CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer WILLIAM RANDOLPH FLEMING
Address P. O. Box 738, Kapaa, Hawaii 96746

Project Name(*): HAWAIAKALUA ESTATES
Address: 5-0691B Kuhio Highway, Kilauea, Hawaii 96754

Registration No. 2168 (Partial Conversion)

Effective date: September 24, 1993
Expiration date: October 24, 1994

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

___ **PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

___ **SUPPLEMENTARY:** (pink) This report updates information contained in the:
- [ ] Preliminary Public Report dated: _____
- [ ] Final Public Report dated: _____
- [ ] Supplementary Public Report dated: _____

And
- [ ] Supersedes all prior public reports
- [ ] Must be read together with _____
- [ ] This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration

FORM: RECO-30 286/986/189/1190/892

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report [ ] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[ ] No prior reports have been issued by the developer.

[X] Changes made are as follows:

The public report format currently in use by the Real Estate Commission ("Commission") is different from that upon which the preliminary public report for this project was issued. When comparing the new format to the old, information contained on a specific page of the final report will not coincide to the same page number in the preliminary report. Therefore, it is suggested when making comparisons between the two reports that the table of contents for each be referred to. Following is a general description of the changes made:

1. The "Special Notices" contained in the star block have been changed to show the most current and applicable information.

2. The order in which exhibits appear has been changed, one earlier exhibit has been deleted (the floor plans and elevations) and a new exhibit has been added (disclosure abstract). The remaining exhibits have been revised to include the most current applicable information.

3. The Sections "General Information on Condominiums" and "Operation of the Condominium Project" have been changed to reflect the most current information provided by the Commission.

4. There have been changes to the information concerning the persons connected with the project, i.e., the developer's address has been corrected, a different real estate broker and escrow company are involved and the address for the attorney for developer has changed.

5. The condominium documents have been revised and recorded since the issuance of the preliminary report and the appropriate recordation data is included.

6. The statement that the Developer does not plan to adopt house rules has been corrected; house rules have been adopted and recorded and a summary of the same is attached to the final report.

7. The address of the project has been corrected and the fee owners have changed.

8. The information contained in the section entitled "Buildings and Other Improvements" has changed; i.e., the number of buildings within the project has been reduced, there are other principal construction materials in use and the information concerning the interiors of the apartments has been revised. The changes are the results of reconstruction after Hurricane Iniki.

9. The information contained in the exhibits concerning the common interest attributable to each unit has been changed, the area of the limited common elements has been changed and the list of encumbrances against title has been updated.

10. The supplementary report contains a new section entitled "Condominium Management" which expands upon the information provided in the final report. There is, however, no change to the fact that this project will be self-managed by its Association of Condominium Owners. An updated estimate of maintenance fees is contained in the aforesaid exhibits.

11. The final report also contains a new section entitled "Miscellaneous". This section enlarges upon the information provided by the Commission in the preliminary report concerning the sales documents, a buyer's right to cancel the sales contract and a buyer's rights under the sales contract. This section also contains updated disclosures by the developer not contained elsewhere in the report. The final report is signed by the Developer instead of by Commission Chairman, another new requirement implemented by the Commission.

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. This Public Report does <u>not</u> constitute an approval of the project by the Real Estate Commission, or any other government agency, nor that all County Codes, Ordinances and subdivision requirements have been complied with.

2. This project does <u>not</u> 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.

continued.....

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.

4. The Owners have executed a Waiver and Release which releases the County of Kauai from any claim arising out of the fact that water service is not provided by the County Water Department for the new shed on the project. The waiver further acknowledges that there may not be future water services for the property, and the Waiver and Release Agreement is binding on all successors, heirs and assigns. A copy of that Waiver and Release document is attached as Exhibit K. A purchaser should contact the appropriate County agency to determine current status at the time of construction.

5. Purchasers should be made aware that any dwellings constructed after the first one will require inspection of the property by the Planning Department to verify whether agricultural activities are being conducted upon the property. If not, permits to construct additional farm dwellings could be denied.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE DOCUMENTS FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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EXHIBIT D: Summary of Portions of Escrow Agreement
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EXHIBIT K: Waiver and Release Agreement

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:

WILLIAM RANDOLPH FLEMING
Name

Phone: (808) 828-1504 (Business)

P. O. Box 738
Business Address

Kapaa, Hawaii 96746

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

N/A

Real Estate Broker:

James Brunson Edmonds dba
EMERALD ISLE PROPERTIES
Name

Phone: (808) 828-1111 (Business)

P. O. Box 712
Business Address

Kilauea, Hawaii 96754

Escrow:

FIRST HAWAII TITLE CORPORATION
Name

Phone: (808) 521-3411 (Business)

201 Merchant Street, Suite 2000
Business Address

Honolulu, Hawaii 96813

General Contractor:

Owner-Builder
Name

Phone: _____ (Business)

Business Address

Condominium Managing Agent:

Self-managed through its
Association of Condominium Owners
Name

Phone: _____ (Business)

Business Address

Attorney for Developer:

STEVEN R. LEE, ESQ.
Name

Phone: (808) 246-1101 (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
[X] Recorded - Bureau of Conveyances: Document No. 93-089487
Book_____ Page _____
[ ] Filed - Land Court: Document No._____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

The First Amendment to Declaration of Condominium Property Regime is dated August 11, 1993 and was recorded as Document No. 93-138640.

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
[X] Recorded - Bureau of Conveyances Condo Map No. 1870
[ ] 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]:

Pages 1, 2 and 3 of the Condominium Map were amended with the recording of the aforesaid First Amendment to Declaration of Condominium Property Regime.

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
[X] Recorded - Bureau of Conveyances: Document No. 93-089488
Book_____ Page _____
[ ] Filed - Land Court: Document No._____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. House Rules. The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

[ ] Proposed [X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	75%

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

2. Developer:

[X] 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:

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____

Rent Renegotiation Date(s):_____

_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year

For Subleaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____
Rent Renegotiation Date(s):_____

_____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually
Exhibit _____contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 5-0691B Kuhio Highway
Kilauea, Hawaii 96754

Tax Map Key: (4) 5-1-004-002
(TMK)

[X] Address [X] TMK is expected to change because each unit is entitled to receive its own designations.

Land Area: 7.854 [ ] square feet [X] acre(s) Zoning: Agricultural

Lessor (Fee Owner):	WILLIAM RANDOLPH FLEMING, as to an undivided 75% interest,	ROMY N. IANNIELLO, as to an undivided 25% interest,
Name	P.O. Box 738	P.O. Box 1502
Address	Kapaa, Hawaii 96746	Hanalei, Hawaii 96714

Sublessor: N/A
Name

Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: Units A & B: 1 Unit C : 2 Floors Per Building 1

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [X] Wood

[X] Other The storage shed on Unit A is constructed of metal

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
[X] Residential	1	[X] Yes [ ] No	[ ] Ohana		[ ] Yes [ ] No
[ ] Commercial		[ ] Yes [ ] No	[ ] Industrial		[ ] Yes [ ] No
[ ] Mix Res/Comm		[ ] Yes [ ] No	[X] Agricultural	2	[X] Yes [ ] No
[ ] Hotel		[ ] Yes [ ] No	[ ] Recreational		[ ] Yes [ ] No
[ ] Timeshare		[ ] Yes [ ] No	[ ] Other:		[ ] Yes [ ] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X] 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: May keep household pets consistent with applicable laws and restrictive covenants and house rules.

[ ] Number of Occupants:

[X] Other: Special use restrictions are contained in the Declaration of Protective Covenants and House Rules for Hawaiakalua Estates, a summary of which is attached hereto as Exhibit J.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	(sf)
A	1	0/0	0	80 - storage
B	1	0/0	0	200 - horse shed
C	1	1/1	516	240 - deck
				432 - workshop

Total Apartments: 3

*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 as part of the apartment, the same being deemed common elements.

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by Kauai County 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 and the Condominium Map (Exhibit A) will be required to disclose actual improvements as a matter of public record.

7. Parking Stalls:

Total Parking Stalls: 2

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each unit)		2 - Unit C only					2
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open	2						

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.
*Units A & B have ample area within their respective limited common elements for parking purposes.

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute

[ ] Other: _____

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

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by _____

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): N/A

11. Conformance to Present Zoning Code

a. [X] 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.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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:

[X] 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.

[X] The limited common elements and the apartments which use them, as described in the Declaration, are:

[X] described in Exhibit E.

[X] as follows: The portion of the land set aside for the use of each owner of a unit as set forth in Exhibit A, subject to the roadway and utility easement, if any. NOTE: Land areas referenced herein are not legally subdivided lots.

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:

[X] 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 August 17, 1993 and issued by T.I. OF HAWAII, INC.

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.

[X] 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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage(s)	If Developer/Owners default under the Mortgage, at the Mortgagee's option, the sales contract may be cancelled and Buyer may lose Buyer's deposit or Buyer may complete the sale with the Mortgagee.

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 Estimated Completion Date:

All construction is complete. The Unit A storage shed was completed in August, 1993; the Unit B horse shed was completed in April, 1993; the reconstructed residence on Unit C is four years old and the workshop is two years old.

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):

N/A

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
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] 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, 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.

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:

[X] None [ ] Electricity [ ] Gas [ ] 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

[X] Specimen Sales Contract
Exhibit B contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated August 24, 1993
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other_____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:
   1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;
   AND
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
B) The buyer is given an opportunity to read the report(s); AND
C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been given 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.
D) House Rules.
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 Waiver and Release; Farm Dwelling Agreement

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. 2168 filed with the Real Estate Commission on Jan. 2, 1990.

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

[ ] yellow paper stock [X] 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. You will be required to comply with zoning codes to be allowed to construct a residence on your limited common element.

To determine whether your expectations can be realized, you should carefully review this Report, especially Exhibit J, a summary of recorded Declaration of Protective Covenants and House Rules for the Project. Among other things, the House Rules state what you may and may not do with the property, what is required of you as an owner, and what is and is not available. You should conduct your own investigations and ascertain the validity of information provided. Please remember that issuance of this Report does not mean the Real Estate Commission has approved the project.

The County of Kauai Planning Department has advised that, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, authorization from at least 75% of the legal and equitable ownership of the entire project shall be required, consistent with the Declaration of Condominium Property Regime, the Bylaws, and the Protective Covenants and House Rules ("condominium documents").

Except as limited specifically by the condominium documents, 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 and nurseries and wildlife management. See Kauai County Comprehensive Zoning Ordinance, Article 8.7. for detailed information. Please see the advisory letters from the County of Kauai Planning Department attached as Exhibit I.

With reference to Page 10 of this report specifically, the 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 Kauai County Zoning Ordinances and the House Rules herein referenced. An agricultural residence may not be constructed unless a unit owner demonstrates to the County his ability to derive income from his property. Agricultural use must be established and verified prior to any building permit approval.

A buyer should understand that all development and use of the property shall be in compliance with County Codes and Ordinances, that owners in this condominium project will not necessarily receive the same County benefits as owners of approved subdivided lots, and that owners who develop their limited common element later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations. Also, zoning and land use restrictions are subject to change and a purchaser should maintain awareness of such conditions.

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

WILLIAM RANDOLPH FLEMING

Name of Developer

By: William Randolph Fleming 8/11/93

Duly Authorized Signatory Date

WILLIAM RANDOLPH FLEMING, Developer

print name & title of person signing above

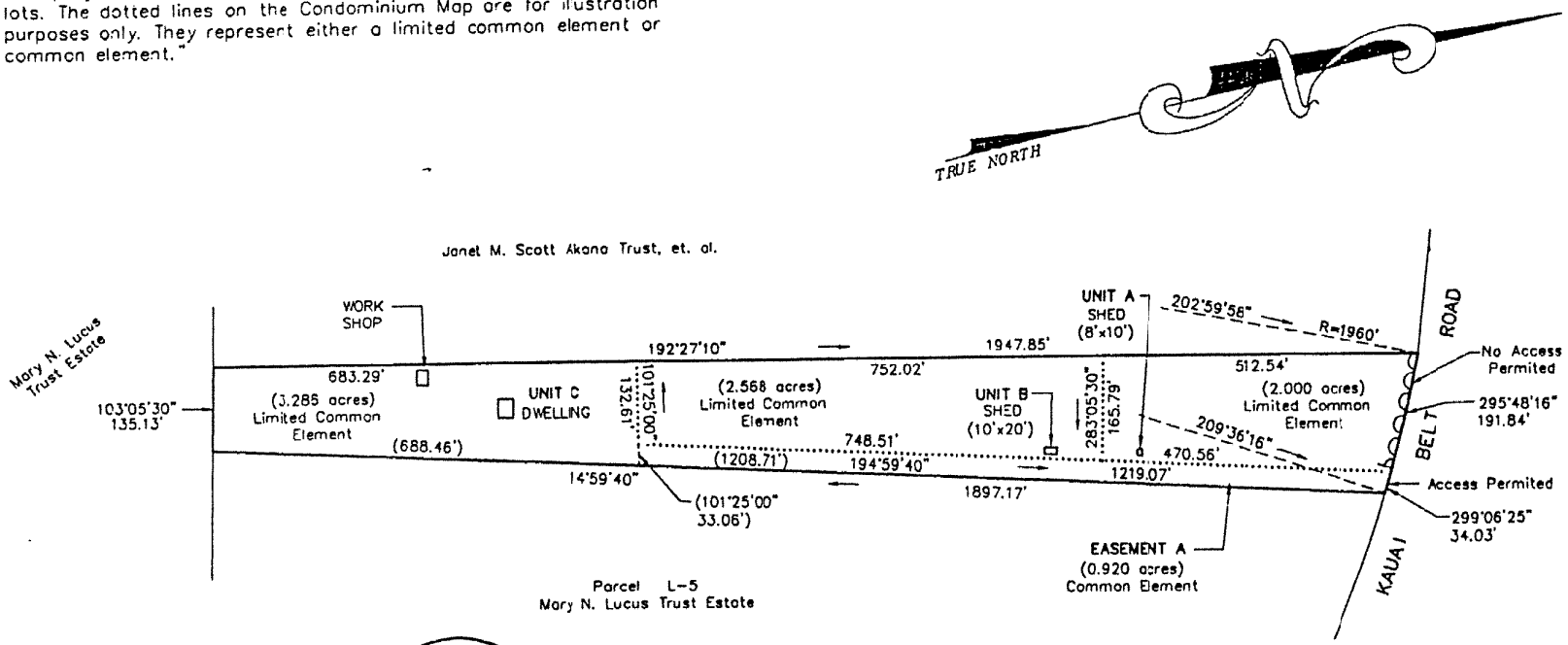
Distribution:

Department of Finance, COUNTY OF KAUAI
Planning Department, COUNTY OF KAUAI
Federal Housing Administration

EXHIBIT A

CONDOMINIUM MAP AND LIMITED COMMON ELEMENT LOCATIONS

"This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element."



WAYNE T. WADA
REGISTERED PROFESSIONAL ENGINEER
No. 5281-C
HAWAII, U.S.A.

THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION

Wayne T. Wada
Signature
ESAKI SURVEYING & MAPPING, INC.

CONDOMINIUM MAP NO. 1870
HAWAIAKALUA ESTATES CONDOMINIUM
UNITS A, B, & C
AND EASEMENT "A"

Being Parcel L-19 of Bertlemann Subdivision
Being also Portion of R.P. 7060
L.C. Aw. 8559-B, Apana 40 to Wm. C. Lunalilo
(Certificate of Boundaries No. 3)
At Pilaa, Hanalei, Kauai, Hawaii
Tax Map Key: 5-1-04:2
Owner: William Fleming
Romy Naomi Ianniello
Date: May 17, 1993
Revised: July 1, 1993

EXHIBIT B

SUMMARY OF SALES CONTRACT

The HAWAIAKALUA ESTATES 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 closing date for the purchase.

3. Whether at the time of execution of the contract, a final public report has been issued.

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

(a) That Purchaser will receive a copy of the final public report for the project.

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

(c) After issuance of the Final Public Report and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Purchaser shall not have the right to rescind the contract.

(d) Purchaser has received a copy of the Escrow Agreement for the Project.

(e) If Purchaser defaults, Seller may cancel the contract or bring legal action against Purchaser to force sale, obtain money damages, or retain Purchaser's deposit money held in escrow.

(f) The unit the Purchaser is purchasing will be shown on a file plan map prior to closing, and will have the right to cancel if it is different from that shown on the Exhibit A.

(g) That a deed conveying clear title will be given at closing, subject to certain obligations.

(h) The Purchaser agrees to give future easements if reasonably required for the project.

(i) The Purchaser will accept the Unit "AS-IS", including, but not limited to, Purchaser assumes all risks regarding any potential hazardous materials on the condo property or property adjoining or in the vicinity, including liability for suits by third parties. Seller is, however, unaware of any such materials, chemicals or conditions on the property.

(j) The payment of commissions, if any, is set out in the contract.

(k) Time is of the essence of the obligations of Purchaser under the contract.

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	A	2.000	0/0	0	80-storage	25%
1	B	2.568	0/0	0	200-horse shed	25%
1	C	3.286	1/1	516	240-deck	50%
					432-workshop	

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. See Exhibit I for cautionary comments from the County of Kauai Planning Department.

***Note: Land areas referenced herein are <u>not</u> legally subdivided lots.**

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between FIRST HAWAII TITLE CORPORATION ("Escrow") and WILLIAM RANDOLPH FLEMING and ROMY NAOMI IANNIELLO ("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. Interest on all funds will be paid to Seller.

3. Escrow will release from the Trust Fund and disburse Buyer's funds at closing, unless: (a) purchaser has elected within seven days of signing the purchase contract to cancel and receive all funds paid, without deduction; or (b) the Real Estate Commission has not issued a Final Public Report on the project or the requirements of the Sales Contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met.

4. Escrow will return deposited sums to the Purchaser without interest if Seller and Purchaser give Escrow written notice to return the funds to Purchaser, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven-day right, no fees will be charged Purchaser. Thereafter, in the event of a cancellation as a matter of agreement or right, Purchaser's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than $25.00, unless Purchaser is in default under the sales contract between Seller and Purchaser. Should Purchaser be in default, Seller will be entitled to retain all proceeds collected from Purchaser as and for liquidated damages.

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

6. As Escrow's compensation for its performance under the Agreement, Escrow will receive its schedule rate 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.

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) Land in fee simple;

(b) The access and/or utility easements, if any;

(c) All commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;

(d) Any and all other elements and facilities in common use or necessary to the Project.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, herein referred to as the "limited common elements", are designated and set aside for the exclusive use of one or more units, and such unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

That certain land area upon and around which Units A, B and C are located, shown and designated on the Condominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective unit.

Unit Number	Area of Limited Common Element
A	2.000 acres
B	2.568 acres
C	3.286 acres

Note: Land areas herein described are not legally subdivided lots.

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant.

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. Any abutter's rights of vehicle access into and from Kauai Belt Road as reserved by the State of Hawaii by Deed dated July 2, 1962, recorded in Liber 4374 at Page 22.

4. AGREEMENT

DATED	:	September 19, 1987
RECORDED	:	Liber 21256 Page 66
BY	:	BURTON A. FLEMING, LYNN O. FLEMING and WILLIAM RANDOLPH FLEMING, "Applicants"
WITH	:	the COUNTY OF KAUAI Planning Department, "Department"
RE	:	Farm Dwelling

5. AGREEMENT

DATED	:	February 8, 1989
RECORDED	:	Liber 22878 Page 634
BY	:	WILLIAM RANDOLPH FLEMING, "Applicants"
WITH	:	the COUNTY OF KAUAI Planning Department, "Department"
RE	:	Farm Dwelling

6. WAIVER AND RELEASE dated November 19, 1991, recorded as Document No. 91-160166 by WILLIAM RANDOLPH FLEMING.

7. MORTGAGE

MORTGAGOR	:	WILLIAM RANDOLPH FLEMING, unmarried, and ROMY N. IANNIELLO, unmarried
MORTGAGEE	:	AMERICAN SAVINGS BANK, F.S.B., a federal savings bank, which is organized and existing under the laws of the United States of America
DATED	:	August 31, 1992
RECORDED	:	Document No. 92-146868
AMOUNT	:	$220,000.00 The present amount due should be determined by contacting the owner of the debt.

8. MORTGAGE

MORTGAGOR	:	WILLIAM RANDOLPH FLEMING, unmarried
MORTGAGEE	:	ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION, an agency of the Government of the United States of America
DATED	:	December 22, 1992
RECORDED	:	Document No. 93-058435
AMOUNT	:	$19,000.00 The present amount due should be determined by contacting the owner of the debt.

9. MORTGAGE

MORTGAGOR	:	WILLIAM RANDOLPH FLEMING, unmarried
MORTGAGEE	:	ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION, an agency of the Government of the United States of America
DATED	:	November 19, 1992
RECORDED	:	Document No. 93-058436
AMOUNT	:	$13,900.00 The present amount due should be determined by contacting the owner of the debt.

10. Condominium Map No. 1870 filed on June 3, 1993.

11. The covenants, agreements, obligations, conditions and other provisions set forth in Declaration of Condominium Property Regime entitled HAWAIAKALUA ESTATES, dated May 24, 1993, recorded as Document No. 93-089487, and the Bylaws recorded as Document No. 93-089488.

    The Developer represents that, since the issuance of the Updated Status Title Report by T.I. of Hawaii, Inc., a First Amendment to Declaration of Condominium Property Regime of HAWAIAKALUA ESTATES, dated August 11, 1993, was recorded in said Bureau of Conveyances as Document No. 93-138640.

12. The covenants, agreements, obligations, conditions and other provisions set forth in Declaration of Protective Covenants and House Rules for HAWAIAKALUA ESTATES, dated May 24, 1993, recorded as Document No. 93-089489.

END OF EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR
HAWAIAKALUA ESTATES CONDOMINIUM

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

1. The Developer of the project is WILLIAM RANDOLPH FLEMING, P. O. Box 738, Kapaa, Hawaii, 96746.

2. See Exhibit H for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles.

3. No warranty will apply to any individual agricultural units. There are pre-existing structures on the property and no warranty will be made regarding the agricultural buildings.

4. If any condominium unit is converted to residential use, no such units will be used for both hotel and residential use; these are condominium units in which residential use is permitted, but hotel use is not.

5. There will be no commercial use except those activities permitted by the Kauai County Comprehensive Zoning Ordinance.

6. Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed for the above-referenced project. There are three units, each of which sustains a structure and each of which will burden the common elements. However, Unit C is somewhat larger and somewhat more expensive than the limited common elements of Units A and B. Therefore, the assessment of undivided interest both for common expense and for voting is: Unit A - 25%, Unit B - 25%, and Unit C - 50%.

William Randolph Fleming
WILLIAM RANDOLPH FLEMING

Dated: 8/11/93

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:

Apartment	Monthly Fee x 12 months =	Yearly Total
A	$142.50	$1,710.00
B	142.50	1,710.00
C	285.00	3,420.00

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		
Refuse Collection		
Telephone		
Water and Sewer		
Maintenance, Repairs and Supplies	$120.00	$1,440.00
Building		
Grounds		
Management		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	100.00	1,200.00
Reserves(*)	100.00	1,200.00
Taxes and Government Assessments	250.00	3,000.00
Audit Fees		
Other		
TOTAL	$570.00	$6,840.00

I, WILLIAM RANDOLPH FLEMING, Developer of the condominium project ~~as agent and employed by the condominium managing agent or the developer, for the condominium project~~ HAWAIAKALUA ESTATES, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

William Randolph Fleming

(*) Mandatory reserves in effect January 1, 1993

Date: 8/11/93

EXHIBIT I

LETTERS FROM COUNTY OF KAUAI PLANNING DEPARTMENT

JOANN A. YUKIMURA
MAYOR

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

JAN 1990
RECEIVED
DCCA-REC

January 23, 1990

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 Hawaiakalua Estates Condominium Report
Registration No. 2168 at Kilauea, Kauai, Hawaii
Tax Map Key: 5-1-04:2

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

The amount of limited common elements corresponds to the allowable unit density permitted by the CZO. The subject property is zoned Agriculture District (A) and qualifies for three (3) 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(s). 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 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.

Because there are more than one farm dwelling proposed/permitted, the landowners pursuant to the County Farm Dwelling Agreement, should be made aware that any dwelling(s) constructed after the first one will require an inspection of the property by the Planning Department to verify whether agricultural activities are being conducted on the property. If not, such permits to construct additional farm dwellings could be denied.

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

Tom H. Shigemoto

TOM H. SHIGEMOTO
Planning Director

COPY

JOANN A. YUKIMURA
MAYOR

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 RICE STREET, SUITE 473
BUILDING "A"
LIHUE, KAUAI, HAWAII 96766

JEFFREY LACY
PLANNING DIRECTOR

DEE M. CROWELL
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 241-6677
FAX (808) 241 6699

RECEIVED AUG 11 1993

August 6, 1993

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission, Real Estate Branch
250 South King Street, Suite 702
Honolulu, Hawaii 96813

Subject: Certification of Inspection of Existing Buildings for Hawaiakalua Estates Condominium at Pilaa, Kauai
TMK:5-1-04:2

The developer of the above-mentioned condominium project ("project") has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai (Section 514A-39, HRS). Subject to the disclosures and waiver (item "c" below) specified herein, we certify the following:

a. The developer has contracted ana architect to certify that the existing buildings on the proposed project referred to as Units A, B, and C are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the condition of waiver herein, the Planning Department adopts that certification as it pertains to our requirements.

b. We have no record of any zoning variances that have been granted on the subject property.

c. <u>WAIVER</u>

The foregoing certification is not a warranty as to any aforementioned compliance, nor a representation as to the condition of the property in question. No rights against the County of Kauai shall arise as a result of

this certification. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulation of condominiums under Subsection 514(A), HRS. This certification shall not be construed to guarantee that all County Codes and Ordinances have been complied with. Subsequent development and use shall comply to all applicable County Codes and Ordinances. It should also be noted that the Condominium Property Regime (CPR) does not 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 emergency traffic, drainage facilities, etc., will not be provided. Further, such services as County street maintenance and trash collection will not be available for interior roads and driveways, if any.

The number of limited common elements or CPR units proposed for this parcel should not exceed the number of dwelling units, including Additional Dwelling Units (ADU), permitted by the respective zoning district. It is recommended that the developer resolve the allowable density with the Planning Department prior to the filing of the Notice of Intention for the proposed condominium with the Real Estate Commission.

If you have any questions, please contact Bryan Mamaclay of my staff at 245-3919.

JEFFREY LACY
Planning Director

cc: Steven R. Lee

END OF EXHIBIT I

EXHIBIT J

SUMMARY OF PROTECTIVE COVENANTS AND HOUSE RULES FOR HAWAIAKALUA ESTATES CONDOMINIUM

This is a summary of the recorded Declaration of Protective Covenants and House Rules ("House Rules") for the condominium Project. This is not meant to completely recite the actual provisions of the House Rules, nor to cover every issue in which a purchaser might have interest. The prospective purchaser is urged to obtain a full copy of the House Rules from the condominium Developer prior to entering into an agreement to purchase a unit in this Project.

Building Permits. The County will likely inspect the area before issuing a building permit, to ascertain that farming activities are taking place on the unit seeking to build. The developer or, thereafter, the president of the Association, shall apply for building permits for all Units.

Water and Utilities. Water is provided by a well. Each Unit Owner will be required to connect electricity and telephone to his/her respective improvements at his/her own cost and expense. All utilities in the condominium Area shall be placed underground.

Cesspools. There are no sewer lines and no sanitary sewer system. Each Unit will be required to have its own septic system, to be located within its own limited common element Area.

Roadway. The driveway within the Project is unpaved.

Construction. There are limits on materials and types of construction.

Pets and Farm Animals/Noise in General. There are restrictions on types and numbers of animals.

Common Area Land. Use of the Common Area Land shall be as determined by the Association.

Noxious Activities. There are restrictions regarding the spraying of chemicals and pesticides.

Common Element Expenses and Enforcement. The Association shall provide for such Common Area expenses necessary to maintain the Project in acceptable condition. The Association shall have the power to enforce these Rules.

Repeal or Modification. These Covenants may be modified by an affirmative vote of the holders of 75% of the common interests in the Project.

END OF EXHIBIT J

EXHIBIT K

WAIVER AND RELEASE AGREEMENT

91-160166

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

'91 NOV 21 PM 12 13

S. FURUKAWA, REGISTRAR

After Recordation Return By: MAIL (XXXX) ( ) - TO:
Romy N. Ianniello
P.O. Box 1502
Hanalei, HI 96714

(Revised: 2/91)

WAIVER AND RELEASE

I, ROMY N. IANNIELLO & WILLIAM R. FLEMING, whose mailing address is P.O. Box 1502, Hanalei, HI 96714, have full knowledge and am aware that the New storage shed I intend to build at TMK: 5-1-4-2-:7 will be built upon property which is presently without water or water services from the County of Kauai; and I am presently seeking a building permit from the Building Division of the Department of Public Works of the County of Kauai for such new storage shed. I nevertheless desire to commence construction of the new storage shed knowing that no County-supplied water service of any kind exists and acknowledging and accepting the fact that no County-supplied water service may ever exist at the location,

Therefore, I, ROMY N. IANNIELLO & WILLIAM R. FLEMING, agree, promise and covenant as follows:

1. The issuance to me of a building permit by the County of Kauai for the subject new storage shed on the property described above will not be construed by me, my agent(s), successor(s), in interest, heir(s) or assign(s) to infer, warrant or guarantee that water or water services by the County will be provided to the property described above at any time in the future;

2. I, my agent(s), successor(s) in interest, heir(s) or assign(s) will not use the issuance of the subject building permit as a basis for any claim, action, suit or demand of any kind for the

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providing of water or water services by the County of Kauai, at this time or any time in the future;

3. I, my agent(s), successors(s), in interest, heir(s) or assign(s) waive(s) any right I, he or they do, or does, could or will have to institute any claim, action, suit or demand of any kind which could or will arise out of the absence of County-supplied water or water services at the subject property;

4. Prior to taking any action that affects the title to subject property, I will notify my agent(s), successor(s) in interest, or assign(s) of the entire contents of this Waiver and Release, as such agency, successorship or assignment becomes legally effected, by having him or them affix his or their signature(s) upon a document attesting to such notice, and will provide to the Building Division a copy of such properly executed document upon execution; and

5. I will indemnify and hold harmless the County of Kauai by and for the Department of Water and Board of Water Supply from any claim, action, suit or demand that is brought by my agent(s), successor(s) in interest or assign(s) for my failure to comply with any provision of this Waiver and Release.

DATED: Kilauea, Kauai, Hawaii Nov. 19, 1991.

APPLICANT:

William R. Fleming
WILLIAM R. FLEMING

Romy N. Ianniello
ROMY N. IANNIELLO
(Please type or print name below signature.)

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this 19th day of November, 1991, before me personally appeared WILLIAM R. FLEMING, ROMY N. IANNIELLO to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

LS

Jane C. Nishida
Notary Public, State of Hawaii

My commission expires: 9-20-92

END OF EXHIBIT K