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Tax Map Key: C.P.R. No. * Apt. No. *

LIMITED WARRANTY APARTMENT DEED
WITH RESERVATIONS AND COVENANTS AND LIMITED POWERS OF
ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That **PULUWAI, LLC**, a **Hawaii limited liability company**, whose address is _____, hereinafter called the “**Grantor**”, in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration to it paid by *, whose address is *, hereinafter called the “**Grantee**”, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the Grantee *:

ALL of that certain apartment, easements, rights and undivided interest in the common elements, being a portion of the “**ISLANDER ON THE BEACH**” condominium project (the “Project”), described in Exhibit “A” attached hereto and made a part hereof (the “Property”), subject, however, to the encumbrances mentioned in said Exhibit “A”;

AND the reversions, remainders, rents, issues and profits thereof, and all of the estate, right, title and interest of the Grantor both at law and in equity therein and thereto;

TO HAVE AND TO HOLD the same unto the Grantee as aforesaid, absolutely and in fee simple, subject to the encumbrances mentioned in said Exhibit “A”.

The Grantor hereby covenants with the Grantee: that the Grantor has good right to grant and convey the Property and that the same are free and clear of all encumbrances that may have been made or suffered by the Grantor except as mentioned in said Exhibit "A".

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.

It is understood and agreed by the Grantor and the Grantee that the undivided interest in and to the common elements herein conveyed shall not be separated from the apartment herein conveyed and shall be deemed conveyed or encumbered with the apartment even though such interest is not expressly mentioned or described in the conveyance or other instrument, except as specifically provided in the Declaration. This provision shall be a covenant running with the land upon which the Project is situated.

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 Grantee further agrees for the benefit of Grantor, that notwithstanding the provisions of the Declaration permitting the use of apartments for time sharing purposes pursuant to a "time share plan" as defined in, and established in accordance with the requirements of, Chapter 514E of the Hawaii Revised Statutes, as amended, Grantee will not use or permit the use of the apartment for such time-sharing purposes.

The Grantee hereby acknowledges and agrees for the benefit of the Grantor that the Grantor has the right under the Declaration for so long as the Grantor retains any interest in an apartment in the Project, including, but not limited to, the interest of a mortgagee or holder of any security interest in an apartment, the right (but not the obligation) to amend the Declaration and the Bylaws (and the Condominium Map, if appropriate) without the consent or joinder of the Grantee or any lienholder or other person or entity, for various purposes including without limitation (A) the purpose of meeting any requirement imposed by (i) any applicable law, (ii) the Real Estate Commission of the State of Hawaii, (iii) any title insurance company issuing a title insurance policy on the Project or any of the apartments, (iv) any institutional lender lending funds on the security of the Project or any of the apartments, or (v) any other governmental or quasi-governmental agency including, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development or the Veterans Administration; provided, however, that no amendment which would change the common interest appurtenant to the Apartment or materially change the

design, location or size of the Apartment shall be made without the consent of the Grantee and any such lienholder and (B) to grant easements, alter common elements, limited common elements and apartments other than the Apartment and limited common elements granted by this instrument and for other purposes set out in the Declaration. Grantee and each and every person acquiring an interest in the Apartment, by such acquisition, consents to the exercise of such rights described in this paragraph and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints the Grantor and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable for the duration of such reserved rights, and shall not be affected by the disability of such party or parties.

The Grantee hereby acknowledges and agrees for the benefit of the Grantor that the Grantor has the right under the Declaration for so long as the Grantor retains any interest in an apartment in the Project, including, but not limited to, the interest of a mortgagee or holder of any security interest in an apartment, the right (but not the obligation) to amend the Declaration and the Bylaws (and the Condominium Map, if appropriate) without the consent or joinder of the Grantee or any lienholder or other person or entity, for other purposes as set forth in the Declaration and has reserved other rights for conducting extensive sales activities, making alterations and other purposes all as provided in the Declaration. Grantee and each and every person acquiring an interest in the Apartment, by such acquisition, consents to the exercise of such rights described in this paragraph and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints the Grantor and its assigns as his or her attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable for the duration of such reserved rights, and shall not be affected by the disability of such party or parties.

AND THE GRANTEE HEREBY ACKNOWLEDGES AND AGREES THAT ALL OF THE PROPERTY, INCLUDING WITHOUT LIMITATION, ANY BUILDINGS, FIXTURES, AND IMPROVEMENTS COVERED BY THIS APARTMENT DEED, ARE BEING CONVEYED BY THE GRANTOR TO THE GRANTEE STRICTLY IN "AS IS" CONDITION, WITH ALL DEFECTS, BOTH LATENT AND PATENT. NO PERSON ACTING ON BEHALF OF GRANTOR IS AUTHORIZED TO MAKE, AND BY SIGNING THIS AGREEMENT, GRANTEE AGREES THAT GRANTOR HAS NOT MADE, AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR PROMISES OF ANY KIND WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, CONCERNING OR WITH RESPECT TO: (A) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (B) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (C) ANY ARCHAEOLOGICAL SITES, REMAINS OR ARTIFACTS ON THE LAND; (D) THE PROPERTY'S COMPLIANCE WITH LAWS, ORDINANCES OR REGULATIONS; (E) THE QUALITY OF THE CONSTRUCTION OR MATERIALS INCORPORATED INTO THE PROPERTY; (F) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER, OR ADJACENT TO THE PROPERTY; (G) THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING

REQUIREMENTS OR SPECIAL PERMITS; (H) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR A TSUNAMI INUNDATION AREA; (I) THE ABILITY OF THE PROPERTY TO WITHSTAND EARTHQUAKE OR HURRICANE DAMAGE; (J) THE EXISTENCE OF TERMITES OR OTHER PESTS OR TERMITE DAMAGE; (K) THE LOCATION OF THE SHORELINE IN ACCORDANCE WITH THE LAWS OF THE STATE OF HAWAII; OR (L) ANY OTHER MATTER CONCERNING THE PROPERTY

The term "Grantor" as and when used herein shall mean and include the Grantor named above and the Grantor's successors and assigns, and the term "Grantee" as and when used herein shall mean and include the Grantee named above and the Grantee's heirs, personal representatives, successors, successors in trust and assigns; where there is more than one Grantee, the use of the singular shall be construed to include the plural wherever the context shall so require, and the use of any gender shall include all genders.

The parties hereto agree that this instrument may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterparts. For all purposes, including, without limitation, recordation, filing and delivery of this instrument, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

IN WITNESS WHEREOF, the Grantor and the Grantee have executed this instrument this _____ day of _____, 200_.

PULUWAI, LLC

By _____
Brian A. Anderson
Its Manager

Grantor

*

*

Grantee

STATE OF HAWAII

)

) SS:

CITY AND COUNTY OF HONOLULU

)

On this _____ day of _____, 200_, before me appeared Brian A. Anderson to me personally known, who, being by me duly sworn or affirmed did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Signature: _____

Name: _____

Notary Public, State of Hawaii

My commission expires: _____

STATE OF)
) SS.
COUNTY OF)

On this _____ of _____, 200_, before me personally appeared *
and *, to me known to be the persons described in and who executed the foregoing instrument, and
acknowledged that they executed the same as their free act and deed.

Signature: _____
Name: _____
Notary Public

State of

My commission expires: _____

STATE OF)
) SS.
COUNTY OF)

On this _____ day of _____, 200_, before me personally appeared
*, to me known to be the person described in and who executed the foregoing instrument, and
acknowledged that such person executed the same as such person's free act and deed.

Signature: _____
Name: _____
Notary Public

State of

My commission expires: _____

EXHIBIT "A"

ALL of those certain premises comprising a portion of that certain condominium project known as "ISLANDER ON THE BEACH" (herein the "Project"), which Project consists of that certain parcel of land situate at Waipouli, District of Puna, Island and County of Kauai, State of Hawaii, hereinafter described, and the improvements and appurtenances thereof as described in and established by Declaration of Horizontal Property Regime for the "ISLANDER ON THE BEACH" condominium project and By-Laws, dated October 28, 1981, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (the "Land Court") as Document No. 1095514, as the same may have been or may be hereafter amended or restated from time to time (the "Declaration") and as shown on the plans of the Project filed in the Land Court as Condominium Map No. 469, as the same may have been or may be hereafter amended from time to time (the "Condominium Map"), described as follows:

FIRST:

Apartment No. _____ of the Project, as described in the Declaration and as shown on the Condominium Map.

EXCEPTING AND RESERVING easements through said apartment appurtenant to the common elements of the building and all other apartments for the support and repair of the common elements of the building and all other apartments;

TOGETHER WITH the following appurtenant easements:

- (a) An exclusive easement to use those spaces, areas, and rooms, including parking stalls, where and if applicable, as shown on the Condominium Map;
- (b) Nonexclusive easements in the common elements designated for such purposes for ingress to, egress from, utility services for, and support, maintenance and repair of said apartment; in the other common elements for use according to their respective purposes, subject always to the exclusive or limited use of the limited common elements as provided in the Declaration, and in all other apartments and limited common elements of said building for support.

SUBJECT to easements for the encroachment by any part of the common elements of the Project now or hereafter existing thereon and for entry as may be necessary for the operation of the Project or for making repairs therein as provided in the Declaration.

SECOND:

An undivided _____% interest as established for said apartment by the Declaration or such other percentage interest as hereafter established for said apartment by any amendment

of the Declaration, as tenant in common with the holders from time to time of other undivided interests, in and to the common elements of the Project.

SUBJECT as to said common elements to nonexclusive easements appurtenant to all apartments for ingress, egress, support and repair, and further subject to the right of all other apartment owners to use the common elements of the buildings.

SUBJECT, HOWEVER, to:

1. DESIGNATION OF EASEMENT "D"

PURPOSE : sewer line
SHOWN : on Map 6, as set forth by Land Court Order No. 29243,
filed November 22, 1968

2. SETBACK (25 feet wide)

PURPOSE : building
SHOWN : on Map 6, as set forth by Land Court Order No. 29243

3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF HORIZONTAL PROPERTY
REGIME FOR THE "ISLANDER ON THE BEACH"
CONDOMINIUM PROJECT AND BY-LAWS

DATED : October 28, 1981
FILED : Land Court Document No. 1095514
MAP : 469 and any amendments thereto

Said Declaration was amended by instrument dated August 16, 1983, filed in the Land Court as Document No. 1188203.

Said Declaration was further amended by instrument dated _____, filed in the Land Court as Document No. _____.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF EASEMENTS AND COVENANTS
DATED : January 13, 1986
FILED : Land Court Document No. 1351484

AMENDMENT AND RESTATEMENT of said Declaration dated February 25, 1993, filed in the Land Court as Document No. 2007394.

JOINDER OF PUNA HOA HANA INVESTMENT COMPANY dated September 22, 1992, filed in the Land Court as Document No. 2007399.

JOINDER OF WAIPOULI INVESTMENT COMPANY dated September 22, 1992, filed in the Land Court as Document No. 2007400.

JOINDER OF INNS INVESTMENT COMPANY, dated March 1, 1993, filed in the Land Court as Document No. 2007401.

JOINDER OF NANSAY HAWAII, INC., dated August 27, 1991, filed in the Land Court as Document No. 2007402.

5. RIGHT OF ENTRY in favor of CITIZENS UTILITIES COMPANY (whose interest is now held by KAUAI ISLAND UTILITY CO-OP), dated August 5, 1990, filed in the Land Court as Document No. 1853093; granting a right-of-entry and easement over and across the land described herein.
6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF COVENANTS AND RESTRICTIONS

DATED : May 2, 2001

FILED : Land Court Document No. 2704863

DESCRIPTION OF THE LAND UPON WHICH THE PROJECT IS SITUATED:

All of that certain parcel of land situate at Waipouli, District of Puna, Island and County of Kauai, State of Hawaii, described as follows:

LOT 12, area 6.003 acres, more or less, as shown on Map 6, filed in the Land Court with Land Court Application No. 1166 of Edward Henry Walton Broadbent;

Together with the right-of-way over Lot 9 to Kuhio Highway.

Being the land(s) described in Transfer Certificate of Title No. 286,266 issued to NIU PIA FARMS, LTD., a Hawaii corporation.