

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer JOHN THOMAS LANSKER
CHERYL SUE LONGLEY LANSKER
Address P. O. Box 501, Kilauea, Hawaii 96754

Project Name(*): WAIAKALUA PALMS CONDOMINIUM (**)
Address: P. O. Box 501, Kilauea, Hawaii 96754

Registration No. 2029 Effective date: March 6, 1998
(Partial Conversion) Expiration date: April 6, 1999

Preparation of this Report: (**) For Sale of Unit #4

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:

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 by the developer when complete information is filed.
(yellow)

FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)
[] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with _____

X SUPPLEMENTARY: This report updates information contained in the:
(pink)
[X] Preliminary Public Report dated: June 30, 1989
[X] Final Public Report dated: June 15, 1990
[] Supplementary Public Report dated: _____

And [X] 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

* * * * *

* **SPECIAL NOTICE:** *

* THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF DWELLING UNITS, OR *

* OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, *

* UNLESS THE PURCHASER IS PURCHASING AN EXISTING DWELLING, THERE IS NO *

* ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A DWELLING UNIT *

* ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL *

* BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO *

* RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE *

* COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A *

* DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY. *

* 1. Issuance of an effective date for this Public Report does not *

* constitute an approval of the project by the Real Estate *

* Commission, or any other governmental agency, nor does it imply *

* that all County codes, ordinances and subdivision requirements *

* have been complied with. *

* 2. This project does not involve the sale of individual subdivided *

* lots. The land area beneath and immediately adjacent to each *

* unit, as shown on the Condominium Map, is designated as a *

* limited common element for that unit and does not represent a *

* legally subdivided lot. The dotted lines on the Condominium Map *

* merely represent the location of the limited common element *

* assigned to each unit. *

* 3. Facilities and improvements normally associated with County *

* approved subdivisions, such as fire protection devices, County *

* street lighting, electricity, upgraded water facilities, *

* improved access for owner and emergency traffic, drainage *

* facilities, etc., may not necessarily be provided for and *

* services such as County street maintenance and trash collection *

* will not be available for interior roads and driveways. *

* THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE *

* CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER *

* INFORMATION WITH REGARD TO THE FOREGOING. *

* * * * *

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

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

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

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

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

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: JOHN THOMAS LANSKER
CHERYL SUE LONGLEY LANSKER Phone: (808) 828-1334
Name (Business)
P. O. Box 501
Business Address
Kilauea, Hawaii 96754

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

Real Estate Broker: JAMES BRUNSON EDMONDS
dba Emerald Isle Properties Phone: (808) 828-1111
Name (Business)
P. O. Box 712
Business Address
Kilauea, Hawaii 96754

Escrow: TITLE GUARANTY ESCROW Phone: (808) 245-3381
Name SERVICES, INC. (Business)
4414 Kukui Grove Street, #204
Business Address
Lihue, Hawaii 96766

General Contractor: N/A Phone: N/A
Name (Business)

Business Address

Condominium Managing Agent: Self-managed by the Association of Apartment Owners. Phone: N/A
Name (Business)

Business Address

Attorney for Developer: STEVEN R. LEE, ESQ. Phone: (808) 246-1101
Name (Business)
4473 Pahe'e Street, Suite L
Business Address
Lihue, Hawaii 96766

**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 23910 Page 507
 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]: See Page 6a for information regarding amendments to the Declaration of Condominium Property Regime.

- 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. 1264
 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]: Third Amendment to Declaration dated September 19, 1997, recorded as Document No. 97-127859.

- 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 23910 Page 525
 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]: Amended and Restated Bylaws dated April 25, 1990, recorded as Document No. 90-062279.

First Amendment dated September 20, 1989 in Liber 24061 at Page 439, Amended and Restated Declaration dated April 25, 1990, recorded as Document No. 90-062278, Third Amendment to Declaration of Condominium Property Regime dated September 19, 1997, recorded as Document No. 97-127859, and the Fourth Amendment to Declaration of Condominium Property Regime dated February 5, 1998, recorded as Document No. 98-016273.

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>N/A</u>

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

2. **Developer:**

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

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

[] 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:

Lot 7, Kilauea Agricultural
Address: Subdivision, File Plan 1646, East Waiakalua, Kauai, Hawaii Tax Map Key (TMK): (4) 5-1-005-030
[X] Address [] TMK is expected to change because each unit may receive its own street address from the Department of Public Works, County of Kauai

Land Area: 10.007 [] square feet [X] acre(s) Zoning: Agricultural

Fee Owner: Unit 1:
SUZANNE N. MEEK
Name
P. O. Box 727
Address
Kilauea, Hawaii 96754
Unit 3:
STEPHEN CARL LANSKER
CARRIE LYNN LANSKER
Name
5561 Linda Rosa Avenue
Address
La Jolla, California 92037

Unit 2:
BARBARA SHINODA
c/o Kauai Orchids
General Delivery
Kilauea, Hawaii 96754
Unit 4:
JOHN THOMAS LANSKER
CHERYL SUE LONGLEY LANSKER
P. O. Box 501
Kilauea, Hawaii 96754

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s) Both New Building(s) and Conversion
 2. Number of Buildings: 8 Floors Per Building Unit 1 Residence is two-story; remaining structures are one-story.
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

- Concrete Hollow Tile Wood
 Other _____

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>Storage Shed</u>	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
			(Units 2 and 3)		

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:

[X] Pets: Household pets may be kept consistent with any applicable law and restrictive covenants as long as they do not become a nuisance to the other owners.

[] Number of Occupants: _____
All other special use restrictions are as contained in the

[X] Other: Declaration of Protective Covenants, Conditions and Restrictions for Kilauea Farms, a summary of which is attached as Exhibit J,

[] There are no special use restrictions. and 2/27/89 letter from County Planning Department (Exhibit I).

6. Interior (fill in appropriate numbers): - See Page 11a

Elevators: 0 Stairways: 1 Trash Chutes: 0

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

Total Number of Apartments: 4

*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: Per Article II of the Declaration of Condominium Property Regime, the boundaries of each apartment shall be the outer surface of the entire building. Wires or conduits, pipes or any utility lines running over, under or through any apartment which are utilized for or serve more than one unit shall not be deemed a part of the apartment, the same being deemed common elements.

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by County of Kauai zoning ordinances and recorded restrictions on the project, if any. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime will be required to disclose actual improvements as a matter of public record.

<u>Qty.</u>	<u>Apt. No.</u>	<u>No. Bdm. / Bath</u>	<u>Net Living Area (Sq.Ft.)</u>	<u>Lanai/ Porch (Sq.Ft.)</u>	<u>Other Areas (Sq.Ft.)</u>
1	1	4/3	2176	1184	512-carport 96-bird arboretum 288-farm storage shed 37.50-storage
1	2	0/0	0	0	90-storage
1	3	0/0	0	0	90-storage
1	4	1/1	590	100	288-storage

7. Parking Stalls:

Total Parking Stalls: 4

	<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>2*</u>	<u>2**</u>	_____	_____	_____	_____	<u>4</u>	*Unit 1 **Unit 4
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____	
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____	
Other: _____	_____	_____	_____	_____	_____	_____	_____	
Total Covered & Open:	<u>4</u>		<u>0</u>		<u>0</u>		<u>4</u>	

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

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

8. Recreational and Other Common Facilities:

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

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

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

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

(For conversions of residential apartments in existence for at least five years): The 16'x24' utility building on Unit 4, which was constructed in 1989, has since been reconstructed for residential use. Developers retained William Henry Bess, Licensed Professional Architect No. 6161, to inspect the exterior roof, foundation and visible electrical and plumbing systems of the residence. Developers adopt the findings of Mr. Bess in that the systems and components of the structure appear to be in satisfactory and sound condition for its age, with an expected useful life in excess of twenty years.

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 C.

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 F describes the encumbrances against the title contained in the title report dated 8-14-97
and issued by FIRST AMERICAN TITLE INSURANCE COMPANY.

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>
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F. Construction Warranties:

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

1. Building and Other Improvements: None .

2. Appliances: None .

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

Construction was completed as follows:

Unit 1	farm dwelling	1991
	bird arboretum	1995
	farm storage shed	1991
	reach-in storage	1995
Unit 2	storage shed	1990
Unit 3	storage shed	1990
Unit 4	farm dwelling	1989
	storage/utility building	1993

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

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

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

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

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

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit H contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

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

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

- None Electricity (_____ Common Elements only _____ Common Elements & Apartments)
 Gas (_____ Common Elements only _____ Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
 - Specimen Sales Contract
Exhibit B contains a summary of the pertinent provisions of the sales contract.
 - Escrow Agreement dated January 5, 1989
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
 - Other Specimen Apartment Deed
-

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 Declaration of Protective Covenants and Restrictions for Kilauea Farms; Farm Dwelling Agreement recorded as Document No. 93-109696.

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 Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2029 filed with the Real Estate Commission on January 30, 1989.

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

YELLOW paper stock WHITE paper stock PINK paper stock

C. Additional Information Not Covered Above.

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine if your expectations can be realized, you should carefully review the contents of this report, especially Exhibit J, a summary of the recorded protective covenants for the subdivision within which the project is located. Among other things, the protective covenants govern land use, building type, possession of animals and cultivation of crops. You should also conduct your own investigations to ascertain the validity of information provided. Please remember that issuance of an effective date for this report does not mean that the Real Estate Commission has "approved" the project.

Except as limited specifically by the Declaration of Condominium Property Regime and Bylaws ("condominium documents") and subdivision restrictive covenants, all uses permitted in the agricultural zone are permitted. Such uses include, but are not limited to, growing crops, raising animals, residence, diversified agriculture, forestry, orchards, nurseries and wildlife management. A prospective purchaser should review Article 8.7 of the County of Kauai Comprehensive Zoning Ordinance ("CZO") for detailed information. In relation to specifically permitted uses of buildings and other improvements, structures shall only be occupied or used for agriculture, associated residential uses, and/or other uses permitted under the CZO and the condominium documents.

This project is entitled to one guest house. The right to construct the guest house is assigned to Unit 4. The County of Kauai Planning Department requires, in order to process a building permit, authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the condominium documents. A prospective purchaser should review the Declaration of Condominium Property Regime to ascertain County of Kauai requirements regarding the guest house.

In connection with the Estimated Maintenance Fee Disbursement schedule contained in Exhibit H attached hereto, the Developers disclose that no reserve study was conducted in accordance with §514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

- D. The developers hereby certify that all the information contained in this Report and all documents to be furnished by the developers to buyers concerning the project have been reviewed by the developers and are, to the best of the developers' knowledge, information and belief, true, correct and complete.

John Thomas Lansker
JOHN THOMAS LANSKER

Dated: Sept. 8, 1997

Cheryl Sue Longley Lansker
CHERYL SUE LONGLEY LANSKER

Dated: Sept. 8, 1997

Distribution:

Department of Finance, County of Kauai
Planning Department, County of Kauai

EXHIBIT A

AMENDED CONDOMINIUM MAP AND LIMITED COMMON ELEMENT LOCATIONS

Amendment to Condominium Map #
1264 for WAIKALUA PALMS
Amended Site Plan
Page 1 of 8 pages

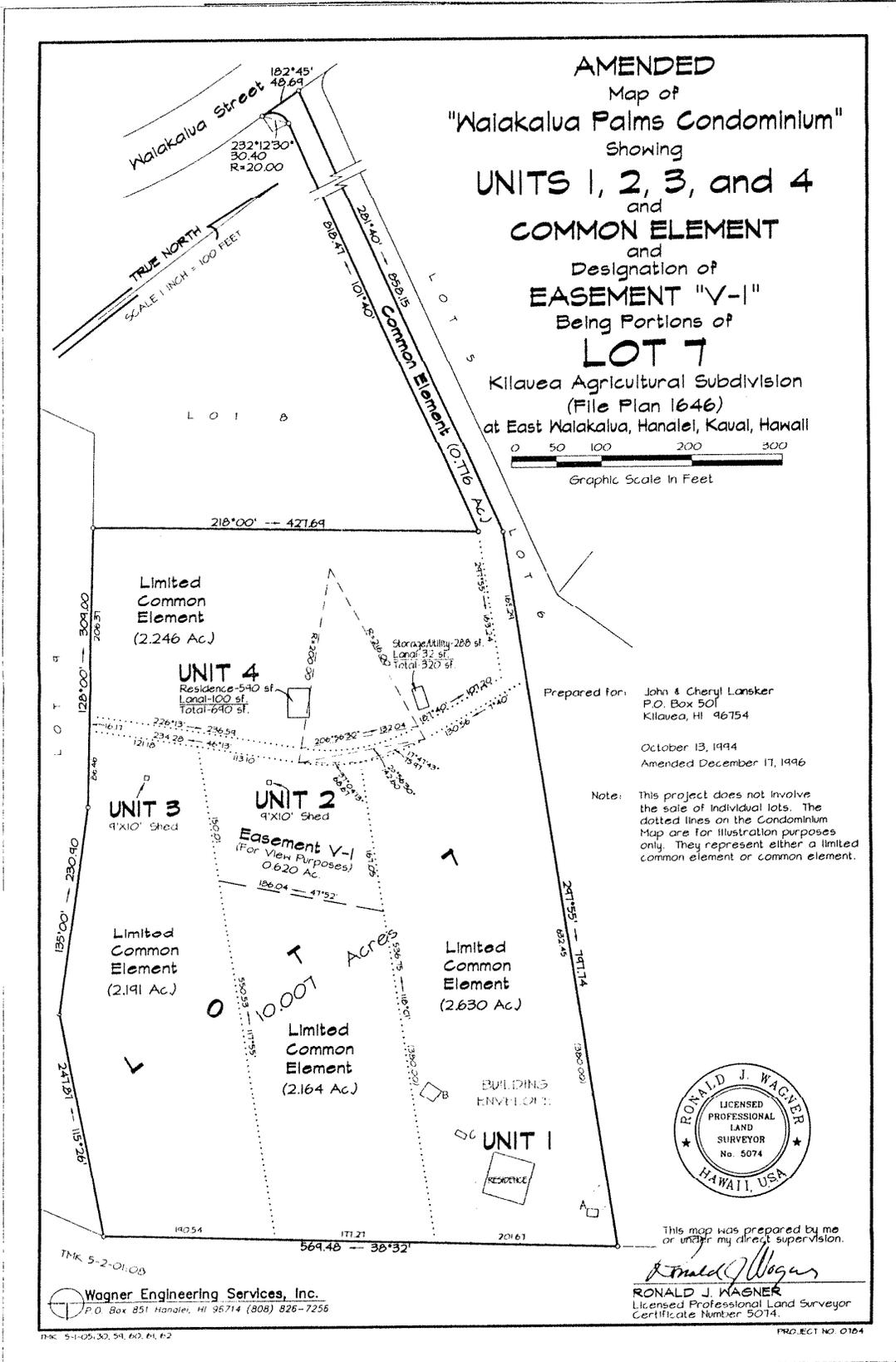


EXHIBIT B

SUMMARY OF SALES CONTRACT

The WAIAKALUA PALMS Sales Contract and Receipt (the "contract"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to other terms.

2. The purchase price does not include the closing costs, prorations and additional costs provided in other sections of the contract.

3. If at the time of execution of the contract, a final public report has not been issued, the contract is merely a reservation agreement and it may be cancelled at any time by either the Buyer or Seller.

4. The terms and conditions of the sale which include, among other provisions, the following:

(a) Buyer has received the Declaration of Horizontal Property Regime, By-laws of the Association of Apartment Owners, form of Apartment Deed, and Escrow Agreement and acknowledges that he has had adequate opportunity to read those documents and to examine the project plans and accepts them with such changes and modifications as the project architect may deem necessary.

(b) Buyer agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement.

(c) Risk of loss to the apartment and percentage interest in the common elements will be borne by Seller until the date of closing as defined in the contract. Buyer will not be entitled to possession of the apartment until the date of closing.

(d) Seller has reserved the right to make certain modifications to the Declaration, By-laws, Apartment Deed and other documents as may be required by law, a title insurance company, any institution, mortgagee or governmental agency.

(e) Until the Apartment Deed conveying title is delivered to Buyer, the Seller may exercise all of the powers of the Association and of the Buyer as a member thereof.

(f) After issuance of the Final Public Report and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Buyer shall have the right to rescind the contract only if there is a material change in the project which directly, substantially and adversely affects the use or value of Buyer's apartment or appurtenant limited common elements or those amenities of the project available for the Buyer's use subject to waiver by the Buyer pursuant to the terms set forth in the contract and Hawaii Revised Statutes Section 514A-63.

(g) Time is of the essence of the obligations of Buyer under the contract.

(h) Neither Seller nor any of its representatives has made any representations as to the rental income to be derived from the unit.

(i) Developer makes only those warranties regarding construction and appliances which are set forth in the contract.

(j) The contract shall not be construed as a present transfer of any interest in the property but it is an agreement to transfer in the future.

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

END OF EXHIBIT B

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Unit No.	Area of Limited Common Element* (Acres)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	% of Common Int.
1	1	2.630	4/3	2176	1184-lanai 512-carport 96-bird arboretum 288-storage 37.50-storage	25%
1	2	2.164	0/0	0	90-storage	25%
1	3	2.191	0/0	0	90-storage	25%
1	4	2.246	1/1	590	100-lanai 288-storage	25%

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. There are four units, each of which will burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 25% for each unit.

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration of Condominium Property Regime, each unit owner may use his unit, alter or add to it in any manner he deems desirable, so long as it is permitted by law and the Declaration of Protective Covenants and House Rules, if any. If 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 of Condominium Property Regime together with their respective signatures.

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

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between TITLE GUARANTY ESCROW SERVICES, INC., ("Escrow"), and JOHN T. LANSKER and STEPHEN LANSKER ("Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contracts and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project.

3. Escrow will release from the Trust Fund and disburse Buyer's funds at closing. No disbursements will be made from Buyer's fund until: (a) the Real Estate Commission has issued a Final Public Report on the project and forty-eight (48) hours have elapsed since Buyer's receipt of a copy of the Final Public Report; (b) Buyer has waived its right to cancel the sales contract; and (c) Seller has notified Escrow that all other requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Where sales contracts are entered into Escrow will disburse funds upon presentation by Seller of Buyer's signed receipt for the Final Public Report and with notification by Seller that all of the requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, have been met. Escrow will call for payments by the Buyer upon receipt of notice from Seller that any payments are due under any sales contract.

4. Escrow will return deposited sums to the Buyer without interest if Seller gives Escrow written notice to return the funds to Buyer, or with respect to a Buyer whose funds were obtained before the issuance of a Final Public Report, Escrow receives from the Buyer a written request to cancel the sales contract or after issuance of the Final Public Report and Buyer's waiver of his right to cancel the sales contract in accordance with Section 514A-62, Hawaii Revised Statutes, there shall be any material change in the project which directly, substantially and adversely affects the use or value of the Buyer's apartment or appurtenant common elements or those amenities of the project available for Buyer's use, of a nature entitling the Buyer to cancel his sales contract pursuant to Section 514A-63, Hawaii Revised Statutes. These funds shall be returned

to Buyer less Escrow's cancellation fee, if any, any mortgagee's cancellation fee and all other costs incurred in connection with the Escrow, but in the aggregate shall not exceed \$250.00.

5. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to an contemplated by the sales contract.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive \$ * for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. Title insurance will also cost an additional \$ * .

*Schedule Rate

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

END OF EXHIBIT D

EXHIBIT E

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (a) the land in fee simple;
- (b) the 0.776 acre access and utility common element shown on the Amended Condominium Map;
- (c) all future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone; and
- (e) any and all other future elements and facilities in common use or necessary to the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements", have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit is that certain land area upon and around which Units 1, 2, 3 and 4 are located, shown and designated on the Condominium Map and the table below.

<u>Unit Number</u>	<u>Area of Limited Common Element*</u>
1	2.630 acres
2	2.164 acres
3	2.191 acres
4	2.246 acres

*Land areas referenced herein are not legally subdivided lots.

END OF EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Agreement dated March 16, 1977, made by and between the State of Hawaii and C. Brewer and Company, Limited, recorded in said Bureau in Liber 12110 at Page 330.
4. Agreement dated June 30, 1980, made by and between Hawaiiana Investment Co., Inc. and the County of Kauai Planning Department, recorded in said Bureau in Liber 15060 at Page 397.
5. Covenants, conditions and restrictions set forth in Declaration dated February 23, 1981, recorded in said Bureau in Liber 15368, at Page 13, as amended by instruments dated June 18, 1986, and July 3, 1989, recorded in said Bureau in Liber 19600 at Page 1, and as Document No. 90-064533, respectively. By Notice of Release of Rights to Declarant Under Declaration of Protective Covenants, Conditions and Restrictions for Kilauea Farms, dated April 26, 1988, recorded in said Bureau in Liber 21865, at Page 763, C. Brewer Properties, Inc. (formerly known as Hawaiiana Investment Co., Inc.), delegated, transferred, assigned, conveyed and released its rights and powers to Kilauea Farms Community Association.
6. Exceptions and reservations as contained in Deed dated September 28, 1983, recorded in said Bureau in Liber 17351, at Page 773.
7. Grant in favor of Waiakalua Plantation Nursery, dated June 28, 1984, recorded in said Bureau in Liber 18112, at Page 637.
8. Agreement dated May 28, 1985, recorded in said Bureau in Liber 18699, at Page 430, and dated June 11, 1985, recorded in said Bureau in Liber 18796, at Page 239.
9. Grant in favor of Waiakalua Plantation Nursery, dated November 26, 1985, recorded in said Bureau in Liber 19157, at Page 87, as amended by instrument dated January 13, 1989, recorded in said Bureau in Liber 22794, at Page 98.
10. Grant in favor of Shashin Limited, dated December 10, 1985, recorded in said Bureau in Liber 19157 at Page 102.

11. Agreement dated February 11, 1987, recorded in said Bureau in Liber 20375, at Page 700.
12. Grant in favor of Citizens Utilities Company and GTE Hawaiian Telephone Company Incorporated dated November 23, 1987, recorded in said Bureau in Liber 21690, at Page 261.
13. Agreement Regarding the Cost to Improve, Maintain and Repair Easements dated January 13, 1989, recorded in said Bureau in Liber 22794 at Page 84.
14. Grant in favor of Robert H. Jones, et al., dated January 13, 1989, recorded in said Bureau in Liber 22794 at Page 107.
15. Agreement Regarding Proportional Sharing of Costs for an Entrance Gate and Landscaping for the Flag Portion of Lots 6 and 7 dated January 13, 1989, recorded in said Bureau in Liber 22794 at Page 119.
16. Grant in favor of Robert H. Jones, et al., dated January 13, 1989, recorded in said Bureau in Liber 22794 at Page 128.
17. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Declaration of Condominium Property Regime for "WAIAKALUA PALMS CONDOMINIUM" dated September 20, 1989, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 23910 at Page 507, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1264.)

The foregoing Declaration was amended by instrument dated September 20, 1989 in Liber 24061 at Page 439, and by Amended and Restated Declaration dated April 25, 1990, recorded as Document No. 90-062278. Since issuance of the Commitment for Title Insurance, Owner/Developers disclose recordation of the Third Amendment to Declaration of Condominium Property Regime dated September 19, 1997, recorded as Document No. 97-127859, and the Fourth Amendment to Declaration of Condominium Property Regime dated February 5, 1998, recorded as Document No. 98-016273.

18. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in the By-Laws of the Association of Apartment Owners of said condominium project dated September 20, 1989, recorded in said Bureau of Conveyances in Liber 23910 at Page 525, as the same may hereafter be amended.

The foregoing Bylaws were amended and restated by instrument dated April 25, 1990, recorded as Document No. 90-062279.

19. Mortgage in favor of Servco Financial Corp., a Hawaii corporation, dated August 3, 1992, recorded as Document No. 92-129067.

20. Grant in favor of Citizens Utilities Company, a Delaware corporation, and GTE Hawaiian Telephone Company, Incorporated, a Hawaii corporation, dated June 4, 1992, recorded as Document No. 92-114008.
21. The terms and provisions of that certain Farm Dwelling Agreement dated June 16, 1993, made by and between John T. Lansker and Stephen Lansker and County of Kauai, Planning Department, recorded as Document No. 93-109696.
22. Mortgage in favor of Novus Financial Corporation, a Delaware corporation, dated August 25, 1995, recorded as Document No. 95-112074.

END OF EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR
WAIAKALUA PALMS

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

1. The Developers of the project are JOHN THOMAS LANSKER and CHERYL SUE LONGLEY LANSKER, P. O. Box 501, Kilauea, Hawaii, 96754; telephone 808-828-1334.

2. See Exhibit H to the Supplementary Public Report for the projected maintenance fees. The Developers hereby certify that the estimations have been based on generally accepted accounting principles.

3. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition.

4. All of the apartments of the project are to be used for agricultural purposes and permitted residential use within the agricultural zone. There will be no commercial use except those activities permitted by the County of Kauai County Comprehensive Zoning Ordinance.

John Thomas Lansker
JOHN THOMAS LANSKER

Cheryl Sue Longley Lansker
CHERYL SUE LONGLEY LANSKER

Dated: Sept. 8, 1997

Dated: Sept. 8, 1997

RECEIPT

The undersigned has received a copy of the foregoing disclosure abstract with Exhibit H this ___ day of _____, 19__.

Purchaser(s)

EXHIBIT H

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>
1-4	\$20.00 \$240.00

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
- Elevator
- Gas
 - [] common elements only
 - [] common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(*) -Road Maintenance	\$65.40	\$784.80
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Taxes and Government Assessments

Audit Fees

Other -Kilauea Farms Association Fees	14.60	175.20
---------------------------------------	-------	--------

TOTAL	\$80.00	\$960.00
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We, JOHN THOMAS LANSKER and CHERYL SUE LONGLEY LANSKER, developers of the condominium project "WAIKALUA PALMS 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.

Signature: John Thomas Lansker
Date: Sept. 8, 1997

Signature: Cheryl Sue Longley Lansker
Date: Sept 8, 1997

(*) 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.

EXHIBIT I

JOANN A. YUKIMURA
MAYOR

LETTER FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

TOM H. SHIGEMOTO
PLANNING DIRECTOR



ROLAND D. SAGUM, III
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3919

COUNTY OF KAUAI
PLANNING DEPARTMENT
4280 RICE STREET
LIHUE, KAUAI, HAWAII 96766



February 27, 1989

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
Professional and Vocational Licensing Division
Department of Commerce and Consumer Affairs
P. O. Box 3469
Honolulu, Hawaii 96801

Subject: Comments on Waiakalua Palms Condominium Report
Registration No. 2029 at Kilauea, Kauai, Hawaii
TMK: 5-1-05:30

Thank you for allowing this opportunity to comment.

After reviewing the subject document, we have the following comments to offer:

The number of limited common elements corresponds to the allowable unit density. The subject property is zoned Agriculture District (A) and qualifies for four (4) units.

When applying for Zoning Permits with the Planning Department, the owners must be made aware that 75% of the owners, or their assignee, are required to sign the permit form. Should an assignee be designated, such assignee shall present proof of authorization from the 75% of the owners at the time a permit is applied for. This is a requirement because the Planning Department does not recognize the Condominium Report to be a legal subdivision of land.

The uses on the limited common elements shall be limited to those listed as permissible within the "A" Agricultural District in the State Land Use Commission Rules and Regulations. Farm dwellings on the lot shall mean a

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
Page 2
February 27, 1989

single-family dwelling located on and used in connection with a farm or where agricultural activity provides income to the family occupying the dwelling.

The declaration of protective covenants states that certain types of animals are restricted. While this is a private matter, it appears to detract from the stated purpose of agricultural lands.

There should be a disclosure provision written into this and all ensuing condominium reports stating that approval of the report should not be misconstrued to mean that all County Codes and Ordinances have been complied with. Subsequent development and use shall comply with all applicable County Codes and Ordinances. It should also be made clear that the Horizontal Property Regime (HPR) does not necessarily mean that all County requirements pertaining to subdivision of lands have been met. Therefore, such facilities/improvements that are normally associated with County-approved subdivisions such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emerging traffic, drainage facilities, etc., may not necessarily be provided for. Further, such services as County street maintenance and trash collection will not be available for interior road/roadways.

Should you have any questions, please feel free to contact Bryan Mamaclay of my staff at 245-3919.


TOM H. SHIGEMOTO
Planning Director

END OF EXHIBIT I

EXHIBIT J

SUMMARY OF FIRST AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR KILAUEA FARMS

These are what the Developer deems to be significant parts of the recorded Declaration of Protective Covenants, Conditions and Restrictions for Kilauea Farms, as amended, (the "covenants") constituting use restrictions on all Kilauea Farms lots. This project is located on one lot of the Kilauea Farms Subdivision, situate at East Waiakalua, Hanalei, Kauai, Hawaii (the "covenants"). All lot owners together form an "Association", which insures that the covenants may be enforced and honored. Others parts of the covenants may be of concern to individual owners. A full copy of the covenants may be obtained from the developer. A prospective purchaser is urged to read a full copy prior to entering into an agreement to purchase.

4.1 Maintenance of Association Property.

The Association shall be obligated to provide for the care of Association property. Association obligations shall include keeping property in attractive and sanitary condition as well as making necessary and desirable improvements to Association property.

4.5, Paragraph 3:

The Association has the right to enforce rules and regulations under the Covenants, or any amendments to said document, by imposing a reasonable fine or by suspension of voting privileges, for a time not to exceed 30 days.

5.1 Assessments.

Each lot owner (in this case, the condominium project) pays amounts based on a "point" system for points assigned to each lot, which amounts are called "Assessments".

The Board shall have the power and authority to determine all matters in connection with assessments, including authority to determine where, when and how assessments should be paid and each owner shall comply.

5.3 Supplementary Assessments.

The Association may levy supplementary assessments, payable over such period as the Association may determine, for the purpose of defraying any expenses and to cover the deficiency in the event the amount received by the Association from regular assessments is less than the amount determined and assessed by the Association.

6.6 No Unsightliness.

No unsightliness shall be permitted on any lot. All unsightly structures, objects and equipment shall be enclosed within an approved structure or screened from view so as not to be visible from neighboring property. All equipment or machinery exceeding one-half ton shall be kept in an enclosed structure or screened from view, except when in use. Service areas, storage and compost piles, solar dryers, shall be screened from view. Pipes, drainage ways, wires, antennae visual signals, meters tanks, and disposal systems shall be kept and maintained in a structure or below ground. No bulk materials, plant waste, trash, scrap, or refuse shall accumulate on

any lot unless screened from view. Trailers, vehicles or boats not in good operating condition shall be housed or screened from view. No garage or accessory building shall be used for other than parking vehicles, machinery, and tools. No carpenter shops, hobby shops or power equipment shall be shall be utilized therein except as specifically permitted.

6.7 Noise.

No sound devices, except security or civil defense devices, shall be used on any lot. Any approved device exceeding normal conditions shall be subject to limitation.

6.8 Light.

No unreasonably bright light (or one emitting unreasonable glare) shall be permitted. All exterior lighting shall conform to the rules and regulations of the Kilauea Farms Environmental Committee. All light fixtures visible from neighboring lots must be approved by the Kilauea Farms Environmental Committee.

6.11 Temporary Structures.

No temporary buildings shall be permitted to remain on any lot.

6.12 Animals.

All animals kept on a lot, whether for economic or personal use, shall be kept only in a density compatible with neighboring lots and shall be cared for with practices of good animal husbandry, including prompt removal of waste, control pests, maintaining adequate fencing, and control of noxious odors. Storage of food supplies shall be done as to prevent the scattering of materials by the wind.

6.13 Signs.

No signs shall be erected or maintained except such signs as may be required by legal proceedings; signs necessary to identify the ownership of the lot and its address; signs necessary to give direction, advise of rules or caution or warn of danger; signs necessary for job identification (one per contractor). No sign shall be directly illuminated higher than six feet above the ground elevation.

6.15 Clearing and Grading.

The clearing and grading of any lot shall be performed only in strict accordance with plans and specifications therefor, which have been approved by Kilauea Farms Environmental Committee; no wanton cutting or desecration of existing trees will be permitted.

6.16 Construction Period.

During the course of construction, with the understanding that all construction shall be performed in strict diligence, the provisions and conditions contained in the covenants shall be waived to the extent necessary to permit such construction. All such construction activities shall be conducted within the rules and regulations of the Kilauea Farms Environmental Committee.

6.17 Flooding and Erosion.

No owner shall permit the construction of any improvement which will interfere with the normal flow of storm waters or cause unnatural runoff damaging his or neighboring lots. This is not to prohibit the construction of storm drains so long as they comply with Committee specifications.

6.19 Owner Caused Damage.

In the event there is loss, or owner (or owner's guests) cause damage to Association property, such owner shall be responsible, unless fully covered by insurance. Any such funds may be required to be secured by a lien on said owner's lot.

7.3 Regulation of Boating.

The operation of all boats located within the Lake Lot shall be subject to the following restrictions:

1. Vessels in excess of 18 feet in length are prohibited.
2. Vessels powered by combustion engines are prohibited.
3. Vessels shall not exceed speeds of 5 miles per hour.
4. No vessel shall remain on the Lake overnight, unless it remains anchored at a facility specifically engineered for such purpose.

7.4 No Dumping or Littering.

No plant waste or refuse except approved, authorized fill shall be deposited into the Lake Lot.

7.5 Introduction of Species of Animals.

No fish or game shall be introduced to the Lake Lot without the permission and the recommendation of the Kilauea Farms Environmental Committee.

7.6 Improvements.

No improvements may be constructed except in strict accordance and with the approval of specific plans by the Committee. Such improvements, other than mooring facilities, generally shall be permitted only within the boundaries of the lot to which they are appurtenant.

7.7 Maintenance.

Lake Lot owners are responsible for the maintenance of their lot and any area to the water's edge and shall see that all debris is removed promptly, kept free from weeds and shall maintain all improvements. If any owner fails to maintain his lot, the Association may maintain it for him and an assessment may be imposed by the Association.

7.8 Indemnity.

Owners use the Lake Lot at their sole risk and will hold the Association harmless from any claims in connection with such owner's use.

8.1 Easements in Lots for Repair and Maintenance

The Association shall have an easement for access through each lot for making (but are not obligated to make) emergency repairs as to prevent damage to Association property.

9.1 Creation.

The Kilauea Farms Environmental Committee has been created and shall consist of three members with an alternate member who shall act only in the absence of a member.

9.6 Review of Plans.

The Committee may specify the procedures for approval of plans, provided that the Committee's approval or disapproval of such plans shall be given in writing within sixty days after submission and after the owner's compliance with the requirements. If the Committee disapproves of any such plans, it shall send notice of its disapproval to the persons applying for approval and shall also return the cash bond or security. If notice of disapproval is not so sent within said sixty days, the plans shall be deemed to have been approved by the Committee.

9.8 Requirements for Plans.

All plans and specifications for any new improvement shall be prepared by an architect and submitted to the Committee for its approval. The plans and specifications for any alteration to the exterior of any existing building need not be prepared by an architect. After approval of any plans, the Committee shall provide the owner with a statement of approval. Approval by the Committee shall not warrant or imply legality, safety, etc., and each owner shall be responsible for his own compliance with all restrictive covenants, rules, regulations and ordinances. Each owner shall also be solely responsible for obtaining any necessary general plan amendments and for the satisfaction of any charges that may be imposed in connection with such regulation requirements.

9.9 Standards of Review.

The Committee shall consider the suitability of the proposed building or other improvement for the area in which it will be located. The Committee shall require the overall visual character to be one of natural materials and forms compatible with those occurring in the natural landscape.

9.10 Rule-Making Authority.

The Committee shall adopt rules and regulations, without limitation, regulating construction and implementing provisions of the covenants pertaining to design, building materials, aesthetic requirements and other improvements.

12.1 Duration of Declaration.

Each of the provisions contained in the covenants runs with the land and will continue and remain in full force and effect for a period of twenty years from adoption.

12.2 Amendment.

Any provision contained in the covenants may be amended or changed by the recording of a written instrument specifying the amendment executed by Members who hold not less than 66.6 percent of the voting power of the Association.

12.4 Enforcement and Remedies.

In addition to any other remedies provided, all covenants shall be enforceable by the Association, by the Kilauea Farms Environmental Committee or by the subdivision developer, or by any Owner, in a proceeding for a prohibitive or mandatory injunction or in a suit or action to recover damages. If court proceedings are instituted, the prevailing party shall be entitled to recover from the losing party all costs and expenses in connection therewith, including reasonable attorney's fees.

END EXHIBIT J