, Release and Indemnity Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

**APPROVED:**

\_\_\_\_\_  
County Engineer

**APPROVED AS TO FORM AND LEGALITY:**

\_\_\_\_\_  
County Attorney

**HOMEOWNER and DEVELOPER:**

MAKALEHA LAND COMPANY, LLC

By \_\_\_\_\_  
CHRIS SINGLETON  
Its Managing Member

**HOMEOWNER'S CONTRACTOR:**

US GUYS BUILDERS, LLC

By \_\_\_\_\_  
Name:  
Its:

**DEVELOPER'S CONTRACTOR:**

KA'IWA CONSTRUCTION, INC.

By \_\_\_\_\_  
Name:  
Its:

STATE OF HAWAII                    )  
  ) SS:  
COUNTY OF KAUAI                 )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2003, before me appeared CHRIS SINGLETON, to me personally known, who, being by me duly sworn, did say that he is the Managing Member of MAKALEHA LAND COMPANY, LLC, a Hawaii limited liability company, that the foregoing instrument was signed on behalf of said entity, and the said CHRIS SINGLETON acknowledged said instrument to be the free act and deed of said entity.

\_\_\_\_\_  
Name of Notary:  
Notary Public, State of Hawaii

My commission expires: \_\_\_\_\_

STATE OF HAWAII                    )  
  ) SS:  
COUNTY OF KAUAI                 )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2003, before me appeared ROBERT L. BENTLEY, to me personally known, who, being by me duly sworn, did say that he is the Responsible Managing Employee of US GUYS BUILDERS, LLC, a Hawaii limited liability company, that the foregoing instrument was signed on behalf of said entity, and the said ROBERT L. BENTLEY acknowledged said instrument to be the free act and deed of said entity.

\_\_\_\_\_  
Name of Notary:  
Notary Public, State of Hawaii

My commission expires: \_\_\_\_\_

STATE OF HAWAII                    )  
  ) SS:  
COUNTY OF KAUAI                 )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2003, before me appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is the \_\_\_\_\_ of KA'IWA CONSTRUCTION, INC., a Hawaii corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and the said officer acknowledged said instrument to be the free act and deed of said corporation.

\_\_\_\_\_  
Name of Notary:  
Notary Public, State of Hawaii

My commission expires: \_\_\_\_\_