

EXHIBIT "H"

DISCLOSURE ABSTRACT

July 15, 2004

1. (a) **PROJECT:** ISLANDER ON THE BEACH
484 Kuhio Highway, Kapaa,
Kauai, Hawaii 96746

- (b) **DEVELOPER:** Puluwai, LLC,
a Hawaii limited liability company
75-5801 Alii Drive Suite AU2,
Kailua-Kona Hawaii 96740

Telephone: (808) 326-1540

- (c) **MANAGING AGENT:** ResortQuest Hawaii, LLC, dba Aston Property
Management
2155 Kalakaua Avenue, Ste. 500
Honolulu, HI 96815-2398

Telephone: (808) 931-1431

- (d) **REAL ESTATE AGENT:** Coldwell Banker Pacific Properties Ltd
1314 S. King St. 2nd Fl
Honolulu, Hawaii 96814

Telephone: (808) 587-5550

All Islands, Inc. dba CENTURY 21 All Islands
767 Kailua Rd Ste 102
Kailua, Hawaii 96734

Telephone: (808) 564-5140

2. **MAINTENANCE FEES AND MONTHLY ESTIMATE OF COSTS FOR EACH APARTMENT.**

The estimated maintenance fees for 2004 are listed on page 5 and the estimated 2004 budget begins on page 4.

3. **DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS.**

The Developer is not making any warranties relating to the materials and workmanship of the Project or the common elements. Prospective purchaser should take into account that the Project is more than thirty years old. The reports revealed significant deferred maintenance, structural issues, cracking and spalling, asbestos, mold and termite damage. While the developer plans to undertake certain repairs it does not make any representations as to the adequacy or completeness of the repairs. Prospective purchaser should take into account that the Project is more than thirty years old and even after renovations will remain old buildings. Portions of reports are attached to this Disclosure Abstract.(See Section titled “Information from studies of the Property”.)

4. **USE OF APARTMENTS.**

A primary purpose of the use provisions of the Declaration, including Developer’s proposed amendment is to maintain the status of the Project as an Apartment-Hotel as permitted by the Resort RR-20 zoning of the Project and maintain the required parking. The Project and each of the Apartments are intended for and shall be restricted to the following purposes and uses as provided in paragraph G. of the Declaration as amended, including the proposed Second Amendment to Declaration:

G. USE. Each of the apartment units shall be used only in accordance with the uses permitted under the applicable laws and ordinances, unless such uses are prohibited by the Association, in accordance with the terms of this Declaration, the By-Laws of the Association of Apartment Owners, and the House Rules or any Apartment Deed as they may exist or as they may be amended from time to time and each owner shall observe, comply with, and perform all rules and regulations, ordinances, and laws made or adopted by the various governmental agencies. To the extent that such uses may not be prohibited by such laws and ordinances, the apartment units may be used for hotel, transient vacation rentals, resort, apartment, or related resort uses. Type 1 and Type 2 apartments shall not be converted in dwelling units and no cooking device shall be installed in any Type 1 or Type 2 apartment. The apartment units MAY BE USED FOR TIME SHARING PURPOSES as defined in, and in conformance with the applicable provisions of Chapter 514E, Hawaii Revised Statutes, as amended, BUT ONLY WITH THE PRIOR WRITTEN APPROVAL OF THE DEVELOPER which approval must be filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and which approval may be withheld for any reason or granted on such terms and conditions as are satisfactory to the Owner. All non—living units may be used for commercial and related uses. The front desk area next to the Manager’s Office, that is a limited common element appurtenant to Apartment 21, shall always be maintained as a front desk and reception area. In no event shall the uses of the apartment units or common areas be inconsistent with a resort type use. Notwithstanding the foregoing or any other provision in this Declaration, the By-Laws, or the House Rules, and notwithstanding any action which may be taken by the Association or its Board of Directors, Apartment 23 may be used for any commercial and related uses permitted under applicable governmental laws and ordinances so long as any change in use does not materially reduce the value of the project. The owner of Apartment 23 may upon obtaining the prior consent of the Board of Directors and no others make any lawful structural alterations and/or additions to Apartment 23, and any alterations and/or additions to the exterior of the structures within Apartment 23 or to any other portion or portions of the limited common elements appertaining to Apartment 23 and the Board of Directors and the Owner will grant such consent so long as such alterations or additional are consistent with the general architectural design of the Project.

The form of deed contains the following prohibition on rental pools.

The Grantee further agrees for the benefit of Grantor, that until the date that all of the apartments in the Project have been conveyed to persons other than Grantor or Grantor's mortgage lender or the last time-share interest (if any) in the Project has been transferred, Grantee will not enter into any contract or arrangement concerning the rental of the apartment, with a rental manager or anyone else, that provides for any present or future pooling of income from the apartment with income from any apartment or property owned by any other person. Grantee acknowledges that no representations have been made to Grantee concerning the availability of any rental pool arrangement now or in the future.

The form of deed contains the following restriction on cooking devices to maintain the status of the lodging units.

The Grantee hereby covenants with the Grantor, that the Grantee will observe, perform, comply with and abide by the Declaration of Horizontal Property Regime ("Declaration") and the Bylaws of the Project ("Bylaws"), mentioned in said Exhibit "A", as the same are or may be amended or restated from time to time in accordance with law and the rules and regulations adopted in accordance with the Bylaws, and including without limitation all use restrictions on the installation of cooking devices in the event the Apartment is a lodging unit

Any advertisement or listing of any lodging unit for a period of more than thirty (30) days shall specify that the lodging unit is a lodging unit and contains no kitchen. Any rental agreement for a lodging unit shall contain a copy of this paragraph and shall require the tenant to comply with it.

THE PROJECT DOCUMENTS PERMIT TIMESHARING WITH THE CONSENT OF THE FEE OWNER BUT TIME SHARING IS NOT CURRENTLY A PERMITTED USE UNDER THE ZONING.

Although the Declaration permits time sharing, Apartments sold to individual buyers under this registration will be prohibited by their Apartment Deeds from time sharing. Only time share developers purchasing multiple apartments from the Developer will be permitted to time share their Apartments and if they choose to do so will be required by Hawaii law to register them under Chapter 514E Hawaii Revised Statutes and will only be able to time share their Apartments if a change in zoning permits it.

**AOAO ISLANDER ON THE BEACH
BUDGET 2004**

	Monthly Budget	Annual Budget
REVENUES:		
Maintenance Fees	\$84,026	\$1,008,312
Capital Reserve	\$0	\$0
Interest - Operating	\$35	\$420
Capital Gain/Loss - Operating	\$0	\$0
Interest - Capital	\$50	\$600
Capital Gain/Loss - Capital	\$0	\$0
Late Fee	\$0	\$0
Pay Phone Income	\$0	\$0
TOTAL REVENUES	\$84,111	\$1,009,332
EXPENSES:		
UTILITIES		
Electricity	\$20,000	\$240,000
Gas	\$2,800	\$33,600
Sewer	\$7,400	\$88,800
Water	\$2,600	\$31,200
Telephone	\$50	\$600
Television Cable	\$2,500	\$30,000
TOTAL UTILITIES	\$35,350	\$424,200
BUILDING & MAINTENANCE		
Cleaning Supplies	\$100	\$1,200
Communications	\$10	\$120
Electric Bulbs	\$150	\$1,800
Fire Equipment	\$160	\$1,920
Grounds & Grounds Supplies	\$9,000	\$108,000
Tree Trimming	\$850	\$10,200
Major Improvements	\$0	\$0
Painting	\$300	\$3,600
Pest Control	\$450	\$5,400
Pool/Hydro Spa	\$400	\$4,800
Refuse	\$2,700	\$32,400
Repairs & Purchases	\$1,000	\$12,000
Watchmen	\$3,000	\$36,000
TOTAL BUILDING & MAINTENANCE	\$18,120	\$217,440
ADMINISTRATION		
Date Processing	\$300	\$3,600
Management Fee	\$3,200	\$38,400
Salaries - Utility Cleaning	\$4,899	\$58,784
Salaries - Maintenance	\$5,457	\$65,480
Salaries - Manager & Admin	\$3,525	\$42,300
Payroll Taxes	\$1,248	\$14,974
Group Insurance	\$2,484	\$29,810
Worker's Compensation	\$776	\$9,307
TOTAL ADMINISTRATION	\$21,888	\$262,656
OTHER EXPENSE		
Automobile	\$75	\$900

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**AOAO ISLANDER ON THE BEACH
BUDGET 2004**

	Monthly Budget	Annual Budget
D & O Insurance	\$170	\$2,040
Property/Flood Insurance	\$5,300	\$63,600
General Liability Insurance	\$1,010	\$12,120
Umbrella Liability Insurance	\$670	\$8,040
Other Insurance	\$75	\$900
Legal & Audit	\$300	\$3,600
Office Supplies & Printing	\$400	\$4,800
Miscellaneous	\$500	\$6,000
Rented Space Expense	\$0	\$0
Tax Liability Allocation	\$0	\$0
Travel Expenses	\$250	\$3,000
Taxes - General Excise	\$3	\$36
Taxes - Federal Income	\$0	\$0
Taxes - State Income	\$0	\$0
TOTAL OTHER EXPENSE	\$8,753	\$105,036
NON-OPERATING TRANSACTIONS		
Operating Reserve - Transfer From	\$0	\$0
Operating Reserve - Transfer To	\$0	\$0
Capital Reserve - Transfer From	\$0	\$0
Capital Reserve - Transfer To	\$0	\$0
TOTAL NON-OPERATING	\$0	\$0
TOTAL EXPENSES	\$84,111	\$1,009,332
NET	\$0	\$0

Unit Type	% of Interest	# of Units	2004		
			Maint Fee	Cap Res	Total
Type 1	0.462%	190	\$410.36	\$0.00	\$410.36
Type 2	0.462%	8	\$410.36	\$0.00	\$410.36
Type 3	0.728%	2	\$647.27	\$0.00	\$647.27
Type 4	0.847%	1	\$752.98	\$0.00	\$752.98
Type 5	0.130%	1	\$115.57	\$0.00	\$115.57
Type 6	6.170%	1	\$611.93	\$0.00	\$611.93

I, Ruth Okada, employed by ResortQuest Hawaii® LLC, the proposed condominium managing agent for the condominium project, Islander on the Beach, hereby certify that the above estimates of maintenance fee assessments and maintenance fee disbursements for 2004 were prepared in accordance with generally accepted accounting principles. The budget assumes that Unit Type 6 will pay directly for all utilities related to this unit. The replacement reserve study is also being revised and the budget will be adjusted accordingly to properly fund the reserves as required by law.

Ruth Okada

Date: July 13, 2004

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

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

EXPLANATION REGARDING RESERVES

Developer has obtained a Reserve Study dated June 25, 2004 by Metropolitan Management Company. This study is in process of being updated as noted in the Certification of ResortQuest Hawaii, LLC above.