

Summary of Changes from Earlier Pubic 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.

[X] No prior reports have been issued by the Commission

[] Changes made are as follows:

* **SPECIAL NOTICE:** *
* *
* THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL *
* DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON *
* THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN *
* EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE *
* PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON *
* THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER *
* WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE *
* TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE *
* APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER *
* MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF *
* STRUCTURE, UPON THE PROPERTY. *
* *
* 1. This Public Report does not constitute an approval of the *
* project nor that all County Codes, Ordinances and subdivi- *
* sion requirements have been complied with. *
* *
* 2. This project does not involve the sale of individual sub- *
* divided lots. The dotted lines on the Condominium Map *
* (Exhibit A) are for illustration purposes only. *
* *
* 3. Facilities and improvements normally associated with County *
* approved subdivisions may not necessarily be provided for *
* and services such as County street maintenance and trash *
* collection will not be available for interior roads. *
* *
* 4. Read Exhibit D (Protective Covenants) and Exhibit J (Letter *
* from County of Kauai) with care. *
* *
* 5. This project has water service from Princeville Water *
* Company, a privately-owned utility company (see items 11, *
* 16 and 17 of Exhibit F.) *
* *
* 6. This project is subject to a Farm Dwelling Agreement regu- *
* lating use of the units for residential purposes (see *
* Exhibit F). *
* *
* 7. An unrecorded pasture lease from 1970 to an unknown person *
* has been formally terminated (see Exhibits F and K). *
* *
* THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE *
* DOCUMENTS 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 Hawaii's "Condominium Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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

Common elements are the areas of the condominium 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 they 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 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.

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 owner/tenant) 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. The 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.

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 a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

- 1. New Building(s) Conversion
 Both New Building(s) and Conversion
- 2. Residential Commercial
 Mixed Residential and Commercial
 Other Agricultural and open
- 3. High Rise (5 stories or more) Low Rise
- 4. Single or Multiple Buildings

5. Apartment Description

<u>Apt. NO.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)</u>	<u>Other area, e.g. Storage Shed(s) Lanai/Patio (sf)</u>
<u>A</u>	<u>1</u>	<u>2/2</u>	<u>610</u>	<u>226 (lanai)</u>
_____	_____	_____	_____	<u>656 (storage)</u>
_____	_____	_____	_____	<u>320 (garage)</u>
<u>B</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>64 (storage)</u>
<u>C</u>	<u>1</u>	<u>3/3</u>	<u>2,050</u>	<u>1,390 (lanai)</u>
_____	_____	_____	_____	<u>530 (garage/storage)</u>

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.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>4</u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>4</u>

Each unit has ample parking area within its limited common element, but shall have at least two (2) stall areas at all times.

7. Recreational amenities: (Except Apartment B, which may be used only for agricultural purposes.

NONE

I . PEOPLE CONNECTED WITH THE . OBJECT

Developer: THOMAS LESLIE MAY
Name
4249 Ridgeway Drive
Business Address
San Diego, CA 92116

Phone: (619) 282-2852
(Business)

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

N/A

Real Estate Sales Agent: OCEANFRONT REALTY
Name Attn: DONNA APISA
P.O. Box 3570
Business Address
Princeville, HI 96722

Phone: (808) 826-6585
(Business)

Escrow: TITLE GUARANTY ESCROW SERVICES, INC.
Name
4290 Rice St.
Business Address
Lihue, HI 96766

Phone: (808) 245-3381
(Business)

Managing Agent: Project to be self-managed**
Name

Business Address

Phone: _____
(Business)

**Upon compliance with all applicable condominium management laws.

Attorney for Developer: STEVEN R. LEE
Name
2959 Umi Street, Suite 300
Business Address
Lihue, Hawaii 96766

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. 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> </u>

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

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

Pursuant to the Sales Contract (Exhibit H, paragraph 4 (d)), the owner may make amendments to project documents prior to issuance of the Final Public Report for this project. See item K, Project Phases, for further developer reservations.

B. Underlying Land:

Address: Kapa'ka Road, Princeville, Hanalei, Hawaii Tax Map Key: (4) 5-3-8-1
(TMK)

Address TMK is expected to change because Each Unit has not yet been assigned an address.

Land Area: 7.5 square feet acre(s) Zoning: Agricultural/Open

Fee Owner: THOMAS LESLIE MAY TRUST
Name

4249 Ridgeway Drive
Address

San Diego, CA 92116

Sublessor: _____
Name

Address

C Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s)
 Both New Building(s) and Conversion Unit A = 2 floors

2. Buildings: 3 Floors Per Building Units B & C= 1 floor

Exhibit _____ contains further explanations. Two houses exist, and a third may be constructed under current ordinances.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>3*</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other: *	Each unit is qualified for agricultural or residential use.		_____

5. Special Use Restrictions:

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

Pets See Exhibit D. Declaration of Restrictive Covenants and Conditions.

Number of Occupants: _____

Other: An owner must engage in agriculture actively on his property to be permitted to construct a residence thereon.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 3

Elevators 0

Stairways 0

Trash Chutes 0

Apt. No.	Quantity	BR/Bath	Net Living Area (sf)*	Other area, e.g. Storage Shed(s)/ Lanai/Patio (sf)
<u>A</u>	<u>1</u>	<u>2/2</u>	<u>610</u>	<u>226 (lanai)</u> <u>656 (storage)</u> <u>320 (garage)</u>
<u>B</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>64 (storage)</u>
<u>C</u>	<u>1</u>	<u>3/3</u>	<u>2,050</u>	<u>1,390 (lanai)</u> <u>530 (garage/ storage)</u>

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibit A. Within the requirements of the zoning ordinances and Protective Covenants and Conditions outlined in Exhibit D, each unit owner may place improvements where desired, and subsequently relocate improvements, provided such improvements also comply with the building and zoning requirements of the County of Kauai.

See explanatory and advisory letter from the County of Kauai Planning Department attached as Exhibit J.

Permitted Alterations to Apartments;

As allowed by Kauai County zoning ordinances and the Protective Covenants and Conditions referenced in Exhibit D. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime and the Condominium Map (Exhibit A) by the Association of Unit Owners will be required to disclose actual improvements as a matter of public record.

7. Parking Stalls:

Total Parking Stalls: At least two (2) parking stall areas will be required in each unit's limited common element.

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>4</u>	_____	_____	_____	_____	_____	<u>4</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra Available for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>4</u>	_____	_____	_____	_____	_____	_____

Each apartment will have the exclusive use of at least two (2) parking stall(s). (Except Apt. B, which may be used only for agricultural 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.

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: _____

9. Present Condition of Improvements
 (For conversions of residential apartments in existence for at least five years): N/A

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

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

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

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, buyers 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 intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit E describes the common elements.

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 may use them are:

described in Exhibit E

as follows:

The portion of 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.

3. **Common Interest:** Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit C describes the common interests for each apartment.

As follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated March 4, 1991 and issued by Title Guaranty of Hawaii, Inc. Developer represents that since that date there have been no further encumbrances.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It 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. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
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F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

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

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium 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 to each apartment.

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

H. 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:

- | | |
|--|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |
| <input checked="" type="checkbox"/> Not applicable | |

I. 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

J. Status of Construction and Estimated Completion Date:

Construction was completed September 1, 1990.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development: With respect to Unit B, the Developer, and after his sale ^{thereof} the owner of Unit B, shall retain the right to divide Unit B into two units, namely Units B and D, unit B remaining the Unit entitled to a farm dwelling, and Unit D becoming a Guest House unit only. All costs and expenses associated with the creation of a 4th unit shall be borne by the owner of Unit B, including but not limited to the legal, engineering, recording and other costs associated therewith, and shall cause an amendment of this Declaration and the Condominium File Plan immediately upon completion of the improvements required to create the fourth unit. Any such division shall comply with all laws, rules and regulations applicable to this agricultural condominium.

L. 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 H contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated December 18, 1989

Exhibit I contains a summary of the pertinent provisions of the escrow contract.

Other Registration Forms

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

This is a condominium project, not a subdivision. Therefore, units purchased are not subdivided lots. If a residence is not already built, 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.

You should also 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 and the processing of a farm dwelling agreement on agriculturally zoned parcels, 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 and the Bylaws, except as limited specifically by the project documents of record, 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. 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 by law and the recorded project documents, except that Unit B may be used only for agricultural purposes. An agricultural residence may not be constructed unless the Unit Owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval.

Please see the advisory letter from the Kauai County Planning Department attached as Exhibit J.

A buyer should understand that development and use of the properties shall comply with all County Codes and Ordinances. If County of Kauai facilities are not already in place, the prospective purchaser is advised that owners will not necessarily receive the same County benefits as owners of approved subdivided lots; owners who develop their properties later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations. Zoning and land use restrictions are subject to change and each purchaser should maintain awareness of such conditions. Approval by the Princeville Architectural Review Committee successor to Consolidated Oil & Gas Company, the original developer of the Princeville Agricultural Subdivision, has been given for all structures on the project.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sale: contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

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

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

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

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

B. Rights Under the Sales Contract:

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

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Declaration of Restrictive Covenants and Conditions

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

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 2325 filed with the Real Estate Commission on September 28, 1990.

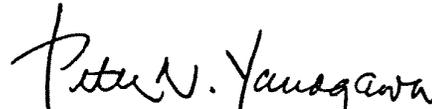
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yellow paper stock

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



PETER N. YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances

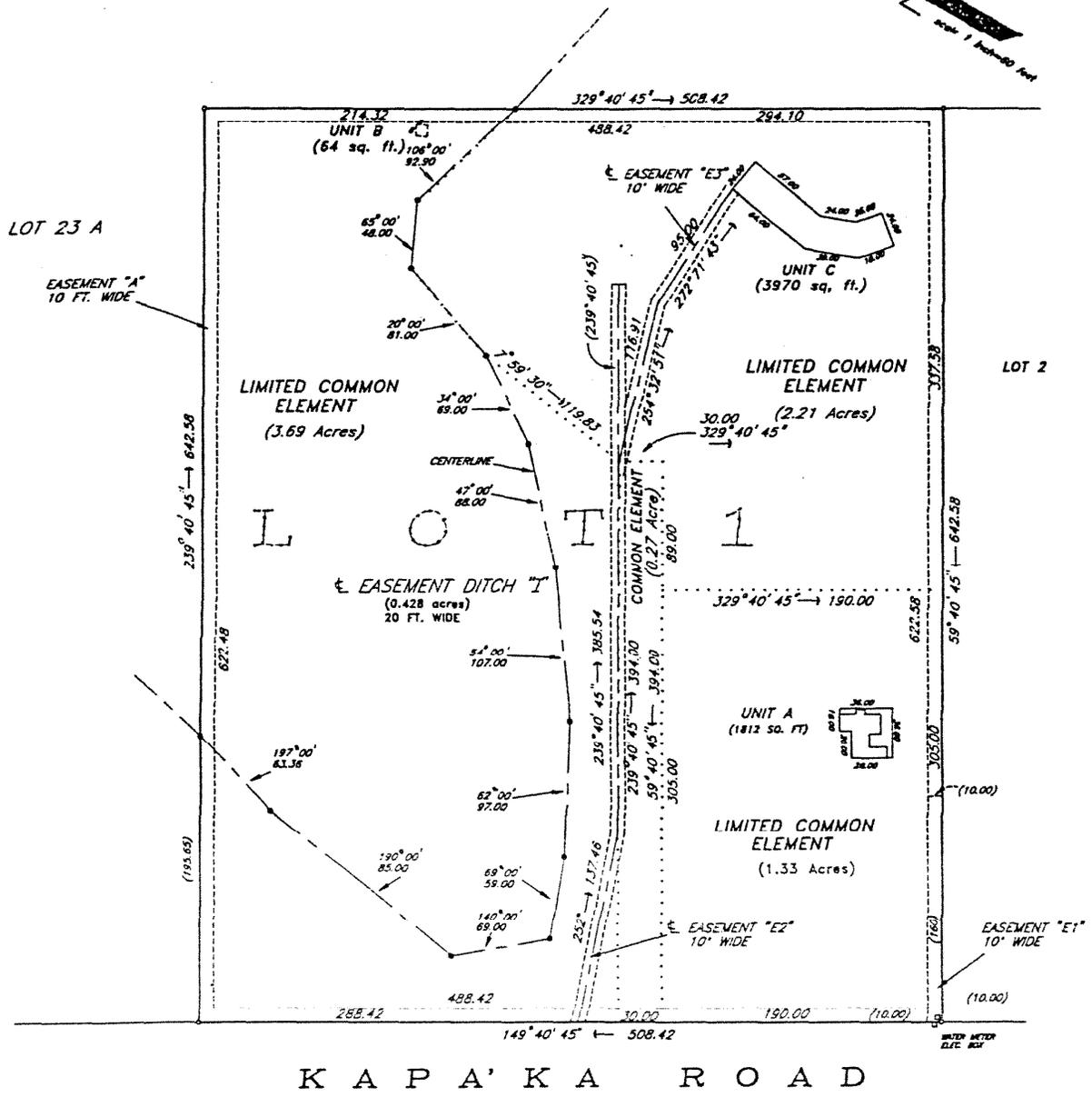
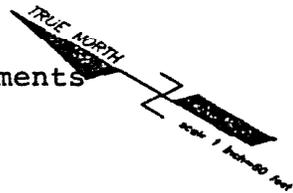
Department of Finance, County of Kauai

Planning Department, County of Kauai

Federal Housing Administration

EXHIBIT A

Common and Limited Common Elements



K A P A ' K A R O A D

NOTE: PORTION OF EASEMENT 1 TRAVERSES THIS LAND

- EASEMENT E1 = 1600 SQ. FT.
BEING FOR UNDERGROUND UTILITY PURPOSES ONLY
- EASEMENT E2 = 5214 SQ. FT.
BEING FOR UNDERGROUND UTILITY PURPOSES ONLY
- EASEMENT E3 = 1890 SQ. FT.
BEING FOR UNDERGROUND UTILITY PURPOSES ONLY
- EASEMENT A = 22618 SQ. FT.
BEING FOR UNDERGROUND UTILITY PURPOSES ONLY

CONDOMINIUM MAP
 'KAILUA FARMS'
 AGRICULTURAL CONDOMINIUM
 UNITS A, B, AND C
 BEING
 LOT 1 of
 PRINCEVILLE AT HANAIEI
 PARCEL 3

LAND SITUATED ON THE EAST SIDE OF KAPA'KA ROAD
 at HANAIEI, KAUAI, HAWAII
 AREA = 7.500 ACRES

PETER N. TAYLOR INC.

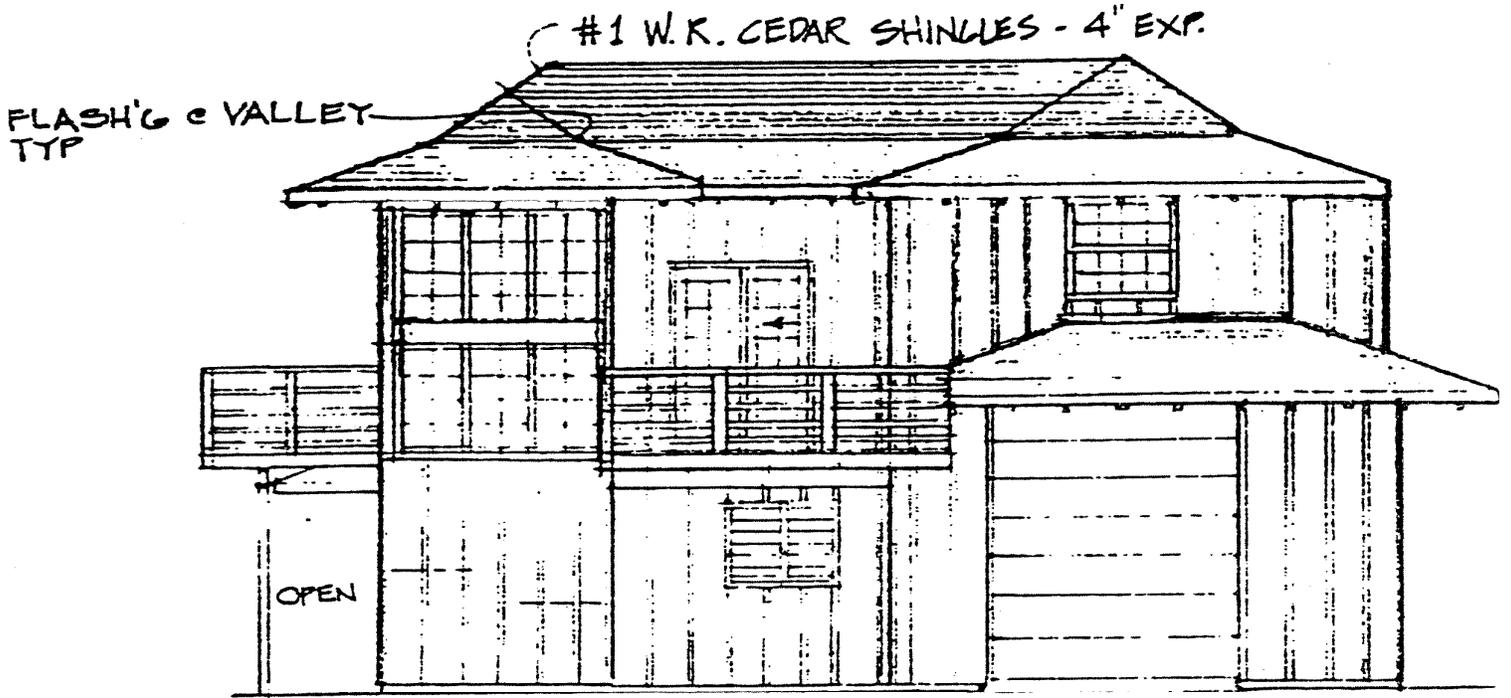
CONSULTING ENGINEERS
 2444 NICE ST. SUITE 201A 848-9184
 LEXUE, KAUAI, HAWAII 96788 848-8888



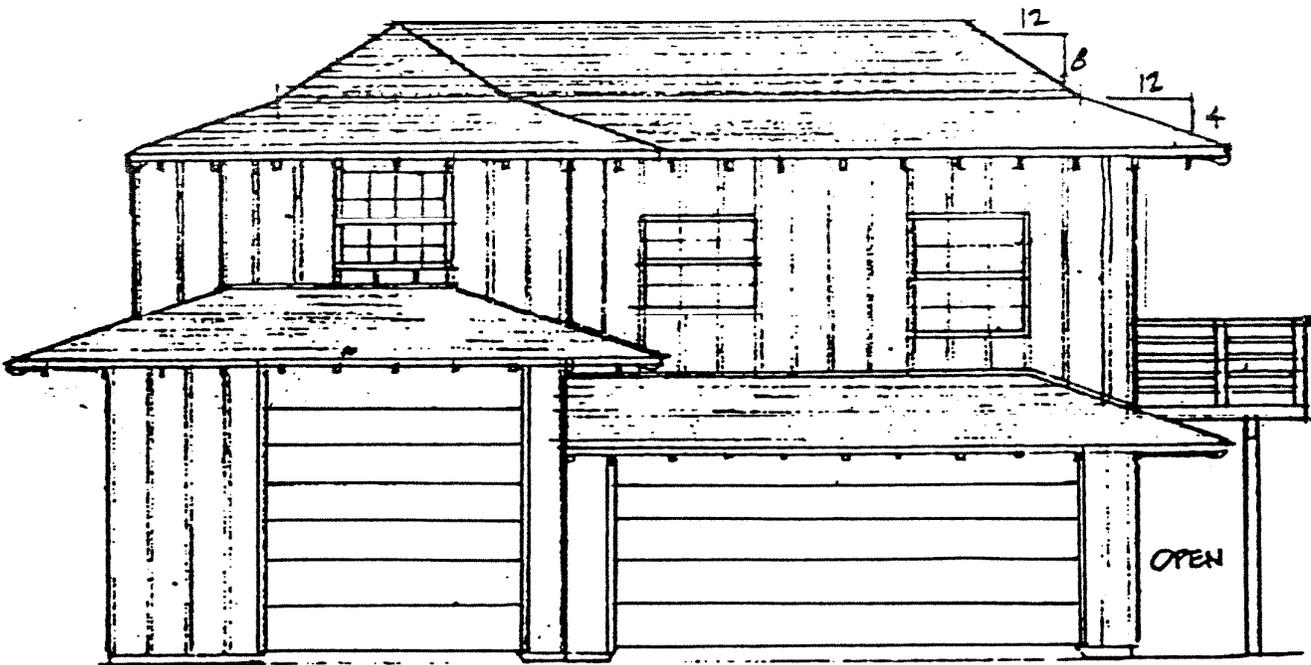
THIS WORK WAS
 PREPARED BY ME
 UNDER THE
 SUPERVISION
Maui Fujisighe
 MAUI FUJISIGHE
 REGISTERED LAND SURVEYOR
 CERTIFICATE NO. 1006
 AUG. 20, 1970

EXHIBIT B

Unit A - Elevations

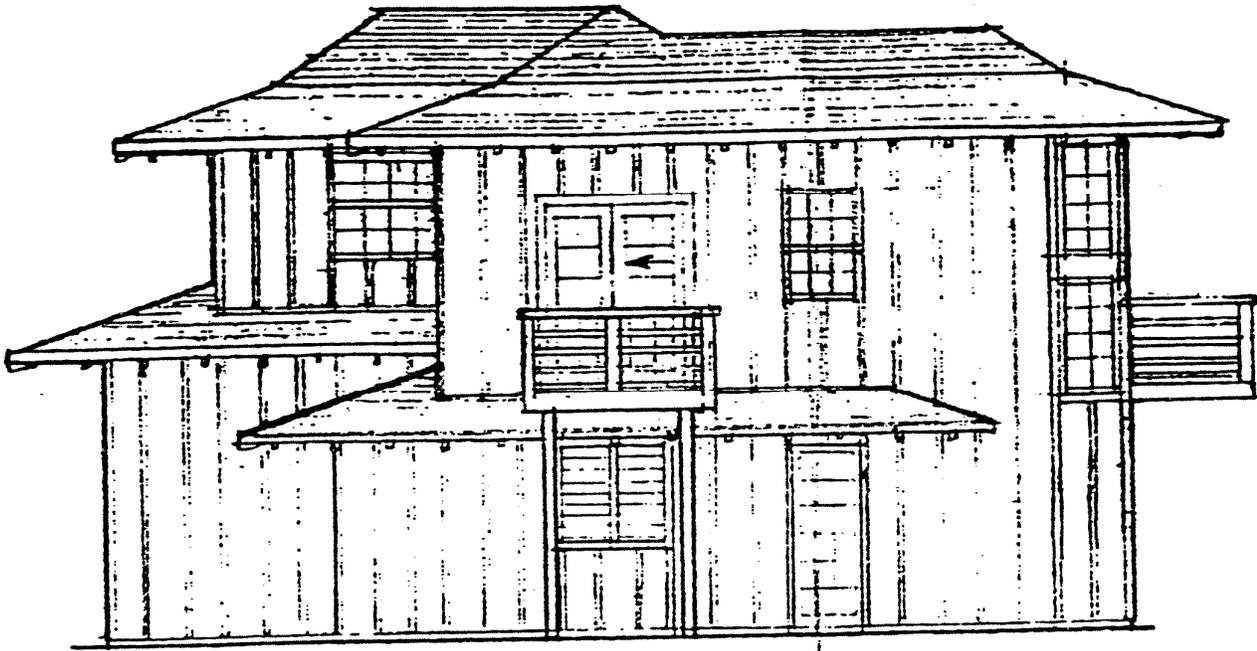


SOUTH

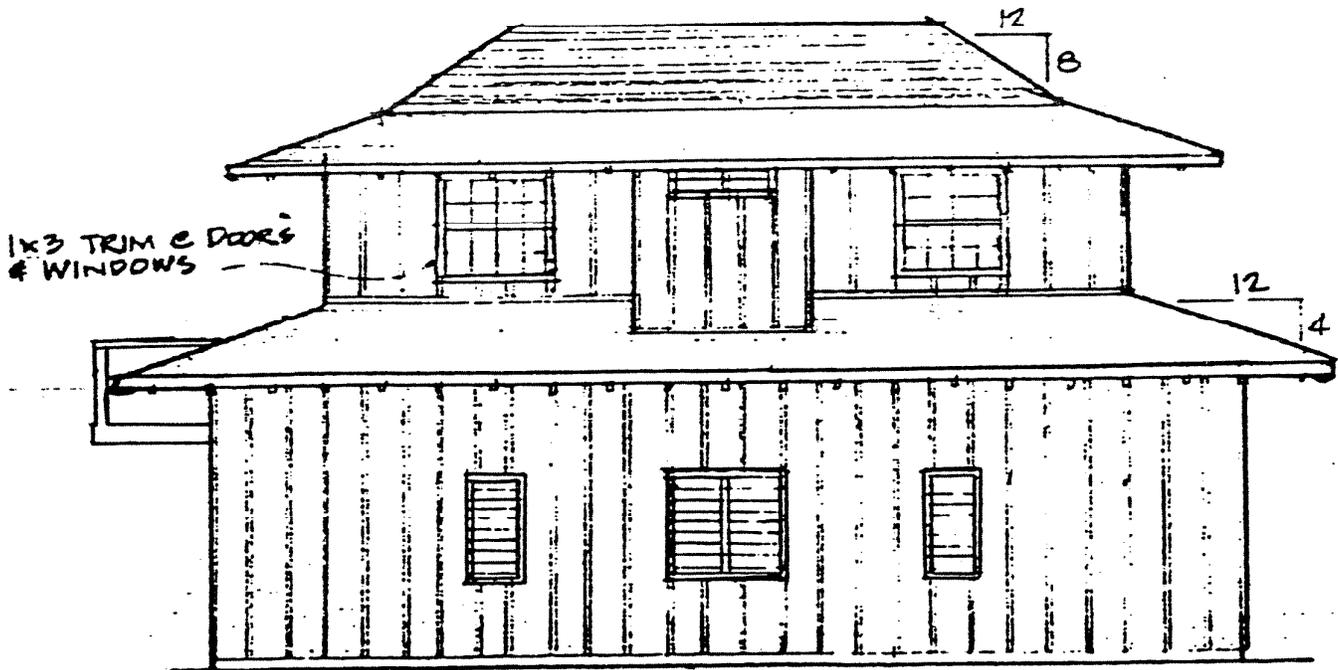


NORTH

Unit A - Elevations

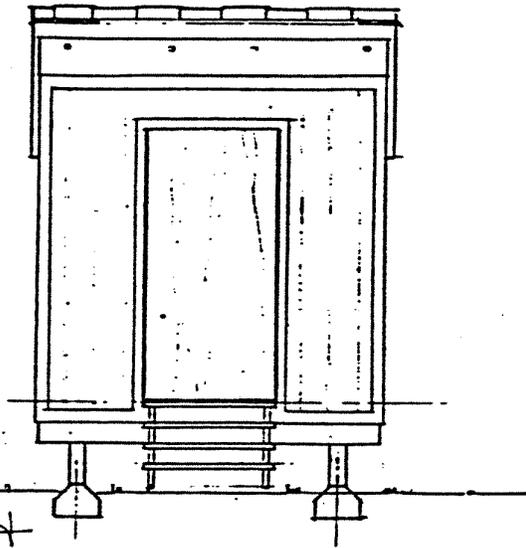


WEST



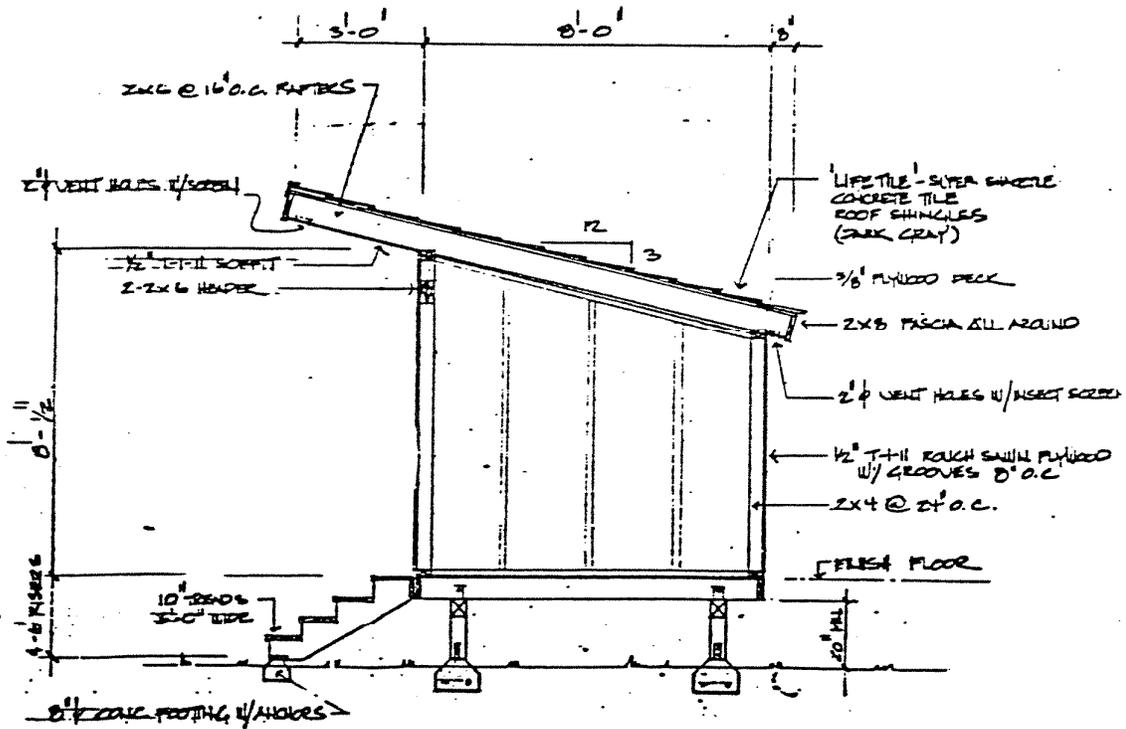
EAST

Unit B - Elevations



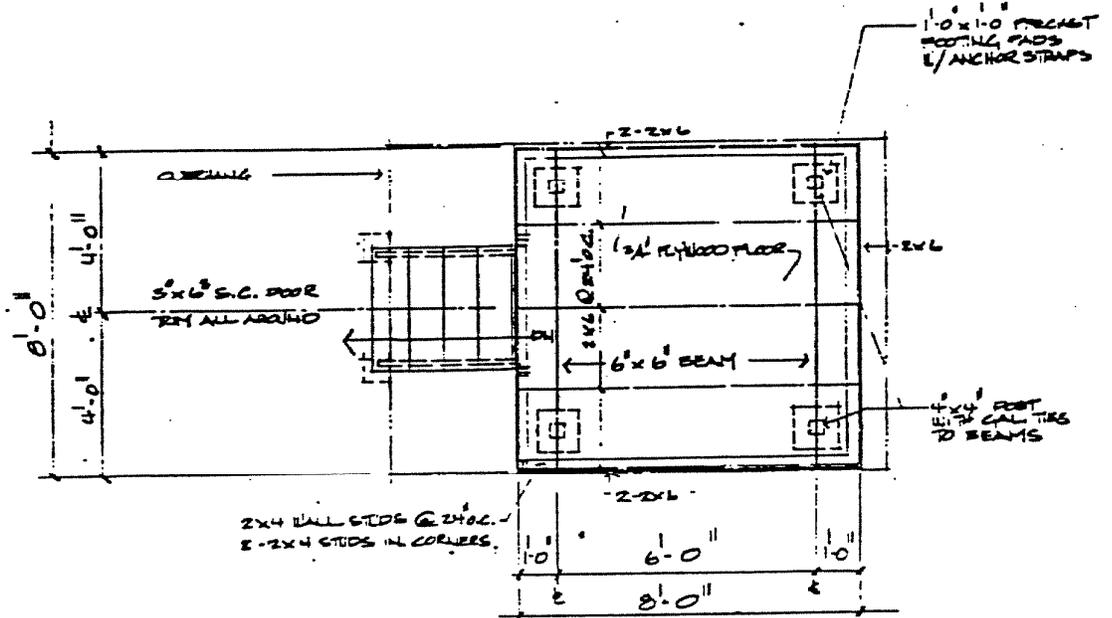
BACK & FRONT ELEVATION
(Back has no door)

1/2" = 1'-0"



SHED BUILDING SECTION 1/2" = 1'-0"

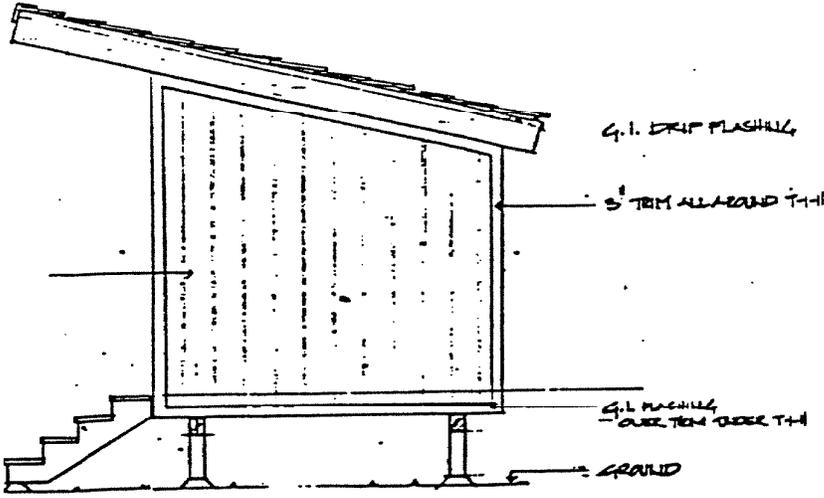
Unit B - Elevation & Floor Plan



FLOOR & FRAMING PLAN - 1/2" = 1'-0"

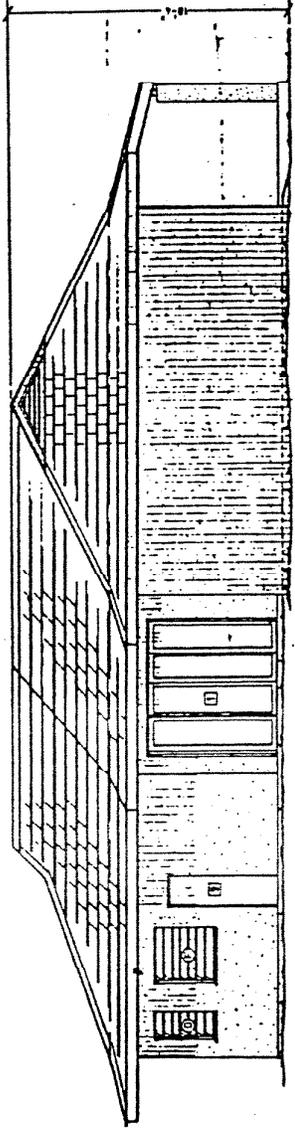
NOTE:

1. ALL FRAMING LUMBER TO BE #2 GRADE
2. ALL PLYWOOD TO BE CDX GRADE SELECT. II
3. ALL LUMBER TO BE PRESSURE TREATED.
4. OWNER SHALL SELECT ALL COLORS

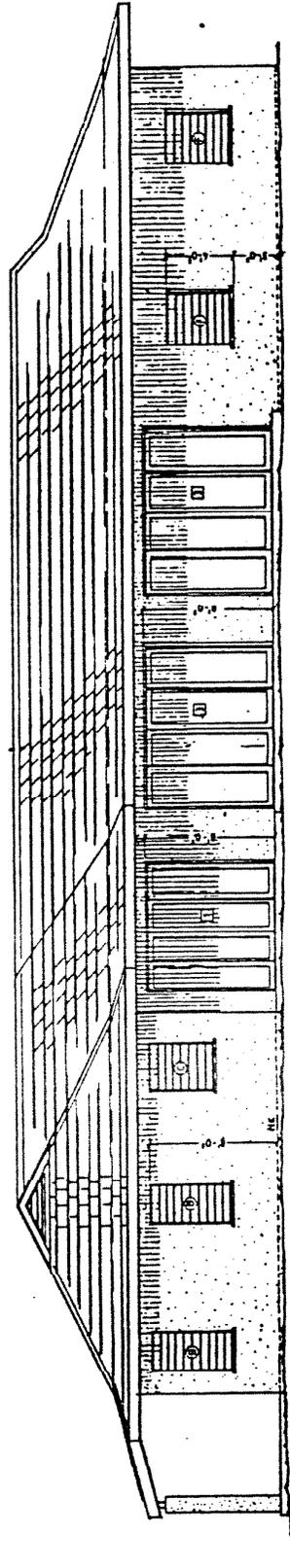


LEFT & RIGHT SIDE ELEVATION 1/2" = 1'-0"

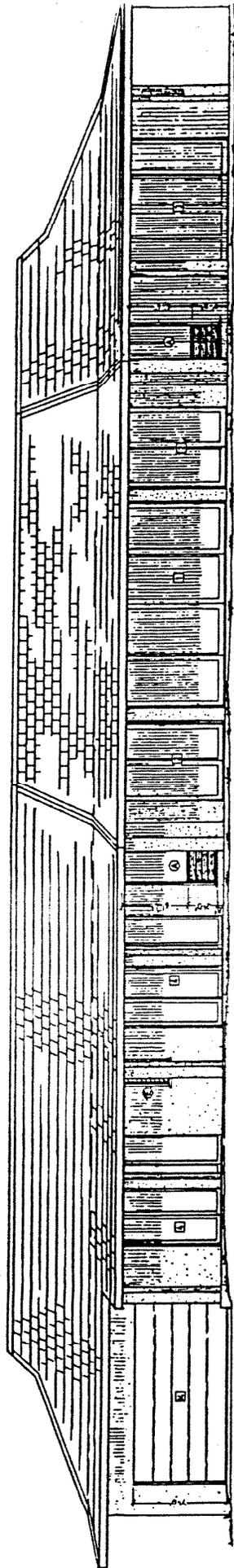
Unit C - Elevations



NORTH ELEVATION



SOUTHEAST ELEVATION



Unit C - Elevation

SOUTHWEST ELEVATION

Unit C - Floor Plan

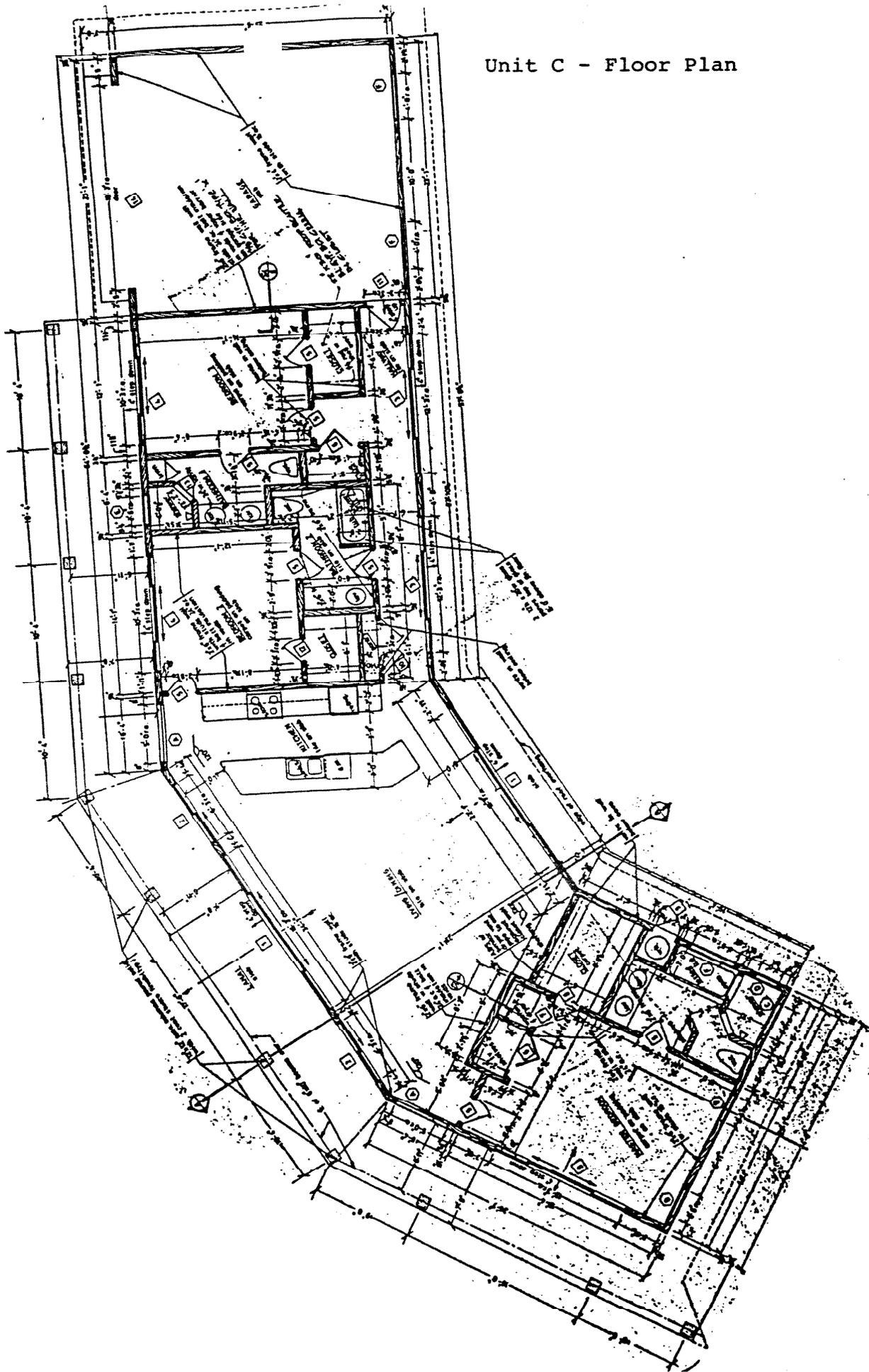


EXHIBIT C

**SCHEDULE OF APARTMENTS AND COMMON INTERESTS
FOR KAILUA FARMS CONDOMINIUM**

Qty.	Apt. No.	Area of Limited Common Element	No. of BR/BATH	Appx Net Living Area (Sq. Ft.)	Other Area e.g. Lanai, Garage, Storage Shed, Areas (Sq. Ft.)	% of Common Int.
1	A	1.33 AC	2/2	610	226 (lanai) 656 (storage) 320 (garage)	15
1	B	3.69 AC	0/0	0	64 (storage)	50
1	C	2.21 AC	3/3	2,050	1,390 (lanai) 530 (garage/ storage)	35

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration, each unit owner may use his unit, alter or add to its farm structure in any manner he deems desirable, so long as it is permitted by law and the Declaration of Protective Covenants and Restrictions. 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 together with their respective signatures. See Exhibit J for cautionary comments from the County of Kauai Planning Department.

END OF EXHIBIT C

EXHIBIT D

DECLARATION OF RESTRICTIVE COVENANTS AND CONDITIONS

WHEREAS, CONSOLIDATED OIL & GAS, INC., a Colorado corporation authorized to do business in the State of Hawaii, whose business address is Hanalei, Kauai, Hawaii, and whose post office address is P.O. Box 121, Hanalei, Kauai, Hawaii, hereinafter called the "Declarant", is the owner in fee simple of that certain land situate at Hanalei, Island and County of Kauai, State of Hawaii, more particularly described in Exhibit "A", attached hereto and made a part hereof; and

WHEREAS, the Declarant is developing a portion of the parcel described in Exhibit "A" hereto into an agricultural subdivision; and

WHEREAS, the County of Kauai Planning Commission required, as a condition for final subdivision approval, that certain restrictive covenants and conditions as hereinafter contained be recorded in the Bureau of Conveyances as conditions running with the land;

NOW, THEREFORE, the Declarant does hereby declare that Lots 1 to 22, inclusive, resulting from the subdivision of the land described in Exhibit "A" attached hereto and by reference made a part hereof, shall be held, sold, conveyed, encumbered, leased, occupied and improved, subject to the limitations, restrictions, covenants and conditions hereinafter set forth. These restrictions, covenants and conditions shall run with the land and shall be binding upon all persons having or who acquire any right, title or interest in and to said lots and shall inure to the benefit of the Declarant, the County of Kauai and each

person who be as an owner of any of said lot

1. No building, fence, wall or other structure shall be constructed, erected or maintained on any lot, nor shall any addition thereto or change or alteration therein be made until the complete plans and specifications therefor, prepared by a registered architect or professional engineer licensed in the State of Hawaii (including, but not limited to, the floor, elevation, plot and grading plans; the specifications of principal exterior materials, color schemes and the location, character and method of utilization of all utilities; landscape plans; and automobile parking provisions; outside lighting plan), have been submitted to the Agricultural Community Design Committee.

The Agricultural Community Design Committee shall consist of five members appointed by Declarant. Declarant shall have the right to appoint one or more alternates for the members of the Committee, which alternates shall have the power as voting members of the Committee in the event the members for whom they are alternates are unavailable to act as members of the Committee. The members of the Committee, and their alternates, shall serve until death, resignation or their removal from the Committee by Declarant.

2. Each building or other structure shall be constructed, erected and maintained in strict accordance with the approved plans and specifications.

3. In passing upon all such plans and specifications, the Committee shall take into consideration the suitability of the proposed building or other structure and the materials of which it is to be built to the lot upon which it is to be erected, its harmony with the surroundings and the effect of the building on other structures, as planned, as viewed from adjacent or neighboring lots. The Committee shall use reasonable judgment in passing upon all such plans and specifications, but shall not be liable to any person for its actions in

connection with submitted plans and specifications, it be shown that the Committee acted with malice or wrongful intent.

4. Dwelling cost, quality and size. No primary residence shall be permitted on any lot at a building cost or value less than Fifty Thousand Dollars (\$50,000.00) based upon cost levels prevailing on the date this Declaration is recorded. Building cost shall include actual construction cost of dwelling and garage, a reasonable architect's fee and a reasonable profit to the builder, but shall not include the cost of landscaping, fences, other permissible structures or the cost of the lot. It is the intention and purpose of the covenants to assure that all dwellings shall be of a quality of workmanship and materials substantially the same or better than that which can be produced at the date these covenants are recorded at the stated minimum cost.

5. No building shall be located on any lot nearer than 20 feet to the street lot line, nearer than 30 feet to the rear lot line or nearer than 20 feet to side lot lines unless approved by the Committee.

6. Standard exterior architectural restrictions. Except as otherwise approved by the Committee:

a. All vertical exterior surfaces of structures shall be of natural material.

b. The roofs of structures constructed on the lot shall be covered with such materials of earth tones as are from time to time established by the Committee and shall not exceed a maximum pitch of 12:12 or 45 degrees.

c. Each outbuilding constructed on a lot must conform in architectural style and in the external construction materials employed to the residential structures constructed on such lot.

d. Each lot, when improved, must be equipped with one or more front lawn or other exterior light or lights, which must be operated by photoelectric cell and be maintained in an operating condition.

- e. Each lot, when improved, must have not less than two automobile parking spaces on a graveled or hard-surfaced driveway.
- f. Exterior antenna or aerial shall be screened from view on all sides.
- g. Laundry facilities and any service or utility area, including any area for hanging clothes, must be completely screened from view on all sides.
- h. Building height restriction of twenty (20) feet, measured from the highest natural grade at any point on the perimeter of the foundation of the structure to the highest point of the coping of the top story in the case of a flat roof, or to the deck line of a mansard roof, or to the average height between the plate and ridge of a gable, hip or gambrel roof, is hereby imposed. The height restriction may, however, be increased or decreased by the Committee in the event the Committee determines that such restriction works an undue hardship; or would permit erection of a structure which, in the sole judgment of the Committee, is desirable or undesirable; or would unduly impair or not impair sightlines to the ocean.
- i. The owner of each structure constructed on the lots shall maintain the structure in good repair at all times and shall cause all external surfaces that are stained or painted to be restained or repainted at sufficient intervals as to prevent the structure from detracting from the beauty of the community.
- j. All buildings and structures must be screened from the Hanalei Valley Lookout or placed out of the view plane from the Lookout as determined by the Design Committee.
- k. Each owner shall cause the land to be maintained in neat appearance at all times, shall follow prudent pasture maintenance and shall prevent noxious weeds from increasing on his property or

spreading to adjoining properties. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

1. No existing tree shall be cut or removed from any lot without the written approval of the Design Committee.

7. Garbage and refuse disposal. No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. All equipment for the storage or disposal for such material shall be kept in a clean and sanitary condition and container storage facilities not enclosed shall be constructed below ground level so as to allow for full recession of containers into the ground.

8. Temporary structures. Except for the temporary construction camp of Declarant, no temporary buildings, tents or trailers of any kind shall be erected, altered, placed or permitted to remain on any lot, except as expressly otherwise provided herein. Temporary structures or trailers may be erected or placed on any lot during a reasonable period of construction for use as a construction office and supply shelter, but in no event as a residence. The temporary construction structures or trailers shall remain upon the lot only during the period of construction of permanent improvements thereon and must be removed within thirty (30) days after completion of such construction. Any surplus material from construction must be removed within that thirty days.

9. In the development of the lot, the owner shall meet State of Hawaii Health Department requirements as regards to potable water, horses, sheep, cattle or goats and odor/flies nuisance.

10. That the foregoing restrictive covenants and conditions shall continue and be in force and effect until such time as the subject lot is reclassified to a State land use district classification other than the "Agricultural" district classification or for a fifty five (55) year period beginning November 30, 1977, whichever is later.

EXHIBIT E

Common Elements of the Project

The common elements of the project are:

- (a) Land in fee simple;
- (b) All future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;
- (c) Any and all other elements and facilities in common use or necessary to the existence, upkeep and safety of the Project.

Limited Common Elements of Project

Certain parts of the common elements, herein referred to as the "limited common elements" are hereby 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 as follows:

- (a) That certain land area upon and around which Units 1, 2, and 3 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.

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
A	1.33 acres
B	3.69 acres
C	2.21 acres

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, a lien not yet due and payable. However, check with the Kauai County Tax Assessor.
2. Reservation in favor of the State of Hawaii, as contained in Land Patent Grant Number 4846, of a 30-foot wide strip for road to forest reserve.
3. Free flowage of water in and to all streams and stream beds, if any.
4. Designation of Easement "2" (20 feet wide) for ditch purposes, as shown on File Plan No. 1574.
5. Easement "E-2" (6 feet wide) for electrical transformer box purposes, more particularly described as per survey of Wesley M. Thomas, Registered Professional Land Surveyor, dated August 6, 1982, to-wit:

Over and across Lot 1 of Princeville
at Hanalei, Parcel 3, (F.P. 1574)
In favor of Citizens Utilities Company
at Hanalei, Halelea, Kauai, Hawaii

Being a portion of Grant 4846 to W. F. Allen.

Beginning at the south corner of this parcel of land being, also, on the easterly side of Lot 25 (Roadway) of Princeville at Hanalei, Parcel 3 (F.P. 1574) the coordinates of which referred to Government Survey Triangulation Station "POOKU" being 823.84 feet south and 784.95 feet east and running by azimuths measured clockwise from true South:

1. 149° 40' 45" 6.00 feet along the easterly side of Lot 25 (Roadway) of Princeville at Hanalei, Parcel 3, (F.P. 1574) and along the remainder of Grant 4846 to W. F. Allen;
2. 239° 40' 45" 6.00 feet along the remainder of Grant 4846 to W. F. Allen;
3. 329° 40' 45" 6.00 feet along the remainder of Grant 4846 to W. F. Allen;
4. 59° 40' 45" 6.00 feet along the remainder of Grant 4846 to W. F. Allen to the point of beginning and containing an area of 36 square feet.

6. Covenants, conditions and restrictions set forth in DECLARATION dated November 25, 1977, recorded in Liber 12660 at Page 690.

7. Reservation(s) set forth in DEED dated November 30, 1977, recorded in Liber 12660 at Page 706, to-wit:

"Reserving, however, unto CONSOLIDATED OIL & GAS, INC., its successors and assigns, the following:

1. Easement for electrical, telephone, communication, gas, sewer, water and drainage facilities over, under, across, along and through the roadway lot hereinabove described, together with the right to enter on the lot herein conveyed for the maintenance, repair and replacement of the facilities, together also with the right to grant to the State of Hawaii, County of Kauai or any other appropriate governmental authority, or to any public utility corporation, Princeville Water Systems, Inc., or to any persons, persons or corporation, easements for such purposes under such terms and conditions required by the grantee or grantees of such easements.

2. Right to grant roadway easement over and across the roadway lot hereinabove described to the purchaser, purchasers, lessee, lessees, owner or owners of each of the lots within the agricultural subdivision of Parcel 3, Princeville at Hanalei, Hanalei, Hawaii, and to any purchaser, purchasers, lessee, lessees, owner or owners of lots hereinafter created within said Parcel 3.

3. Ditch easement over and across side Lot 1, described as follows, together with the right to enter on Lot 1 for the maintenance and repair of the drainage ditch:

Being a strip of land 20.00 feet wide extending 10.00 feet on each side of the following described centerline.

Beginning at the east end of this easement, on the easterly side of Lot 1 the coordinates of which referred to Government Survey Triangulation Station "POOKU" being 249.90 feet south and 1,193.69 feet east, and running by azimuths measured clockwise from true South:

- | | | | | |
|----|------|-----|-------|-------|
| 1. | 106° | 00' | 92.90 | feet; |
| 2. | 65° | 00' | 48.00 | feet; |
| 3. | 26° | 00' | 81.00 | feet; |

4.	34°	00'	69.00	feet;
5.	47°	00'	88.00	feet;
6.	54°	00'	107.00	feet;
7.	62°	00'	97.00	feet;
8.	69°	00'	55.00	feet;
9.	140°	00'	69.00	feet;
10.	190°	00'	85.00	feet;
11.	189°	00'	76.00	feet;
12.	197°	00'	63.36	feet to the northwesterly end of this easement on the northwesterly side of Lot 1 and containing an area of 0.428 acre."

8. Right-of-Entry in favor of Citizens Utilities Company, dated May 13 1983, recorded in Liber 17251 at Page 782; granting a right-of-entry and easement for the purpose of building, constructing, repairing, maintaining and operating pole and wire lines, and/or underground lines, etc.
9. Terms, conditions and provisions contained in that certain unrecorded Leslie May Trust Agreement dated June 7, 1986.
10. WAIVER AND RELEASE dated November 22, 1989, recorded in Liber 23944-at Page 373, by the BUILDING DIVISION OF THE DEPARTMENT OF PUBLIC WORKS OF THE COUNTY OF KAUAI; re: any claim, action, suit or demand of any kind for the providing of water or water services.

11. FARM DWELLING AGREEMENT dated November 22, 1989, recorded in Liber 24005 at Page 606, by and between THOMAS LESLIE MAY and COUNTY OF KAUAI PLANNING DEPARTMENT.

12. AGREEMENT OF SALE

VENDOR : THOMAS LESLIE MAY, Trustee under that certain unrecorded Thomas Leslie May Trust Agreement dated June 17, 1986

VENDEE : THE HAYNES INVESTMENT CORPORATION, a Hawaii corporation

DATED : January 3, 1990

RECORDED : Document No. 90-002003

AMOUNT : \$315,000.00

ABOVE AGREEMENT OF SALE ASSIGNED

ASSIGNOR : THE HAYES INVESTMENT CORPORATION, a Hawaii corporation

ASSIGNEE : THOMAS S. BLANKLEY, JR., husband of Leona C. Blankley, as Tenant in Severalty

DATED : -----

RECORDED : Document No. 90-064115

CONSENT : Given by THOMAS L. MAY, Trustee under the Thomas Leslie May Trust Agreement dated June 17, 1986, by instrument recorded as Document No. 90-064116

13. COTENANCY AGREEMENT dated January 3, 1990, recorded as Document No. 90-002004, by and between THOMAS LESLIE MAY, as Trustee under that certain unrecorded Thomas Leslie May Trust Agreement dated June 17, 1986, and the THE HAYES INVESTMENT CORPORATION, a Hawaii corporation.

14. FARM DWELLING AGREEMENT dated February 26, 1990, recorded as Document No. 90-032015, by and between THOMAS LESLIE MAY and THOMAS S. BLANKLEY, JR. and COUNTY OF KAUAI PLANNING DEPARTMENT.

15. WAIVER AND RELEASE dated February 16, 1990, recorded as Document No. 90-033357, by BUILDING DIVISION OF THE DEPARTMENT OF PUBLIC WORKS OF THE COUNTY OF KAUAI; re: any claim, action, suit or demand of any kind for the providing of water or water services.

16. WAIVER AND RELEASE dated April 9, 1990, recorded as Document No. 90-056353, by BUILDING DIVISION OF THE DEPARTMENT OF PUBLIC WORKS OF THE COUNTY OF KAUAI; re: any claim, action, suit or demand of any kind for the providing of water or water services.

17. Grant in favor of Citizens Utilities Company, dated April 2, 1990, recorded as Document No. 90-064079; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc., for the transmission and distribution of electricity.

18. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Condominium Property Regime dated July 19, 1990, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-123612, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Maps Nos. 1361 recorded in said Bureau of Conveyances.) Said Declaration was amended by instruments dated August 20, 1990, recorded as Document No. 90-130814, and dated January 22, 1991, recorded as Document No. 91-024637.

19. By-Laws of the Association of Apartment Owners of the Condominium Project known as "KAILUA FARMS CONDOMINIUM" dated April 20, 1990, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-0123613. Said By-Laws were amended and restated by instrument dated January 22, 1991, recorded as Document No. 91-024638.

20. FARM DWELLING AGREEMENT, dated January 9, 1991, recorded as Document No. 91-018133, by and between THOMAS LESLIE MAY and COUNTY OF KAUAI PLANNING DEPARTMENT.

END OF EXHIBIT F

EXHIBIT G

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
Unit 1	\$ 7.75	\$ 93.00
Unit 2	\$25.00	\$300.00
Unit 3	\$17.25	<u>\$207.00</u>
		\$600.00

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

Gas
Refuse Collection
Telephone
Water and Sewer

Maintenance, Repairs and Supplies

Building Grounds	\$10.00	\$120.00
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Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance

Management Reserves	\$30.00	\$360.00
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Taxes and Government Assessments	\$10.00	<u>\$120.00</u>
----------------------------------	---------	-----------------

Audit Fees

Other

TOTAL		<u><u>\$600.00</u></u>
--------------	--	------------------------

I, THOMAS LESLIE MAY, as
developer for the condominium project, hereby certify that the above estimates of initial
maintenance fee assessments and maintenance fee disbursements were prepared in accordance
with generally accepted accounting principles.

Thomas Leslie May
Date: April 17, 1990

EXHIBIT H
SUMMARY OF SALES CONTRACT

The KAILUA FARMS Purchase Agreement, (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, Bylaws 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, Bylaws, Residential 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.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CONTRACT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE BUYER'S RIGHTS AND OBLIGATIONS, THE BUYER MUST REFER TO THE BUYER'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.

END OF EXHIBIT H

EXHIBIT I
SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between Title Guaranty Escrow Services, Inc. (the "Escrow") and THOMAS LESLIE MAY, (the "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. 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 be less than \$25.00.

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 this Agreement, Escrow will receive \$300.00 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 \$300.00.

* * * * *

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 I

JOANN A. YUKIMURA
MAYOR



COUNTY OF KAUAI
PLANNING DEPARTMENT
4280 RICE STREET
LIHUE, KAUAI, HAWAII 96786

PETER A. NAKAMURA
PLANNING DIRECTOR

ROLAND D. SAGUM, III
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3919

COPY

September 26, 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 Kailua Farms Condominium Report
Tax Map Key: 5-3-08:1
Princeville, Kauai, Hawaii

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 Open District (O) 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.

EXHIBIT J

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
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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/driveways.

Because there are more than one farm dwelling proposed/permitted, the land-owners 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.


PETER A. NAKAMURA
Planning Director

cc: Steven R. Lee, Esq. ✓

END OF EXHIBIT J