

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer REGENCY HULE'IA, LLC
Address Princeville Center, Suite E-2, Kuhio Highway, Princeville, Hawaii 96722

Project Name (*): REGENCY HULE'IA
Address: Kaneka Street, Lihue, Hawaii 96766

Registration No. 5572
Effective date: February 8, 2005
Expiration date: March 8, 2006

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, if 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:

X 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 586-2643 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

- Required and attached to this report 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.

- No prior reports have been issued by the developer.

- Changes made are as follows:

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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: REGENCY HULE'IA, LLC Phone: 808 826-7498
Name* (Business)
Princeville Center, Suite E-2
Kuhio Highway
Princeville, Hawaii 96722
Business Address

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):

Members: James L. Clay; Steven M. Oldfield; Conrad Murashige; Blue Sapphire Holdings,
LLC

Real Estate Broker*: REGENCY PACIFIC REALTY, LLC Phone: 808 826-7498
Name* (Business)
P.O. Box 223129
Princeville, Hawaii 96722
Business Address

Escrow: TITLE GUARANTY ESCROW SERVICES, INC. Phone: 808 521-0211
Name* (Business)
235 Queen Street, 1st Floor
Honolulu, Hawaii, 96813
Business Address

General Contractor*: SHIOI CONSTRUCTION, INC. Phone: 808 245-3975
Name* (Business)
4023 Halau Street
Lihue, Hawaii 96766
Business Address

Condominium Managing Agent*: NONE SELECTED Phone: _____
Name* (Business)

Business Address

Attorney for Developer: McCORRISTON MILLER Phone: 808 529-7300
MUKAI MacKINNON LLP (Business)
Name*
Five Waterfront Plaza, Suite 400
500 Ala Moana Blvd.
Honolulu, Hawaii 96813
Business Address

* 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. _____
 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. _____
 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. _____
 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 interest 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>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>**</u>

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

** **The House Rules may be amended by action of the Board of Directors of the Association of Apartment Owners of Regency Hule'ia.**

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:

See Exhibit A

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: Kaneka Street Tax Map Key (TMK): (4) 3-3-3: 048
Lihue, Hawaii 96766

Address TMK is expected to change because Street numbers to be assigned by the County of Kauai

Land Area: 15.714 square feet acre(s) Zoning: R-20

Fee Owner: REGENCY HULE'IA, LLC
 Name
Princeville Center, Suite E-2
Kuhio Highway
Princeville, Hawaii 96722
 Address

Lessor: N/A
 Name

 Address

C. **Buildings and Other Improvements:**

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion

2. Number of Buildings: 1 Utility Floors Per Building: 1
32 Residential 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

- Concrete Hollow Tile Wood
 Other _____

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>83</u>	<input checked="" 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 type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input 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: See Exhibit B
- Number of Occupants: _____
- Other: See Exhibit B
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: N/A Stairways: 1 in each apt. except C apts. Trash Chutes: N/A

<u>Type</u>	<u>Apt. Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
See Exhibit C					
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 83

*** 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:

Each apartment consists of the spaces within the perimeter and party walls, windows, doors, floors and ceiling(s) of the respective apartment.

Permitted Alterations to Apartments:

See Exhibit D

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 X elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 187

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>83</u>						<u>83</u>
Guest		<u>21</u>					<u>21</u>
Unassigned		<u>83</u>					<u>83</u>
Extra for Purchase							
Other:							
Total Covered & Open:	<u>187</u>						<u>187</u>

Each apartment will have the exclusive use of at least 1 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: Utility building; recycle bin; sewer pump station

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):

Not Applicable

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 lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
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 Interest:

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 E .
 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 E .

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." 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 F .

as follows:

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 or your purchase and ownership of an apartment in the project.

Exhibit G describes the encumbrances against the title contained in the title report dated December 9, 2004 and issued by Title Guaranty of Hawaii, Incorporated .

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.

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	If the Developer defaults before the apartment is conveyed to the Buyer, then the Mortgagee will have the right to decide whether to sell the apartment to the Buyer under the Sales Contract. If the Buyer's interest is terminated by the Mortgagee, then the Buyer's deposit will be refunded to the Buyer, less the 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:

See Exhibit H

2. Appliances:

See Exhibit H

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

Construction of the Project is schedule to commence in January 2005, and is schedule to be completed in September 2006.

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):

Not Applicable

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 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 I 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 * **Common Elements only**
 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 J contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated 12/30/04
Exhibit K 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. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5572 filed with the Real Estate Commission on January 19, 2005 .

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

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C. Additional Information Not Covered Above

1. Prior and existing uses of the land underlying the Project (the "Land") included and include environmental conditions, hazards and risks which may result in the Land being periodically affected by various nuisances and hazards and by noise, dust, smoke, soot, ash, odor, light or adverse environmental conditions of any kind (including but not limited to those attributable to wind drift and other weather factors) created by existing and historical, agricultural, industrial and non-residential uses and activities, which include specifically, but are not limited to: (1) husbandry of livestock, including but limited to swine; (2) irrigation of any and all of the surrounding lands with treated effluent, reclaimed water or other sources of non-potable water; (3) the use of an adjacent area as a county landfill known as Halehaka, and the closure and post-closure monitoring of the landfill, as well as the activities associated with such closure; (4) a wastewater treatment facility for the subdivision and certain other properties; (5) the use of irrigation lakes in the golf course to mix sewage effluent, reclaimed water and other non-potable water for irrigation purposes; (6) water supply and sewage pumping stations at various locations in the subdivision; (7) the existence of and events at the nearby Kukui Grove commercial centers; (8) the golf driving range, nearby parks, recreational events and other land uses in the vicinity; (9) traffic congestion; (10) the use of adjacent land as a golf course, and hazards and the nuisance of errant golf balls and attendant golfers; and (11) the existence of a cemetery near the southern end of Halehaka Road.
2. The southwestern corner of the Project site contains what was formerly a marsh site. That site, designated as the Park/Yard Area on the site map included in the Condominium Map as Sheet CPR-1, has been/will be filled with boulder fill and/or fill slope materials. No structures or infrastructure should be placed on or in the Park/Yard Area. Notwithstanding the filling of the Park/Yard Area in accordance with the recommendations of Ernest K. Hirata & Associates, Inc., settlement of the Park/Yard Area may be anticipated due to the 25 feet of fill. Accordingly, future regrading of the Park/Yard Area may be required.

- 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.

REGENCY HULE'IA, LLC

(Printed Name of Developer)

By: Glenn R. Kaser 01/11/05
 (City Authorized Signatory* Date)

GLENN R. KASER - AUTHORIZED AGENT
 (Printed Name & Title of Person Signing for Developer)

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.*

**DEVELOPER'S RIGHTS
TO CHANGE THE DECLARATION,
CONDOMINIUM MAP, BYLAWS OR HOUSE RULES**

1. Notwithstanding any other provision in the Declaration to the contrary, prior to (i) the time that all apartments in the Project have been sold and recorded, and (ii) the filing by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Hawaii Revised Statutes (but in no event later than December 31, 2020), the Developer shall have the right, without the consent, approval or joinder of any apartment owner, (a) to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or (b) to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that as to (a) and (b) hereinabove, any such changes shall be reflected in an amendment to the Declaration as provided in Section 2 of Paragraph R of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the apartment deeds transferring said apartments from the Developer to parties not signatory to the Declaration.

2. Notwithstanding the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of any or all apartment deeds conveying any or all of the apartments to any person, the Developer shall have the right to successively amend the Declaration (including the By-Laws and, when applicable, the Condominium Map), without the consent, approval or joinder of the persons then owning or leasing the apartments, to file the "as built" verified statement (with plans, if applicable) required by Section 514A-12, Hawaii Revised Statutes, as amended, (a) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built, or (b) so long as any plans filed therewith involve only changes to the layout, location, apartment numbers, dimensions of or other changes to the apartments and common elements as built which the Developer is permitted to make in accordance with Paragraph Q of the Declaration.

3. Until the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of apartment deeds covering all of the apartments in the Project (including all interests therein) in favor of parties not a signatory to the Declaration and other than to any mortgagee of the Developer, the Developer shall have the right to amend the Declaration, the By-Laws and the Condominium Map, without the consent, approval or joinder of any purchaser of an apartment or any interest therein (including any lessee), and to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the Project or any of the apartments or any interest therein, by any institutional lender lending funds on the security of the Project or any of the apartments or any interest therein, or by any governmental agency of any state, territory, possession or foreign county or other foreign jurisdiction as a condition precedent to the marketing or sale of apartments or any interests therein in any such jurisdiction; provided, however, that no such amendment which would change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment shall be made without the consent to such amendment by all persons having an interest in such apartment.

SPECIAL USE RESTRICTIONS

1. No awning, shades, window guards, towels, swimwear, wiring, radio or telephone antenna or other objects shall be attached to or hung from the exterior of any apartment's lanais or windows, or protrude through the walls, windows or roof of any building, except as shall have been approved in writing by the Board of Directors or the Managing Agent, which approval may be granted or refused in the sole discretion of the Board of Directors or the Managing Agent.
2. Except as permitted under the Declaration, no apartment owner or occupant shall place or maintain any television or other antennas on the Project visible from any point outside of any apartment.
3. No signs, signals, lettering or decorative items shall be attached or exposed on any part of the building, lanais or the exterior door of any apartment, except for a sign indicating the apartment number and name of the occupant, without the prior approval by the Board of Directors. Reasonable holiday decorations are exempt from this rule as long as they are affixed in a temporary manner.
4. No occupant shall use or permit to be brought into any apartment or common areas anything deemed hazardous to life, limb or property, such as gasoline, kerosene, methanol or other combustibles of like nature, or any gunpowder, fireworks or other explosives. No activity shall be engaged in, nor shall any substance be introduced or manufactured within the apartments which may result in a violation of the law or in the increase of premium rates or cancellation of insurance for the Project.
5. No refuse, garbage, or trash of any kind shall be thrown, placed, or kept on any common elements of the Project outside of the disposal facilities provided for such purpose.
6. Household pets as allowed by the Board of Directors shall not be kept, bred, or used in any apartment for any commercial, profit making or money generating purpose, nor allowed on any common elements except in transit when carried or on leash.
7. No livestock, poultry, pests as defined in HRS §150A-2 or animals prohibited from importation under HRS §§141-2, 150A-5 or 150A-6, shall be allowed or kept in any part of the Project.
8. Nothing shall be allowed, done, or kept in any apartment or common elements of the Project which would overload or impair the floors, walls, or roofs of the Project, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.
9. All occupants shall exercise extreme care about making noises and in the use of musical instruments, radios, televisions, and amplifiers that may disturb other occupants. Special consideration for quietness shall be followed between the hours of 10:00 p.m. and 8:00 a.m.
10. Contractors, other than those employed to provide services to the AOAO Regency Hule`ia, will be permitted on the premises Monday through Saturday 8:00 a.m. to 5:00 p.m. except in emergencies.
11. An apartment shall be used only for family living accommodations and shall not be used for business or any other purposes; provided, however, this provision shall not affect such apartments from being rented or leased for residential or living accommodations.

12. No vehicles may be parked along the main roadways. Residents of any one apartment may not bring more than two (2) vehicles on the Project at any one time. Residents shall park their primary vehicle only in the garage attached to their apartment. Residents may park a non-primary vehicle in any common element parking stall other than designated guest parking stalls. No vehicles shall park in the driveway of any apartment except on a temporary basis. "Temporary" shall mean not on a daily basis.
13. Guests may park in designated guest stalls for not more than twelve (12) hours per day and not more than three (3) consecutive days without prior approval of management. Designated guest stalls may not be utilized for any activity except parking of guest vehicles. Residents may not park in designated guest stalls. "Stacking" of vehicles one behind another in guest stalls is not permitted.
14. Boats, canoes, rafts, jet skis or other navigable craft and automobiles, bicycles, motorcycles, mopeds and other transportation vehicles shall not be parked, stored, maintained or repaired on the roadway and other areas designated as common and limited common elements in the Declaration.

APARTMENT TYPES

<u>No. of Apts.</u>	<u>Apt. Type</u>	<u>Approx. Net Living Area</u>	<u>Approx. Lanai Area</u>	<u>Approx. Garage Area</u>	<u>Total Approx. Net Floor Area</u>
13	A	1,282	77	233	1,592
19	AR	1,280	77	233	1,590
19	A-INT	1,265	75	233	1,573
8	B	1,402	77	233	1,712
5	B	1,404	77	233	1,714
5	BR	1,402	77	233	1,712
8	BR	1,404	77	233	1,714
6	C	1,032	77	233	1,342

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PERMITTED ALTERATIONS TO APARTMENTS

1. The owner of any apartment may make any alterations or additions within the owner's apartment except for enclosing any exterior lanai.
2. The owner of any two (2) adjacent apartments which are separated by a common element that is a wall, with only the approval required hereinbelow, may alter or remove all or portions of the intervening wall, if the structural integrity of the building is not thereby adversely affected and if the finish of the common element then remaining is then restored to a condition substantially comparable to that of the common element prior to such alterations. The owner of any two (2) such adjacent apartments may install a door or doors to such opening or openings in the intervening common element. Alterations or additions within any such adjacent apartments shall require only the written approval thereof, including the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartments (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the County of Kauai (if such agencies so require), by the Board of Directors (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors), and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered; provided, however, if the alterations or additions are substantial in nature, as reasonably determined by the Board of Directors, the Board of Directors may require that the owner of the apartment provide evidence satisfactory to the Board of Directors of sufficient financing to complete such alterations or additions or, in lieu thereof, require that the owner obtain a performance and labor and materials payment bond, naming as obligees the Board of Directors, the Association and collectively all apartment owners and their respective mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such construction. Prior to the termination of the common ownership of any such adjacent apartments, if the intervening wall shall have been altered or removed pursuant to the foregoing provisions and/or any entry to hallways sealed, the owner of such apartments shall be obligated to restore such intervening wall and/or hallway entries to substantially the same condition in which the same existed prior to such alteration or removal.
3. Prior to (i) the time that all apartments in the Project have been sold and recorded, and (ii) the filing by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Hawaii Revised Statutes (but in no event later than December 31, 2020) the Developer shall have the right, without the consent, approval or joinder of any apartment owner, to (a) to make alterations in the Project (and/or to amend the Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or (b) make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that as to (a) and (b) hereinabove, any such changes shall be reflected in an amendment to the Declaration as provided in Section 2 of Paragraph R of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the apartment deeds transferring said apartments from the Developer to parties not signatory to the Declaration.

THE COMMON ELEMENTS

Common Elements. One freehold estate is hereby designated in all remaining portions of the Project, herein called the "common elements", including specifically, but not limited to:

1. The Land in fee simple;
2. All roads, driveways, access lanes, paved areas, ramps and loading areas;
3. All parking stalls and parking areas except for the parking garages, which comprise a portion of the Apartments;
4. All yards, grounds, gardens, walkways, walkway railings, landscaping and refuse facilities not located within an Apartment;
5. The swimming pool and appurtenant deck area;
6. All restroom facilities not located within an Apartment;
7. The utility building;
8. All foundations, floor slabs, columns, girders, beams, supports, perimeter, party and load-bearing walls and partitions (excluding the finishes thereon), roofs and stairways (excluding any private stairway located within and serving only an Apartment);
9. All vents, shafts, sewer lines, pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations on, above, over, under and across the Project to the point of their respective connections to Improvements comprising a part of the Apartments or the Limited Common Elements appurtenant thereto, including, without limitation, those providing electricity, light, gas (if any), water, air conditioning, sewer, refuse, telephone, and radio and television signal distribution (if any) to more than one Apartment;
10. Any and all other apparatus and installations existing for common use by more than one (1) Apartment, and any and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use; and
11. All mailboxes.

Limited Common Elements. Certain parts of the common elements, herein called the "limited common elements", are designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

1. Each apartment shall have for its exclusive use one (1) mailbox located in the mail bank in the utility building; and
2. Each apartment shall have for its exclusive use the driveway, planter and entry area fronting the apartment's garage and leading to the front door to the apartment.

THE APARTMENTS

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Bed/Bath</u>	<u>Approx. Net Living Area</u>	<u>Approx. Lanai Area</u>	<u>Approx. Garage Area</u>	<u>Total Approx. Floor Area</u>	<u>% Common Interest</u>
1	B	3/2.5	1,404	77	233	1,714	1.280
2	BR	3/2.5	1,402	77	233	1,712	1.280
3	C	1/1.5	1,032	77	233	1,342	1.005
4	A-INT	2/2.5	1,265	75	233	1,573	1.190
5	AR	2/2.5	1,280	77	233	1,590	1.190
6	AR	2/2.5	1,280	77	233	1,590	1.190
7	A-INT	2/2.5	1,265	75	233	1,573	1.190
8	A	2/2.5	1,282	77	233	1,592	1.190
9	C	1/1.5	1,032	77	233	1,342	1.005
10	A-INT	2/2.5	1,265	75	233	1,573	1.190
11	AR	2/2.5	1,280	77	233	1,590	1.190
12	C	1/1.5	1,032	77	233	1,342	1.005
13	A-INT	2/2.5	1,265	75	233	1,573	1.190
14	AR	2/2.5	1,280	77	233	1,590	1.190
15	C	1/1.5	1,032	77	233	1,342	1.005
16	A-INT	2/2.5	1,265	75	233	1,573	1.190
17	AR	2/2.5	1,280	77	233	1,590	1.190
18	B	3/2.5	1,402	77	233	1,712	1.280
19	BR	3/2.5	1,404	77	233	1,714	1.280
20	AR	2/2.5	1,280	77	233	1,590	1.190
21	A-INT	2/2.5	1,265	75	233	1,573	1.190
22	A	2/2.5	1,282	77	233	1,592	1.190
23	B	3/2.5	1,404	77	233	1,714	1.280
24	BR	3/2.5	1,402	77	233	1,712	1.280
25	C	1/1.5	1,032	77	233	1,342	1.005
26	A-INT	2/2.5	1,265	75	233	1,573	1.190
27	AR	2/2.5	1,280	77	233	1,590	1.190
28	BR	3/2.5	1,402	77	233	1,712	1.280
29	B	3/2.5	1,404	77	233	1,714	1.280
30	AR	2/2.5	1,280	77	233	1,590	1.190
31	A-INT	2/2.5	1,265	75	233	1,573	1.190
32	A	2/2.5	1,282	77	233	1,592	1.190
33	AR	2/2.5	1,280	77	233	1,590	1.190
34	A-INT	2/2.5	1,265	75	233	1,573	1.190
35	A	2/2.5	1,282	77	233	1,592	1.190
36	AR	2/2.5	1,280	77	233	1,590	1.190
37	A-INT	2/2.5	1,265	75	233	1,573	1.190
38	A	2/2.5	1,282	77	233	1,592	1.190
39	AR	2/2.5	1,280	77	233	1,590	1.190
40	A-INT	2/2.5	1,265	75	233	1,573	1.190
41	A	2/2.5	1,282	77	233	1,592	1.190
42	AR	2/2.5	1,280	77	233	1,590	1.190
43	A-INT	2/2.5	1,265	75	233	1,573	1.190
44	A	2/2.5	1,282	77	233	1,592	1.190
45	BR	3/2.5	1,404	77	233	1,714	1.280
46	B	3/2.5	1,402	77	233	1,712	1.280

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Bed/Bath</u>	<u>Approx. Net Living Area</u>	<u>Approx. Lanai Area</u>	<u>Approx. Garage Area</u>	<u>Total Approx. Floor Area</u>	<u>% Common Interest</u>
47	BR	3/2.5	1,404	77	233	1,714	1.280
48	B	3/2.5	1,402	77	233	1,712	1.280
49	BR	3/2.5	1,404	77	233	1,714	1.280
50	B	3/2.5	1,402	77	233	1,712	1.280
51	BR	3/2.5	1,404	77	233	1,712	1.280
52	B	3/2.5	1,402	77	233	1,714	1.280
53	BR	3/2.5	1,402	77	233	1,712	1.280
54	B	3/2.5	1,404	77	233	1,714	1.280
55	BR	3/2.5	1,404	77	233	1,714	1.280
56	B	3/2.5	1,402	77	233	1,712	1.280
57	BR	3/2.5	1,402	77	233	1,712	1.280
58	B	3/2.5	1,402	77	233	1,714	1.280
59	BR	3/2.5	1,404	77	233	1,714	1.280
60	B	3/2.5	1,402	77	233	1,712	1.280
61	C	1/1.5	1,032	77	233	1,342	1.005
62	A-INT	2/2.5	1,265	75	233	1,573	1.190
63	AR	2/2.5	1,280	77	233	1,590	1.190
64	AR	2/2.5	1,280	77	233	1,590	1.190
65	A-INT	2/2.5	1,265	75	233	1,573	1.190
66	A	2/2.5	1,282	77	233	1,592	1.190
67	A	2/2.5	1,282	77	233	1,592	1.190
68	A-INT	2/2.5	1,265	75	233	1,573	1.190
69	AR	2/2.5	1,280	77	233	1,590	1.190
70	A	2/2.5	1,282	77	233	1,592	1.190
71	A-INT	2/2.5	1,265	75	233	1,573	1.190
72	AR	2/2.5	1,280	77	233	1,590	1.190
73	B	3/2.5	1,402	77	233	1,712	1.280
74	BR	3/2.5	1,404	77	233	1,714	1.280
75	AR	2/2.5	1,280	77	233	1,590	1.190
76	A-INT	2/2.5	1,265	75	233	1,573	1.190
77	A	2/2.5	1,282	77	233	1,592	1.190
78	AR	2/2.5	1,280	77	233	1,590	1.190
79	A-INT	2/2.5	1,265	75	233	1,573	1.190
80	A	2/2.5	1,282	77	233	1,592	1.190
81	AR	2/2.5	1,280	77	233	1,590	1.190
82	A-INT	2/2.5	1,265	75	233	1,573	1.190
83	A	2/2.5	1,282	77	233	1,592	1.190
TOTAL						133,383	100.000

ENCUMBRANCES AGAINST TITLE

1. Location of the boundary of Haleaka Stream and the effect, if any, upon the area of the land described herein, and the free flowage thereof.
2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF LAND USE COMMISSION CONDITIONS
DATED : May 29, 1990
FILED : Land Court Document No. 1737704
RECORDED : Document No. 90-088395

Said Declaration was amended by instruments dated September 22, 1994, filed as Land Court Document No. 2185539, and dated March 28, 1996, filed as Land Court Document No. 2302461.

3. RIGHT-OF-ENTRY

TO : CITIZENS UTILITIES COMPANY
DATED : May 18, 1990
FILED : Land Court Document No. 1765530
GRANTING : a right-of-entry for utility purposes

4. RIGHT-OF-ENTRY

TO : CITIZENS UTILITIES
DATED : May 11, 1993
FILED : Land Court Document No. 2039363
GRANTING : a right-of-entry for utility purposes

5. RIGHT-OF-ENTRY

TO : GROVE FARM COMPANY, INCORPORATED
DATED : June 10, 1992
RECORDED : Document No. 93-063735
GRANTING : a right-of-entry for utility purposes.

6. DESIGNATION OF EASEMENT "540"

PURPOSE : electrical
SHOWN : on Map 158, as set forth by Land Court Order No. 154740, filed January 23, 2004

7. GRANT

TO : KAUAI ISLAND UTILITY COOPERATION

DATED : November 4, 2003

FILED : Land Court Document No. 3079033

GRANTING : a perpetual right and easement for access and utility purposes over Easement "E-2" being more particularly described in Exhibit "A" attached thereto.

8. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.
9. For Real Property Taxes that may be due and owing, reference is made to the Department of Finance, County of Kauai.

CONSTRUCTION WARRANTIES

1. Building and Other Improvements. The Developer anticipates, but does not warrant, that the construction contract for the Project (the "Construction Contract") will contain a clause which provides in pertinent part that:

"If within one (1) year after the Date of Substantial Completion, or within such longer or other period of time as may be prescribed by law or by the terms of any applicable warranty contained in the Contract Documents, any of the Work is found to be defective or not in accordance with the Contract Documents, the Contractor shall correct it immediately upon receipt of a written notice from the Owner to do so."

The Developer makes no warranties itself, but the Developer agrees that the closing of the sale of the Apartment shall constitute an assignment by the Developer to the purchaser of any and all warranties given to the Developer by the contractor(s) for the Project in connection with the Apartment, including any contractor's agreement to promptly correct any of its work found to be defective or not in conformance with the Construction Contract following the "Date of Substantial Completion of the Work", as defined in the Construction Contract. The benefit of such an agreement shall accrue to the purchaser on the Date of Closing without further instruments or documents. The Developer shall cooperate with the purchaser during the effective period of such agreement in asserting any claims based on any such warranty. The Developer is not adopting the contractor's warranty or acting as co-warrantor, but is merely attempting to pass through to the purchaser the benefit of such contractor's warranty, if any.

2. Chapter 672E Requirements for Filing a Lawsuit or Other Action for Defective Construction Against the Contractor. CHAPTER 672E OF THE HAWAII REVISED STATUTES CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIRED, OR CONSTRUCTED YOUR HOME OR FACILITY. NINETY DAYS BEFORE YOU FILE YOUR LAWSUIT OR OTHER ACTION, YOU MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW, AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT YOUR ABILITY TO FILE A LAWSUIT OR OTHER ACTION.

3. Assignment of Warranties on Appliances. The closing of the sale of the Apartment shall also constitute the assignment by the Developer to The purchaser, for the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances that are part of the Apartment. The Developer is merely attempting to pass through to the purchaser any such manufacturer's or dealer's warranties; the Developer is not adopting any such warranties or acting as co-warrantor with respect to any furnishings, fixtures or appliances. The terms of the manufacturer's or dealer's written warranties shall be available for the purchaser's examination at the Developer's sales office.

4. No Other Warranties, Express or Implied, are Given. Except for the agreements expressly set forth in Paragraphs 1 and 3 hereinabove, THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE PROJECT, ANY CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED IN THE APARTMENT OR IN THE PROJECT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR PURPOSE.

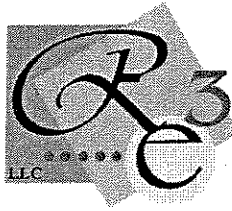
ESTIMATED INITIAL MONTHLY MAINTENANCE FEES

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>% Common Interest</u>	<u>Estimated Monthly Maintenance Fees</u>
1	B	1.280	\$ 430.18
2	BR	1.280	\$ 430.18
3	C	1.005	\$ 337.76
4	A-INT	1.190	\$ 399.94
5	AR	1.190	\$ 399.94
6	AR	1.190	\$ 399.94
7	A-INT	1.190	\$ 399.94
8	A	1.190	\$ 399.94
9	C	1.005	\$ 337.76
10	A-INT	1.190	\$ 399.94
11	AR	1.190	\$ 399.94
12	C	1.005	\$ 337.76
13	A-INT	1.190	\$ 399.94
14	AR	1.190	\$ 399.94
15	C	1.005	\$ 337.76
16	A-INT	1.190	\$ 399.94
17	AR	1.190	\$ 399.94
18	B	1.280	\$ 430.18
19	BR	1.280	\$ 430.18
20	AR	1.190	\$ 399.94
21	A-INT	1.190	\$ 399.94
22	A	1.190	\$ 399.94
23	B	1.280	\$ 430.18
24	BR	1.280	\$ 430.18
25	C	1.005	\$ 337.76
26	A-INT	1.190	\$ 399.94
27	AR	1.190	\$ 399.94
28	BR	1.280	\$ 430.18
29	B	1.280	\$ 430.18
30	AR	1.190	\$ 399.94
31	A-INT	1.190	\$ 399.94
32	A	1.190	\$ 399.94
33	AR	1.190	\$ 399.94
34	A-INT	1.190	\$ 399.94
35	A	1.190	\$ 399.94
36	AR	1.190	\$ 399.94
37	A-INT	1.190	\$ 399.94
38	A	1.190	\$ 399.94
39	AR	1.190	\$ 399.94
40	A-INT	1.190	\$ 399.94
41	A	1.190	\$ 399.94
42	AR	1.190	\$ 399.94
43	A-INT	1.190	\$ 399.94
44	A	1.190	\$ 399.94
45	BR	1.280	\$ 430.18
46	B	1.280	\$ 430.18

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>% Common Interest</u>	<u>Estimated Monthly Maintenance Fees</u>
47	BR	1.280	\$ 430.18
48	B	1.280	\$ 430.18
49	BR	1.280	\$ 430.18
50	B	1.280	\$ 430.18
51	BR	1.280	\$ 430.18
52	B	1.280	\$ 430.18
53	BR	1.280	\$ 430.18
54	B	1.280	\$ 430.18
55	BR	1.280	\$ 430.18
56	B	1.280	\$ 430.18
57	BR	1.280	\$ 430.18
58	B	1.280	\$ 430.18
59	BR	1.280	\$ 430.18
60	B	1.280	\$ 430.18
61	C	1.005	\$ 337.76
62	A-INT	1.190	\$ 399.94
63	AR	1.190	\$ 399.94
64	AR	1.190	\$ 399.94
65	A-INT	1.190	\$ 399.94
66	A	1.190	\$ 399.94
67	A	1.190	\$ 399.94
68	A-INT	1.190	\$ 399.94
69	AR	1.190	\$ 399.94
70	A	1.190	\$ 399.94
71	A-INT	1.190	\$ 399.94
72	AR	1.190	\$ 399.94
73	B	1.280	\$ 430.18
74	BR	1.280	\$ 430.18
75	AR	1.190	\$ 399.94
76	A-INT	1.190	\$ 399.94
77	A	1.190	\$ 399.94
78	AR	1.190	\$ 399.94
79	A-INT	1.190	\$ 399.94
80	A	1.190	\$ 399.94
81	AR	1.190	\$ 399.94
82	A-INT	1.190	\$ 399.94
83	A	1.190	\$ 399.94
TOTAL			\$33,608.18

Annual Budget
 Assumes Manager (Not in Residence) and contracted Services
 All figures on cash basis with all bills paid when due and no accruals.

Acc't #	Description	Amount
Income		
	Maintenance Fees	\$ 403,298
	Interest Income	
	Other Income	
	Total Income	<u>\$ 403,298</u>
Expenses		
	Insurance: all coverage	\$ 106,000
	Utilities:	
	Water & Sewer	\$ 68,000
	Sewer Lift Station	\$ 7,200
	Electricity	\$ 23,000
	Telephone	\$ 1,200
	Repairs and Maintenance:	
	Refuse Service	\$ 17,000
	Pest Control	\$ 12,000
	Grounds Maintenance & Supplies	\$ 3,600
	Buildings Repairs & Maintenance	\$ 3,600
	Fire & Safety	\$ 2,000
	Painting & Supplies	\$ 1,200
	Payroll:	
	Resident Manager	\$ 40,000
	Building & Grounds	\$ 40,000
	Pool	\$ 3,600
	Taxes & Insurance	\$ 22,000
	Administration:	
	Management Fee	\$ 12,000
	Accounting	\$ 12,000
	Legal	\$ 1,200
	Other Professional	\$ -
	Project Office Expenses	\$ 4,000
	Board & Meeting Expenses	\$ 2,000
	Audit & Tax Preparation	\$ 2,500
	Other Expenses	\$ -
	Capital Expenditures:	
	1st Year Estimate	\$ 5,000
	Other:	
	Total Expenses	<u>\$ 389,100</u>
	Net Surplus	\$ 14,198
	Less: Contribution to Reserves	\$ 14,097
	Net Surplus/(Deficit)	<u>\$ 101</u>



RE3, LLC, Real Estate Services
 3-3586 Kuhio Hwy #2
 Lihue, Kauai, HI 96766
 (808) 245-5758
 (808) 245-5360 fax

FRIDAY, DECEMBER 03, 2004

RE3, LLC, Real Estate Services hereby certifies that the annual operating budget and the estimates of the initial monthly maintenance fees assessable against the owner(s) of each of the apartments in the Regency Hule'ia condominium project (the "Project") set forth in this Exhibit I to the Preliminary Condominium Public Report for the Project were prepared in accordance with generally accepted accounting principles.

RE3, LLC, REAL ESTATE SERVICES

By Wayne Richardson, III

Name: WAYNE RICHARDSON, III

Title: President + Principal Broker

Date: December 3, 2004

Subscribed and sworn to before me
 this 3rd day of December, 2004.

Karen R. Sakimae

Notary Public, State of Hawaii

Name: Karen R. Sakimae

My Commission expires: 11-1-06

EXHIBIT I
 Page 4 of 4

SUMMARY OF SALES CONTRACT

The specimen Condominium Purchase Agreement, Deposit Receipt and Contract ("Purchase Agreement") contains, among others, the following terms and provisions (which may be modified or otherwise limited by provisions not summarized):

1. The Purchase Price shall be paid in three (3) payments, the last of which shall be paid to Escrow, subject to other terms, on the earlier of (a) the Date of Pre-closing, or (b) three (3) days prior to the Date of Closing, except that mortgage proceeds from Buyer's Permanent Loan may be paid one (1) day prior to the Scheduled Closing Date.
2. The Purchase Price does not include the Project start-up fee, closing costs, prorations, and additional costs payable by Buyer under the Purchase Agreement.
3. Until (i) the Real Estate Commission of the State of Hawaii ("Commission") has issued an effective date for a Final Public Report for the Project, (ii) Buyer has receipted for or is deemed to have receipted for the Final Public Report, and (iii) Buyer has waived or is deemed to have waived Buyer's right to cancel under Hawaii Revised Statutes §514A-62, the Purchase Agreement will not become a binding sales contract and may be terminated by either Buyer or Seller by written notice of such termination delivered to the other party.
4. When the Final Condominium Public Report is issued by the Commission, a copy thereof will be delivered to Buyer along with a receipt for the report and a notice of right to cancel. If Buyer fails to execute and return the receipt and notice of right to cancel within thirty (30) calendar days after the delivery to Buyer of a copy of the Final Condominium Public Report, then Seller may at its sole option terminate this Agreement. Upon such termination, Seller shall cause Escrow to refund to Buyer all payments previously made by Buyer, with interest as and to the extent described in summary item 11 hereinbelow and less Escrow's cancellation fee, and Seller shall have no further liability under this Agreement. If Seller does not exercise this option to terminate the Purchase Agreement and Buyer does not sign and return the receipt and waiver of the and notice of right to cancel within said thirty (30) calendar day period, or if the Apartment is conveyed to Buyer prior to expiration of such thirty (30) calendar day period, then Buyer shall be deemed to have receipted for the Final Condominium Public Report and to have waived Buyer's right to cancel, and the Purchase Agreement shall continue as a binding obligation on both parties.
5. Buyer has received a copy of the Declaration, By-Laws, House Rules, public report(s) for the Project, form of Apartment Deed, and Escrow Agreement, and Buyer acknowledges that Buyer has had an adequate opportunity to read those documents and to examine the Project plans, and Buyer accepts such documents and plans with such changes and modifications as the Project architect may deem necessary.
6. Within thirty (30) days after the date Seller accepts the Purchase Agreement, Buyer must submit to Seller a Pre-Qualification Letter in form and content acceptable to Seller from the Pre-Qualification Agent, confirming Buyer's ability to pay the Purchase Price.
7. If Buyer shall have applied for a Pre-Qualification Letter and diligently pursued such application as herein provided, and Buyer does not obtain a Pre-Qualification Letter in form and content acceptable to Seller (in Seller's sole discretion) within thirty (30) calendar days of Seller's acceptance of this Agreement, then Seller or Buyer shall have the right and option to terminate the Purchase Agreement and cause Escrow to refund to Buyer all monies previously paid by Buyer, with interest to the extent provided in the Purchase Agreement, less Escrow's cancellation

fee and any other actual expenses incurred by reason of Buyer having signed the Purchase Agreement.

8. If Buyer will be utilizing mortgage financing to pay a portion of the Purchase Price, then Buyer shall be solely responsible for applying for and obtaining the Buyer's Permanent Loan from the Pre-Qualification Agent or Buyer's Permanent Lender. All financing and the terms and conditions thereof, shall be a matter of concern solely between Buyer and the Pre-Qualification Agent or Buyer's Permanent Lender and shall not affect the rights or obligations of Seller or Buyer. The sale and purchase of the Apartment shall not be contingent upon Buyer's ability to retain the interest rate quoted at the time of approval of the pre-qualification letter or Buyer's Permanent Loan. Buyer shall be solely responsible for any loan fees or other charges payable to Buyer's Permanent Lender in processing, issuing or canceling Buyer's Permanent Loan.
9. If Buyer will be paying the entire Purchase Price in cash and Seller so requires, then no later than sixty (60) days, and no earlier than ninety (90) days prior to the Scheduled Closing Date, Buyer must submit to Seller written evidence from Buyer's bankers or accountants or other persons reconfirming Buyer's ability to pay the Purchase Price in cash on the Date of Closing. If Seller, in its sole discretion, and/or is not satisfied as to Buyer's continued ability to make such cash payments, then Buyer shall be in default under the Purchase Agreement.
10. All payments made by Buyer under the Purchase Agreement will be deposited with Escrow under the terms of the Escrow Agreement.
11. If Buyer so elects, all funds received by Escrow from or at the direction of Buyer may be deposited into an interest bearing account or accounts in a federally insured bank or savings and loan institution selected by Seller. Buyer shall pay all costs and expenses incurred or charged by Escrow for the purpose of setting up, maintaining and closing such interest bearing account(s). Except in the event of a default by Buyer (in which case the default provisions summarized hereinbelow shall govern), all interest earned from such account(s) from the date of Seller's acceptance of this Agreement shall be credited to Buyer's account; provided that no interest shall be credited to Buyer (i) for the period prior to Seller's acceptance of this Agreement; or (ii) on funds held by Escrow for less than sixty (60) calendar days after Seller's acceptance of this Agreement. Any interest earned on funds in escrow which is not required by the terms of the Purchase Agreement to be credited to the account of Buyer shall be paid to Seller.
12. After the Commission's issuance of an effective date for the Final Condominium Public Report, Payments A and B under the Purchase Agreement may be disbursed by Escrow subject to the terms of the Escrow Agreement prior to the date of completion of the Project as permitted by §514A-40(a) (6) and §514A-67, Hawaii Revised Statutes, as amended, to pay for the costs of constructing the Project.
13. Seller has reserved the right to make certain modifications to the Declaration, By-Laws, House Rules, Apartment Deed, and other documents as may be required by law, any title insurance company, any institutional mortgagee, or any governmental agency, or as Seller otherwise deems appropriate; provided that no such modification shall (i) materially increase Buyer's share of common expenses without Buyer's consent; or (ii) reduce the obligations of Seller for common expenses on unsold apartments; or (iii) require a substantial physical change of the Apartment or of the building in which the Apartment is located.
14. Seller has reserved the right to require alterations of the Project (and to modify any of such documents accordingly) to change the configuration of, to alter the number of rooms of, to decrease or increase the size of, or to change the location of any other apartment and/or parking area, and to make other minor changes in the Apartment, any of the other apartments or the common elements of the Project.

15. Any model shown to Buyer is displayed only for illustration and Seller shall not thereby be required to deliver the Apartment in exact accordance therewith. None of the appurtenances and furnishings shown in any model is included in the Purchase Agreement, unless Seller agrees in writing to deliver the same for part of the Purchase Price. The usable or living area, location and configuration of the Apartment and all improvements of the Project may fluctuate from that shown or displayed to Buyer in any drawings, plans or models when Seller finally places final improvements, in Seller's sole and absolute discretion. The location, size, height and composition of all improvements to be constructed as a part of the Project or adjacent thereto shall be determined by Seller in its sole and absolute discretion. Despite models or drawings displayed to Buyer, Seller has made no representations, warranties or assurances to Buyer regarding the size, height, location or composition of any improvement to be constructed on or adjacent to the Project. Seller may substitute the materials, appliances and other items in the Apartment and the Project with materials, appliances and other items of substantially equal quality and utility (and acceptable to Buyer's Permanent Lender).
16. BUYER INTENTIONALLY WAIVES, RELINQUISHES AND SUBORDINATES THE PRIORITY OR SUPERIORITY OF ANY LIEN OR OTHER LEGAL OR EQUITABLE INTEREST ARISING UNDER THE PURCHASE AGREEMENT IN FAVOR OF THE LIEN OR CHARGE ON THE PROJECT OR THE SECURITY INTERESTS OF SELLER'S LENDER, INCLUDING BUT NOT LIMITED TO ANY LIEN, MORTGAGE OR OTHER CHARGE SECURING A LOAN MADE TO FINANCE THE ACQUISITION OF THE LAND AND THE COSTS OF CONSTRUCTION AND OTHER COSTS DURING SUCH CONSTRUCTION AND ANY AND ALL ADVANCES THEREFOR, WHETHER CONTRACTUAL OR VOLUNTARY, UNTIL THE FINAL CLOSING AND DELIVERY BY SELLER OF AN APARTMENT DEED TO BUYER. Buyer consents to Seller's assignment to Lender, as security, of Seller's interests in the Purchase Agreement and Buyer's deposits with Escrow. In the event Lender acquires Seller's interest in the Purchase Agreement pursuant to said assignment, Buyer shall, at Lender's option, perform to, attorn to, and recognize Lender as the Seller under the Purchase Agreement.
17. Issuance by the County of Kauai of a Certificate of Occupancy with respect to the Apartment shall constitute conclusive evidence of Seller's completion of the Apartment. If Seller is unable to complete or install in the Apartment any optional item, decorator item, fixture, furnishing or other improvement, and such failure is caused by circumstances beyond Seller's reasonable control, the Close of Escrow shall not be delayed so long as the County of Kauai has issued a Certificate of Occupancy with respect to the Apartment.
18. Buyer acknowledges that construction may continue on the site after Buyer has occupied the Apartment, and sales activities will continue until the last unsold apartment in the Project has been sold.
19. Seller reserves the right to exercise all of the powers as a member of the Association as to all unsold apartments in the Project. Until the election of the Board of Directors and officers of the Association of Apartment Owners, Seller may exercise all of the powers of the Board of Directors and officers.
20. The estimate of monthly maintenance charges and assessments for the Apartment as shown in the condominium public report(s) for the Project are only estimates, and are subject to change for various reasons.
21. Until Seller has closed out the sale of all the apartments in the Project or until December 31, 2010, whichever shall first occur, that Buyer will not enter into any "rental pool" or similar agreement with any purchaser, lessee or owner of another apartment in the Project and/or any

third party under which Buyer agrees to share expenses and/or rentals of apartments in the Project unless specifically agreed to in writing by Seller.

22. After the Purchase Agreement has become binding, Buyer shall have the right to rescind the Purchase Agreement only if there is a material change in the Project which directly, substantially and adversely affects the use or value of (i) the Apartment or appurtenant limited common elements, or (ii) amenities of the Project available for Buyer's use.
23. The closing of the sale of the Apartment shall constitute an assignment by Seller to Buyer of any and all warranties given to Seller by the contractor for the Project in connection with the Apartment, including any contractor's to promptly correct any of its work found to be defective or not in conformance with the construction contract following the date of substantial completion of the work. The benefit of such an agreement shall accrue to Buyer on the Date of closing without further instruments or documents. Seller shall cooperate with Buyer in asserting any claims based on any such warranty.
24. Chapter 672E of the Hawaii Revised Statutes contains important requirements Buyer must follow before Buyer can file a lawsuit or other action for defective construction against the contractor who designed, repaired, or constructed the Apartment or Project. Ninety days before Buyer can file a lawsuit or other action against the contractor, Buyer must serve on the contractor a written notice of any construction conditions Buyer alleges are defective. Under the law, a contractor has the opportunity to make an offer to repair and/or pay for the defects. Buyer is not obligated to accept any offer made by a contractor. There are strict deadlines and procedures under the law, and failure to follow them may negatively affect Buyer's ability to file a lawsuit or other action.
25. Seller makes no warranties with respect to the Apartment, the Project, any consumer products or anything else installed in the Apartment or in the Project, including but not limited to any implied warranty of merchantability, habitability, workmanlike construction or fitness of the Apartment for a particular purpose.
27. If Buyer is purchasing the apartment pursuant to Part VI of the Condominium Property Regime Act, Hawaii Revised Statutes § 514A-101 et seq., governing sales to prospective owner-occupants, then Buyer may not sell or offer to sell, lease or offer to lease, rent or offer to rent, assign or offer to assign, convey or otherwise transfer any interest in the Apartment until at least three hundred sixty five (365) consecutive calendar days have elapsed since the recordation of the Apartment Deed. At any time after obtaining Buyer's Permanent Loan, or a firm written commitment for Buyer's Permanent Loan, up until the expiration of the Owner-Occupant Affidavit executed by Buyer pursuant to § 514A-104.5, Hawaii Revised Statutes, Buyer shall notify the Commission immediately upon any decision to cease being an owner-occupant of the Apartment.
28. The Date of Occupancy shall be the date upon which the County of Kauai issues a Certificate of Occupancy with respect to the Apartment. If the Purchase Agreement is accepted by Seller more than forty-five (45) calendar days prior to the Date of Occupancy, then the Scheduled Date of Closing shall be a date within sixty (60) calendar days after the Date of Occupancy as specified by Seller in a written notice to Buyer; otherwise, the Scheduled Closing Date shall be a date mutually acceptable to Buyer and Seller, but in no event more than ninety (90) calendar days after Seller has accepted the Purchase Agreement.
29. The Date of Preclosing shall be the date on or about sixty (60) calendar days prior to the Scheduled Closing Date, as specified by Seller in a written notice to Buyer. On the earlier of the Date of Preclosing or three (3) calendar days prior to the Scheduled Closing Date, Buyer shall pay into Escrow all sums due from Buyer at closing, including, without limitation, the title

insurance premium, the escrow fee, recording fees and applicable conveyance taxes, but excluding only Buyer's Permanent Loan proceeds, if applicable.

30. Buyer or its agent shall inspect the Apartment and will sign an inspection sheet to be furnished by Seller or the contractor. Buyer agrees to accept possession of the Apartment despite the existence of damages and defects as long as Seller agrees to repair such defects or damage within a reasonable time. Buyer agrees to indemnify Seller for any damages resulting from any wrongful refusal to accept possession of the Apartment.
31. Time is of the essence of the obligations of Buyer under the Purchase Agreement.
32. Buyer shall be in default under the Purchase Agreement if (i) Buyer fails to make a payment when due; or (ii) Buyer fails to furnish Seller the pre-qualification letter within thirty (30) days after the date Seller accepts the Purchase Agreement; or (iii) Buyer fails to execute and return the receipt and notice of right to cancel in connection within thirty (30) calendar days after the delivery to Buyer of a copy of the Final Condominium Public Report; or (iv) Buyer does not act in good faith or otherwise comply with any of the requirements for mortgage financing; or (v) if Buyer will be paying the entire Purchase Price in cash and Buyer fails to submit to Seller written evidence from Buyer's bankers or accountants or other persons reconfirming Buyer's ability to pay the Purchase Price in cash on the Date of Closing no later than sixty (60) days, and no earlier than ninety (90) days prior to the Scheduled Closing Date; or (vi) Buyer fails to perform any other obligation required under this Agreement and such failure continues for fifteen (15) days after Seller gives written notice to Buyer of such failure.
33. In the event of any default by Buyer which occurs before the Purchase Agreement becomes a binding contract, Seller can terminate this Agreement by written notice to Buyer, and (a) all moneys paid under the Purchase Agreement shall be refunded or the check returned to Buyer, with interest to as and to the extent provided and described in summary item 11 hereinabove, less any cancellation fee imposed by Escrow and any other actual expenses incurred by reason of Buyer having signed this Agreement; and (b) all costs, including reasonable attorneys' fees, incurred by reason of the default by Buyer shall be paid by Buyer promptly upon Seller's demand therefor. In the event of any default by Buyer which occurs after the Purchase Agreement becomes a legally binding contract, the sums previously paid by Buyer under the Purchase Agreement, together with all accrued interest thereon, shall at Seller's option belong to Seller as liquidated damages. If Seller does not elect to retain as liquidated damages the sums previously paid by Buyer under the Purchase Agreement, then Seller may pursue any other remedies permitted at law or in equity, including, but not limited to, specific performance.
34. Seller shall be in default under the Purchase Agreement if (i) Seller fails to complete or cause completion of construction of the Apartment within two (2) years of the date that the Purchase Agreement becomes a legally binding contract (provided that said two (2) year period shall be extended for any period of time during which Seller is actually and necessarily delayed in completing construction of the Apartment due to fire, earthquake, acts of God, the elements, war or civil disturbance, strikes or other disturbances, government legislation or controls, economic controls making it impossible to obtain the necessary labor or materials, or other matters or conditions legally supportable under Hawaii law as being beyond the control of Seller); or (ii) Seller fails to perform any other obligation required under the Purchase Agreement and such failure continues for fifteen (15) days after Buyer gives written notice to Seller of such failure.
35. In the event of any default by Seller which occurs before the Purchase Agreement becomes a binding contract, Buyer can terminate this Agreement by written notice to Seller, and (i) all moneys paid under this Agreement by Buyer shall be refunded or the check returned to Buyer, with interest as and to the extent described provided in summary item 11 hereinabove, less any

cancellation fee imposed by Escrow and any other actual expenses incurred by reason of Buyer having signed this Agreement; and (ii) all costs, including reasonable attorneys' fees, incurred by reason of the default by Seller shall be paid by Seller promptly upon Buyer's demand therefor. In the event of any default by Seller which occurs after this Agreement becomes a binding contract, Buyer can (i) cancel and terminate this Agreement by written notice to Seller, and receive (x) a full refund of all moneys paid under this Agreement by Buyer from Escrow, together with interest as and to the extent described summary item 11 hereinabove (less any cancellation fee imposed by Escrow), and (y) all costs incurred by Buyer by reason of the default by Seller, including reasonable attorneys' fees, or (ii) file suit against Seller for the actual damages suffered by Buyer as a result of Seller's default under this Agreement, or (iii) pursue any other remedies permitted at law or in equity, including, but not limited to, seeking specific performance of this Agreement.

Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings given them under the Purchase Agreement.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS-CONTAINED IN THE PURCHASE AGREEMENT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF BUYER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, BUYER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL.

SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

The Condominium Escrow Agreement ("Escrow Agreement") dated as of December 30, 2004, made by and between Title Guaranty Escrow Services, Inc. ("Escrow Agent"), and Regency Hule'ia LLC ("Developer"), contains among other provisions the following (which may be modified or otherwise limited by provisions not summarized herein):

1. Sales Contracts Deposited in Escrow. Whenever Developer enters into a sales contract with a purchaser for the sale of an apartment in Regency Hule'ia (the "Project"), Developer shall deliver an executed copy of said contract to Escrow Agent. The sales contract shall require that all payments due thereunder be made directly to Escrow Agent to be held and disbursed in accordance with the Escrow Agreement. If the purchaser intends to purchase the apartment as an "owner-occupant" pursuant to Chapter 514A, Part VI, Hawaii Revised Statutes ("H.R.S."), said purchaser shall deliver an owner-occupant affidavit to Escrow Agent in the form and content required by H.R.S. §514A-104.5.
2. Receipt of Funds by Escrow Agent. Escrow Agent shall receive and hold in escrow and disburse in accordance with the Escrow Agreement all payments under sales contracts for apartments in the Project and all sums of money from any other source relating to the Project. Within a reasonable time after receiving any such funds, Escrow Agent will deposit the same in an interest-bearing account or accounts at a federally insured bank, savings and loan association, or trust company authorized to do business in the State of Hawaii. Any interest earned on such deposits shall accrue as specified in the sales contract.
3. Conditions to be Met Prior to Disbursement. Escrow Agent shall make no disbursement of funds deposited with it unless: (a) the Real Estate Commission has issued a Final Public Report on the Project; (b) Developer or Developer's attorney has notified Escrow Agent that the requirements of H.R.S. §514A-62, §514A-63 and §514A-64.5 have been met; (c) Developer has given Escrow Agent a written waiver of any reserved option to cancel the sales; and (d) Developer has delivered to Escrow Agent a statement from Developer's architect that the Project is in compliance with the Federal Fair Housing Amendments Act of 1988.
4. Return of Funds and Documents. Escrow Agent shall return deposited sums, with interest to the extent provided in the sales contract, less Agent's cancellation fee and other costs up to a maximum of \$250.00, to a purchaser if:

Developer and such purchaser instruct Escrow Agent in writing to return such funds to such purchaser; or

Developer notifies Escrow Agent of Developer's exercise of the option to cancel or rescind the sales contract entered into by such purchaser pursuant to any right of cancellation or rescission provided for therein or otherwise available to Developer with respect to which, in accordance with the sales contract, the purchaser is entitled to a return of funds deposited by it with Escrow Agent; or

With respect to any purchaser whose funds were obtained prior to the issuance of the Final Condominium Public Report, the purchaser exercises its right to cancel the sales contract pursuant to HRS Section 514A-62; or

Such purchaser exercises its right to rescind the sales contract pursuant to HRS Section 514A-63.

5. Unclaimed Funds. Escrow Agent shall notify each purchaser entitled to a return of funds by registered, certified mail or regular . If any purchaser does not claim the refund within sixty (60) days, Escrow Agent shall deposit the funds with a bank or depository selected by Escrow Agent in the name of Developer as trustee for the purchaser. Thereafter, Escrow Agent shall have no further obligation or liability with respect to such funds and purchaser.
6. Closing. Except for the sales contract and any note and mortgage, Escrow Agent shall arrange for and supervise the execution, recording, and delivery of all documents, as necessary, related to the Project.
7. Partial Closings. In the event Developer desires partial closings (i.e. closings for some but not all of the apartments), Escrow Agent agrees to cooperate with Developer and facilitate such partial closings.
8. Defects in Documents. Within five (5) business days of the date of closing, Escrow Agent shall record all documents necessary to effect the transfer of legal title to the purchaser, provided said documents are not defective in any way. If any documents are defective, Escrow Agent will notify Developer thereof and correct such defects if they are within Escrow Agent's capacity to correct.
9. Purchaser's Default. Developer shall notify Escrow Agent when payments are due from a purchaser, who shall then be notified by Escrow Agent. Escrow Agent shall notify Developer of any defaults by a purchaser. If Developer certifies to Escrow Agent in writing that Developer has terminated the sales contract, Escrow Agent shall thereafter treat all funds of the purchaser paid on account of the subject sales contract in accordance with the terms thereof as funds of Developer. Upon the written request of Developer, Escrow Agent shall pay such funds to Developer, less any cancellation fee. Thereafter, Escrow Agent shall have no further obligation or liability with respect to such funds or purchaser.
10. Protection of Escrow Agent. Escrow Agent shall have no liability for acting in accordance with the terms of the Escrow Agreement, notwithstanding a notice to the contrary from Developer, any purchaser, or any third person. Escrow Agent shall not be responsible for the validity or sufficiency of any documents received by it, shall be entitled to assume that said documents have been properly executed and that any written certification or instrument from Developer is true and accurate. In the event of any dispute, difference, or conflicting demand upon Escrow Agent, Escrow Agent shall not be required to determine the same or take any action in the premises, but may await settlement of the controversy by appropriate legal proceedings or otherwise, including the resolution of an interpleader action initiated by Escrow Agent. Developer and each purchaser shall pay Escrow Agent on demand and indemnify and hold harmless Escrow Agent against all costs and damages arising out of this Agreement, except for any act or omission of Escrow Agent that is not generally accepted as a reasonable business practice. Escrow Agent shall not be required to mail any notice or keep any records required under H.R.S. Chapter 514A.
11. Miscellaneous. The Escrow Agreement is binding upon and inures to the benefit of the parties thereto and their respective successors and assigns. The Escrow Agreement may be terminated on fifteen (15) days' written notice to either party. In the event of any conflict between the Escrow Agreement and H.R.S. Chapter 514A, the statutory provisions shall control. Escrow Agent shall furnish Developer with semi-monthly reports that cover the status of each sales contract in escrow.
12. Compensation. For each Apartment sale closed by Escrow Agent, Escrow Agent shall be paid a fee in the amount of \$780.00. The premium for the standard owner's title insurance policy and ALTA lender's title insurance policy issued with respect to each Apartment shall be \$900.00. An additional fee of \$250.00 shall be charged to the purchaser for each mortgage loan obtained by the purchaser from a lender not designated by Developer. Should the purchaser obtain a

mortgage loan from any out-of-state lender, a fee of \$500.00 shall be charged to the purchaser for such mortgage. Developer shall pay an additional charge for any changes to any closing statement or other document that are necessary after the commencement of preclosing or closing proceedings, unless said changes are necessary due to the fault of Escrow Agent. The compensation to Escrow Agent with respect to the closing of the sale of any apartment shall be due and payable upon the earlier of: (i) transfer to a purchaser of legal title to such apartment; and (ii) final disbursement of the purchase price of such apartment and other sums held by Escrow Agent with respect hereto.

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