



**REAL ESTATE COMMISSION  
STATE OF HAWAII**  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
1010 Richards Street  
P. O. Box 3469  
Honolulu, Hawaii 96801

**CONDOMINIUM PUBLIC REPORT**

on

PALI NAMAHA ACRES  
At the end of  
Kauapea Road,  
Kilauea,  
County of Kauai,  
State of Hawaii

Registration No. 1793

Issued: September 12, 1986  
Expires: October 12, 1987

**Report Purpose:**

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 29, 19 86 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

**Type of Report:**

- PRELIMINARY:** 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 when complete information is filed.  
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission. This report must be read together with N/A.  
(white)
- SUPPLEMENTARY:** Changes information contained in the  
(pink)
- Prelim. Public Report dated \_\_\_\_\_  
 Final Public Report dated \_\_\_\_\_  
 Supp. Public Report dated \_\_\_\_\_
- And  Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_

**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.

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Appendix I: People Connected with the Project

Attached only if there are additions or changes to information contained in the body of the report.

## GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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 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 condominiums, 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 or encumbered, and they may be disposed of by will or gift.

Your apartment will, however, be part of the group of apartments that comprise the condominium. Study the 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

The Association of Apartment Owners is the means through which apartment owners may take action with regard to the administration, management, and operation of the condominium. 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 control of the administration and operation of the condominium will in most cases be limited to your right to vote as an owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all 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 vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.



I. PEOPLE CONNECTED WITH THE PROJECT

Developer: FOSTER PETROLEUM CORPORATION Phone: (918) 336-0611  
Name (Business)  
Foster Petroleum Building  
Business Address  
Bartlesville, Oklahoma 74003

Names of officers or general partners of developers who are corporations or partnerships:

John F. Kane, President  
Henry F. Kane, Vice President  
Thomas B. Preston, Vice President & General Counsel  
L. G. Taylor, Secretary & Financial Vice President  
Bay K. C. Yee, Local Agent, Tel No. (808) 537-3007

Real Estate Sales Agent: KAUAI REALTY, INC. Phone: (808) 245-3367  
Name (Business)  
2970 Kress Street  
Business Address  
Lihue, Kauai, Hawaii 96766

Escrow: FIRST HAWAII TITLE CORPORATION Phone: (808) 521-3411  
Name (Business)  
Suite 1190, 733 Bishop Street  
Business Address  
Honolulu, Hawaii 96813

Managing Agent: KAUAI REALTY, INC. Phone: (808) 245-3367  
Name (Business)  
2970 Kress Street  
Business Address  
Lihue, Kauai, Hawaii 96766

Attorney for Developer: HIROSHI SAKAI, ATTORNEY AT LAW, A LAW CORPORATION & MICHAEL H. SAKAI  
Name  
Suite 602, 810 Richards Street  
Business Address  
Honolulu, Hawaii 96813

Appendix I may be attached to this report. If so, it will list additional people connected with the project or changes that may have been made to the above information after this public report was issued.

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

A condominium is created by recording in the Bureau of Conveyances or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

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

The Declaration for this condominium is:

Proposed  
 Recorded – Bureau of Conveyances – Book 19718 Page 1  
 Filed – Land Court – Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

- B. Condominium Map (File Plan) shows the elevation and layout of the condominium. It also shows the floor plan for each apartment.

The Condominium Map for this condominium is:

Proposed  
 Recorded – Bureau of Conveyances – Map No. 1025  
 Filed – Land Court – File Plan No. \_\_\_\_\_

Amendment date(s) and recording/filing information:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium. 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 way in which meetings will be conducted, and other matters which affect how the condominium will be governed.

The Bylaws for this condominium are:

Proposed  
 Recorded – Bureau of Conveyances – Book 19718 Page 25  
 Filed – Land Court – Document Number \_\_\_\_\_

Amendment date(s) 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 individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. 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 recorded or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of apartment owners who 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>See Article V, Section 4, By Laws</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

The Developer reserves the right in its sole discretion to maintain advertising signs it deems necessary to conduct the sales of the project, to manage, control, set allocations and charges for any utilities under a common meter or meters until such time as it has sold or otherwise disposed of all of the units.

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to 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.



**B. Underlying Land:**

Land Area: 40.0 <sup>Acres</sup> ~~square/feet~~                      Zoning: Ag-2  
TMK: Fourth Division 5-2-05-35

Fee Owner: FOSTER PETROLEUM CORPORATION  
name  
Foster Petroleum Building  
address  
Bartlesville, Oklahoma 74003

Sublessor: \_\_\_\_\_  
name  
\_\_\_\_\_  
address  
\_\_\_\_\_

**C. Buildings and Other Improvements:**

1.  New Construction                       Conversion of Existing Building  
 Both New Construction and Conversion

2. Buildings: five storage                      Floors Per Building: \_\_\_\_\_

3. Principal Construction Material:

- Concrete                       Hollow Tile                       Wood  
 Other Galvanized Steel

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	_____	<input checked="" type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input checked="" type="checkbox"/> Other:	<u>Such other uses as may be permitted by law.</u>		

5. Special Use Restrictions:

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

Pets: \_\_\_\_\_

Number of Occupants: \_\_\_\_\_

Other: See Building Rules attached as Exhibit G for restrictions regarding location of dwellings and landscaping and the raising of animals. Also, purchasers must sign an affidavit regarding sustenance from farming on the property.

6. Interior (fill in appropriate numbers):

Total Apartments 5

Elevators 0

Stairways 0

Trash Chutes 0

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
<u>-0-</u>	<u>5</u>	<u>-0-</u>	<u>80.75</u>	<u>-0-</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

\*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 floor area may have been used.

**Boundaries of Each Apartment:**

Each unit will consist of the above apartment and its appurtenant limited common element which is the entire area set aside for the unit as set forth in the Condominium Map. The building can be relocated on any part of the area appurtenant to the unit. Also, other buildings such as a home, may be built by each owner, in which event such owner will be required to amend the Declaration of Horizontal Property Regime by filing an "as built" verification.

**Permitted Alterations to Apartments:**

The common interest appurtenant to each unit shall have a permanent character and can be altered where necessary to conform with any subdivision, land use law and/or ordinance. Each unit owner may alter its farm structure within its unit in any manner as he deems desirable. Where adjoining unit owners desire to alter and/or transfer portions of their respective units they can do so by the filing of an amendment to the Condominium Map and the Declaration together with their respective signatures and acknowledgement by the Association that such change is being made.

7. Parking Stalls:

	<u>Number of Stalls</u>
Assigned Stalls (For Individual Units)	_____
Guest Stalls	_____
Unassigned Stalls	_____
Other: <u>Open Parking</u>	Not <u>Specified</u>
<b>Total Parking Stalls</b>	_____

Each apartment will have the exclusive use of at least \_\_\_\_\_ parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

	regular	compact	tandem
Number of covered stalls	_____	_____	_____
Number of open stalls	_____	_____	_____

[ ] Commercial parking garage permitted on condominium.

[ ] Exhibit \_\_\_\_\_ contains additional information on parking stalls for this condominium.

8. Recreational and Other Common Facilities:

- |                        |                  |
|------------------------|------------------|
| [ ] Swimming pool      | [ ] Storage Area |
| [ ] Recreation Area    | [ ] Laundry Area |
| [ ] Tennis Court       | [ ] Trash Chute  |
| [X] Other: <u>None</u> |                  |
-

9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. 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 (for conversions only)*

	<u>Conforming</u>	<u>Non-Conforming</u>	
		<u>Legal</u>	<u>Illegal</u>
Uses	_____	_____	_____
Structures	_____	_____	_____
Lot	_____	_____	_____

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

**D. Common Elements, Limited Common Elements, Common Interest:**

1. **Common Elements:** Common Elements are those parts of the condominium intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit   A   describes the common elements.

2. **Limited Common Elements:** Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments. The limited common elements and the apartment which may use them are:

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

as follows:

The land set aside for the use of each owner of a Unit.

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 often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit   B   describes the common interests for each apartment.

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property.

Exhibit C describes the encumbrances against the title contained in the title report dated August 19, 1986.

**Blanket Liens:**

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. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
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F. **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. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium.

**Initial Managing Agent:** When the developer or the developer's affiliate is the initial 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 managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

other \_\_\_\_\_

**G. Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium. If you are late in paying the assessments, your apartment may be liened and 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 to each apartment.

Exhibit   D   contains a schedule of maintenance fees and maintenance fee disbursements.

**H. Separate Utility Charges for Apartments:**

Except for the utilities indicated below, each apartment will be billed separately for utilities:

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas         | <input type="checkbox"/> Water & Sewer    |
| <input type="checkbox"/> Other _____ |   |

**I. Construction Warranties**

**1. Building and Other Improvements:**

The Manufacturer's warranty on the farm storage building.

**2. Appliances:**

None.

**J. Status of Construction and Estimated Completion Date**

The Project has no set commencement date for construction or completion except that building permits have been obtained for the units and at such time that there is the closing of a sale Seller will place the farm storage unit in the Unit, but in no event later than two (2) years from the date of the Sales Contract.

**K. Project Phases:**

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

Summary of Developer's Present Plans for Future Development:

**L. Sales Documents Filed with the Real Estate Commission:**

Notice to Owner Occupants

Specimen Sales Contract

Exhibit  E  contains a summary of the provisions of the sales contract.

Escrow Agreement dated  August 21, 1986

Exhibit  F  contains a summary of the provisions of the escrow agreement.

Other \_\_\_\_\_

#### IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. Although the Condominium Map shows an Easement A for access purposes, the Developer is only required to initially pave the easement area (see Exhibit G). Further improvement and continued maintenance of the roadway will be a common expense. There will be a 10 foot setback from the road.
2. Purchasers should examine Exhibit G carefully. Note that each purchaser must sign an affidavit of sustenance, obtain his own building permit should he desire to construct a dwelling on the premises, pull his own utility lines, install his own cesspool, and refrain from using second hand materials or allowing junk to be kept or stored on the premises.

**Buyer's Right to Cancel Sales Contract:**

**A. Rights Under the Condominium Statute:**

Preliminary Report: Sales made by the Developer 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, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers a copy of the Final Public Report and all prior public reports not previously delivered to the buyer; and
2. The buyer is given an opportunity to read the reports; and
3. One of the following has occurred:
  - a. The buyer has signed a receipt for the reports and waived the right to cancel; or
  - b. Thirty (30) days have passed from the time the reports were delivered to the buyer; or
  - c. The apartment is conveyed to the buyer within 30 days from the date the reports were delivered to the buyer.

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

1. There is a material change in the condominium 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
2. 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.

**B. Rights Under the Sales Contract:**

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Declaration of Horizontal Property Regime.
2. Bylaws of the Association of Apartment Owners.
3. House Rules.
4. Escrow Agreement.
5. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
6. Other \_\_\_\_\_

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law are available for \$ 2.50 at the Department of Commerce and Consumer Affairs.

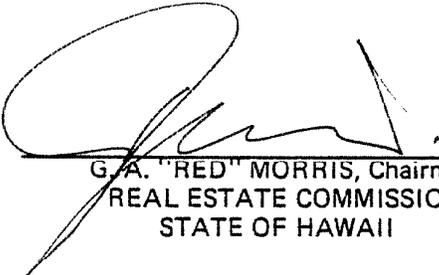
This Public Report is a part of Registration No. 1793 filed with the Real Estate Commission on August 29, 1986.

The Developer is responsible for delivering a true copy of this report to all purchasers and prospective purchasers and for securing a signed receipt for the report. When reproduced, this report must be on:

yellow paper stock                       white paper stock                       pink paper stock

Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Supplementary Public Reports expire on the expiration date given on the front of the report.



G.A. "RED" MORRIS, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Separate Disclosure Abstract on this condominium:

Required                       Not Required — disclosures covered in this report

Distribution:

Department of Finance, County of Kauai  
Bureau of Conveyances  
Planning Department, County of Kauai  
Federal Housing Administration  
Escrow Agent

EXHIBIT "A"

Common Elements

- a. The land of the Project in fee simple.
- b. Any installation for services such as power, light, gas, water, sewer lines, telephone, radio and television signal distribution and like utilities.
- c. Easement A which goes over the common element and the Areas for each Unit as set forth in the Condominium Map.
- d. All other land area that are not set aside as limited common elements for a Unit.

EXHIBIT "B"

Common Interest

Description of Condo Farm Units and Common Interest

The Condo Farm Units each having a farm storage building located on each Area described more particularly in Exhibit "B-1" attached to the Declaration of Horizontal Property Regime.

<u>Unit No.</u>	<u>Area No.</u>	<u>Area in Acres</u>	<u>% Common Interest</u>
A	C-1	6.008	20
B	C-2	5.624	20
C	C-3	5.342	20
D	C-4	5.339	20
E	C-5	<u>5.260</u>	<u>20</u>
	TOTAL	27.573	100

The percentage undivided interest is calculated by dividing 100% by five (the total number of units) to arrive at each unit's common interest.

The metes and bounds description of each Area that is appurtenant to each unit is specifically described in "B-1" and is the interior dimensions of such parcels.

EXHIBIT "C"

ENCUMBRANCES

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. Grant in favor of C. B. KILAUEA, INC., a Hawaii corporation, and AMERICAN HAWAIIAN DEVELOPMENT COMPANY, a Delaware corporation, dated September 12, 1975, recorded on September 12, 1975 in the Bureau of Conveyances, State of Hawaii, in Book 10910, Page 313, for easement or easements to use the improvements, pipelines, ditches, water flumes, tunnels and other water transportation facilities.

3. Right-of-Entry in favor of HAWAIIAN TELEPHONE COMPANY, a Hawaii corporation, and CITIZENS UTILITIES COMPANY, a Delaware corporation, dated February 25, 1980, recorded on April 18, 1980 in the Bureau of Conveyances, State of Hawaii, in Book 14664, Page 196 for Right-of-Entry and temporary easement for construction and maintenance of power and communication lines.

4. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the Declaration of Horizontal Property Regime of "Pali Namahama Acres" dated July 23, 1986, recorded on July 30, 1986 in the Bureau of Conveyances, State of Hawaii in Book 19718, Page 1. Condominium Map No. 1025, to which reference is hereby made.

EXHIBIT  D

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
A	\$80 x 12 = \$ 960.00
B	\$80 x 12 = 960.00
C	\$80 x 12 = 960.00
D	\$80 x 12 = 960.00
E	\$80 x 12 = <u>960.00</u>
	\$4,800.00

[ ] Revised on \_\_\_\_\_

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

**Estimate of Maintenance Fee Disbursements:**

Monthly x 12 months = Yearly Total

**Utilities and Services**

**Air Conditioning**

**Electricity**

[ ] common elements only

[ ] common elements  
and apartments

**Gas**

**Refuse Collection**

**Telephone**

**Water and Sewer**

**Maintenance, Repairs and Supplies**

**Building**

**Grounds**

\$100 x 12 = \$1,200.00

**Management**

**Management Fee**

**Payroll and Payroll Taxes**

**Office Expenses**

\$100 x 12 = 1,200.00

**Insurance**

\$200 x 12 = 2,400.00

**Reserves**

**Taxes and Government Assessments**

**Other**

TOTAL

\$4,800.00

I/We, KAUAI REALTY, INC., as managing agents  
for the condominium, hereby certify that the above estimates of initial maintenance fee  
assessments and maintenance fee disbursements were prepared in accordance with generally  
accepted accounting principles.

By: *Eric H. Yama*

Date: August 18, 1986

EXHIBIT "E"

Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) What a purchaser must do to qualify for a loan if the purchaser wants a mortgage loan to cover part of the purchase price.

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

(c) That interest on deposits shall belong to the seller.

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

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

(f) The availability of utilities and easements are set forth in Paragraph I, TERMS AND CONDITIONS OF THE CONTRACT.

(g) There are restrictions on the purchaser's Assignment of its interest under the Sales Contract as set forth in Paragraph H, 1.

The Sales Contract contains various other provisions with which the purchaser should become acquainted.

EXHIBIT "F"

Summary of Escrow Agreement

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

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

EXHIBIT "G"

BUILDING RULES

PALI NAMAHAAMA ACRES

The purpose of these Building Rules is to protect all owners and occupants from annoyance and nuisance caused by improper conduct and improper use of the PALI NAMAHAAMA ACRES Condominium, hereinafter referred to as "Project", and to provide for the maximum enjoyment of the premises. All owners and occupants, their agents, employees and invitees shall be bound by these Building Rules and standards of reasonable conduct whether covered by these Building Rules or not.

1. Definitions. As used herein:

a. The "Area" refers to the land set aside for the use of each Unit Owner.

b. The Unit refers to the farm storage unit and the land designated as a limited common element for the Unit Owner.

2. Building Permit. Any owner desiring to construct a single family farm dwelling in a unit will have to comply with the building and zoning code as the same may be changed from time to time. The present requirement is that each owner must sign an affidavit that he can obtain income or sustenance from farming on the property (Unit) and the Area must be a minimum of five acres.

3. Water and Utilities. The water, electricity and telephone will be drawn from the end of Kauapea Road to each Unit boundary abutting the roadway common element and each Unit Owner will have to then hook up at his own cost and expense the utilities to the dwelling and/or building.

4. Cesspools. There are no sewer lines and a sanitary sewer system. Each Unit Owner will have to have his own cesspool to be located within his own Area.

5. Roadway. The roadway is initially paved by the Developer. Each Unit Owner will keep a minimum of a ten feet setback area clear of all vegetation in order that the Association can keep the roadway area clear of any vegetation and growth.

6. Farming. A Unit Owner to farm his own area and/or plant any orchards and/or any other farming activity shall use materials and/or equipment that are maintained and repaired and will not allow any unused and/or junk material and/or vehicles to be stored and kept in the Area. In the construction of the farm dwelling and/or any other accessory building the Unit Owner shall not use second-hand materials, quonset huts and/or any other materials that would create a nuisance in the Unit Owner's property.

7. View Plane. Any trees that are located in the common area of the project which cuts off the view plane of a Unit Owner to the ocean may at the expense of Unit Owner

affected be cut and removed. Each Unit Owner in the construction of his farm dwelling is to locate his dwelling and landscaping so as not to affect the view plane of other Unit Owners.

8. Animals. The raising and keeping of any animals shall meet the requirements of the Department of Health and shall be properly fenced and the location of animals shall take into consideration any animal odors that affects the neighboring Unit Owners.

9. Common Area Land. The Common Area land for any farming, raising of animals, landscaping and/or any other use may be decided upon by the Association from time to time including the hiring, leasing and/or any other arrangements to maintain the Area.

10. Common Element Expenses and Enforcement. The Association shall provide for such common expenses that will maintain and upkeep the Project and for the failure of any Unit Owner to observe these Building Rules the Association shall have the power to enforce these Rules including the assessment of the common expenses and the filing of a lien against the Unit.

Adopted at Honolulu, Hawaii, this 28 day of August, 1986.

ASSOCIATION OF UNIT OWNERS  
OF PALI NAMAHA ACRES

By FOSTER PETROLEUM CORPORATION

By Sam F. C. Yee  
Its Attorney-in-Fact