



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

CONDOMINIUM PUBLIC REPORT

on

FERNANDES FARMS CONDOMINIUM

Kikala Road

Kalaheo, Kauai, Hawaii

Registration No. 2353 (Conversion)

Issued: December 17, 1991
 Expires: January 17, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of November 27, 1991, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully. This report also includes information submitted by the Kauai County Planning Department Type of Report: dated December 31, 1990 and November 26, 1991.

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

 X **FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
 (*white*)
 No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____

 SUPPLEMENTARY: Updates information contained in the
 (*pink*)
 Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____

 And Supersedes all prior public reports
 Must be read together with _____

 This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required 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.

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

[] Changes made are as follows:

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*****
*   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
*   subdivision requirements have been complied with.
*
*   2. This project does not involve the sale of individual
*   subdivided 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, 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. Unit 1's residence may have existing building code
*   violations, and will not be sold until any violations
*   have been verified are cured and the residence is in
*   full compliance with all Kauai County Ordinances.
*
*   5. Read Exhibits I and J (Letters from County of Kauai)
*   with care.
*
*   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 _____
- 3. High Rise (5 stories or more) Low Rise
- 4. Single or Multiple Buildings
- 5. Apartment Description

Apt. NO.	Quantity	BR/Bath	Net Living Area (sf)*	Storage Shed(s) Lanai/Patio (sf)
<u>1</u>	<u>1</u>	<u>2/1.5</u>	<u>1,204</u>	<u>264 (lanai)</u> <u>442 (carport)</u>
<u>2</u>	<u>1</u>	<u>4/2</u>	<u>1,602</u>	<u>1,404 (lanai)</u> <u>480 (garage)</u>

Total Apartments: 2

**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 4

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:

NONE

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: SUSAN LOUISE STAYTON
Name
P.O. Box 1113
Business Address
Lawai, HI 96765

Phone: (808) 332-7112
(Business)

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

N/A

Real Estate Sales Agent: WAI'OLI PROPERTIES, INC.
Name Attn: Susan Stayton
976 Kuhio Highway
Business Address
Kapaa, HI 96746

Phone: (808) 822-4361
(Business)

Escrow: TITLE GUARANTY ESCROW SERVICES, INC.
Name
235 Queen Street, Condo Section
Business Address
Honolulu, HI 96813

Phone: (808) 521-0211
(Business)

Managing Agent: 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

**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.

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

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances - Document No. 90-170622
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. 1402
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

- 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 way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Document No. 90-170623
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

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>N/A</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 B, paragraph 4(d)), the owner may make amendments to project documents prior to issuance of the Final Public Report for this project.

B. Underlying Land:

Address: Kikala Road Tax Map Key: (4)2-4-5:109
Kalaheo, Kauai, Hawaii (TMK)

[] Address [] TMK is expected to change because _____

Land Area: 58,860 [X] square feet [] acre(s) Zoning: Agricultural

Fee Owner: SUSAN LOUISE STAYTON and MARGRET E. FERNANDES
- Name

P.O. Box 1113
Address

Lawai, HI 96765

Sublessor: N/A
Name

Address

C. Buildings and Other Improvements:

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

2. Buildings: 2 Floors Per Building 1

[] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[] Concrete [] Hollow Tile [X] Wood

[] Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
[] Commercial	_____	[] Industrial	_____
[] Residential	_____	[X] Agricultural	<u>2</u>
[] Timeshare/Hotel	_____	[] Recreational	_____
[X] Other: <u>Please see Page 18 for further explanation.</u>			_____

5. Special Use Restrictions:

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

Pets See Declaration of Protective Covenants and Building Rules

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 2

Elevators 0

Stairways 4

Trash Chutes 0

<u>Apt. No.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Storage Shed(s) Lanai/Patio (sf)</u>
<u>1</u>	<u>1</u>	<u>2/1.5</u>	<u>1,204</u>	<u>264 (lanai)</u> <u>442 (carport)</u>
<u>2</u>	<u>1</u>	<u>4/2</u>	<u>1,602</u>	<u>1,404 (lanai)</u> <u>480 (garage)</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.

Permitted Alterations to Apartments;

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: 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)	4						4
Guest							
Unassigned							
Extra Available for Purchase							
Other:							
Total Covered & Open	4						

Each apartment will have the exclusive use of at least two (2) parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

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

8. Recreational and Other Common Facilities.

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

9. Present Condition of Improvements

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

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

Unit 2 (Stayton's residence) has recently been reconstructed and has an expected useful life in excess of 20 years.

Unit 1 (Fernandes' residence) has no signs of imminent failure of any system and has an expected indefinite useful life in excess of ten years. Professional inspection is recommended.

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

On Unit 1 there is a possibility that a carport enclosure does not meet Kauai County Code requirements. This matter will be resolved prior to any sale of Unit 1. If violative, the cost to cure will be approximately \$4,500.00. It may also be necessary to remove some screening from the front porch of Unit 1 for State Health Department code requirements. No answer has been received yet, but the cost of removal would be approximately \$100.00.

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> </u>	<u>X</u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

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

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

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

1. **Common Elements:** Common Elements are those parts of the condominium project 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 November 9, 1990 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.

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

Type of Lien

Mortgage

Effect on Buyer's Interest
If Developer Defaults

If foreclosed, buyer's deposit will be refunded and contract will be cancelled.

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.

[X] 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 _____ H _____ 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:

Unit 1 was completed in 1960; and Unit 2 was completed (reconstructed) in 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:

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 B contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated October 17, 1990

Exhibit D 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. 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 I.

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 in 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.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

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

1. The Developer delivers 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 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 Protective Covenants and Building Rules.

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. 2353 filed with the Real Estate Commission on December 24, 1990.

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

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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 YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

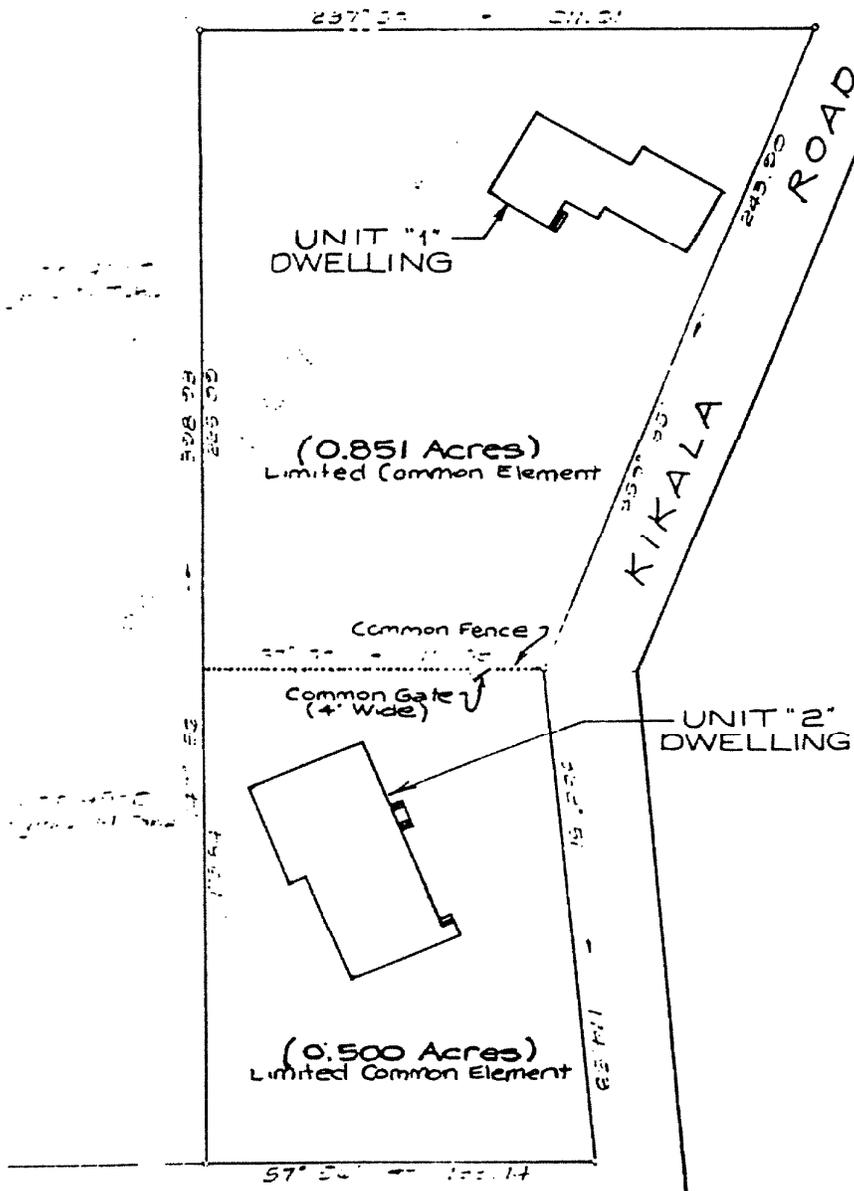
Bureau of Conveyances

Department of Finance, County of Kauai

Planning Department, County of Kauai

Federal Housing Administration

EXHIBIT A
Condominium Map and
Limited Common Element Locations



Parcel 108

Manual Lots 4 & Helen F

FERNANDES FARMS CONDOMINIUM
 Y.P. SHOWING UNITS "1" AND "2"
 AND COMMON FENCE AND GATE
 BEING A PORTION OF LOT 45
 KALAHOE HOMESTEADS, FIRST SERIES
 BEING ALSO PORTION OF GRANT 9970
 TO MARIA M. FERNANDES

KALAHOE, KOLOA, KAUAI, HAWAII

This work was prepared by me or
 under my direct supervision

C. J. TUCKER
 Registered Professional Engineer
 Certificate Number 4808

Owner: Margaret E. Fernandes
 Susan L. Stayton

EXHIBIT B
SUMMARY OF SALES CONTRACT

The FERNANDES 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 NOT THIS SUMMARY.

END OF EXHIBIT B

EXHIBIT C

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

<u>Qty.</u>	<u>Apt. No.</u>	<u>Area of Limited Common Element (Sq. Ft.)</u>	<u>No. of BR/BATH</u>	<u>Appx Net Living Area (Sq. Ft.)</u>	<u>Appx Lanai/ Garage Area (Sq. Ft.)</u>	<u>% of Common Int.</u>
1	1	0.851 AC	2/1.5	1,204	264(lanai) 442(carport)	50
1	2	0.500 AC	4/2	1,620	1,404(lanai) 480(garage)	50

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 Building Rules. 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.

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between Title Guaranty Escrow Services, Inc. (the "Escrow") and SUSAN LOUISE STAYTON and MARGRET E. FERNANDES, (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 D

EXHIBIT E

Common Elements of the Project

The common elements of the project are:

- (a) Land in fee simple;
- (b) Ten (10) foot fence easement and fence; and 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 and 2 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>
1	0.851 acres
2	0.500 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. Check with the Kauai County Tax Assessor for further information.

2. MORTGAGE

MORTGAGOR : SUSAN LOUISE STAYTON, unmarried

MORTGAGEE : MARGRET E. FERNANDES, unmarried

DATED : November 27, 1989

RECORDED : Liber 23926 Page 207

AMOUNT : \$112,000.00

By ASSIGNMENT OF MORTGAGEE INTEREST dated January 26, 1990, recorded as Document No. 90-024662, MARGRET E. FERNANDES, unmarried, hereby assigns all of her right and interest in the above Mortgage to MARGRET EARL FERNANDES, Trustee under that certain Margret Earl Fernandes Revocable Living Trust Agreement dated January 26, 1990.

3. (A) Terms, conditions and provisions contained in that certain Margret Earl Fernandes Revocable Living Trust dated January 26, 1990, of which a Short Form is recorded as Document No. 90-024660.

(B) 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 October 17, 1990, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-170622, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1402.)

No joinder by Margret Earl Fernandes as Trustee under that certain Margret Earl Fernandes Revocable Living Trust dated January 26, 1990.

(C) By-Laws of the Association of Apartment Owners of the Condominium Project known as "FERNANDES FARMS CONDOMINIUM" dated October 17, 1990, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 90-170623, as the same may hereafter be amended.

No joinder by said above Trustee.

(D) Covenants, conditions and restrictions set forth in DECLARATION OF PROTECTIVE PROVISIONS dated October 17, 1990, recorded as Document No. 90-170624.

4. MORTGAGE

MORTGAGOR : SUSAN LOUISE STAYTON, unmarried, under 32% interest, and MARGARET EARL FERNDNES, Trustee under 68% interest

MORTGAGEE : ASSOCIATES FINANCIAL SERVICES COMPANY OF HAWAII, INC., a Hawaii Corporation

DATED : June 28, 1990
RECORDED : Document No. 90-101742
AMOUNT : \$51,687.20

END EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR
FERNANDES FARMS CONDOMINIUM

Pursuant to Hawaii Revised Statutes Section 514(A)-61, the developer of FERNANDES FARMS Condominium makes the following disclosures:

1. The developer of the project is SUSAN LOUISE STAYTON, P.O. Box 1113, Lawai, HI 96765, (808) 332-7112.

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 unit. There are pre-existing structures on the property and no warranty will be made regarding the agricultural buildings.

4. No condominium units will be used for both hotel and residential use; these are agricultural condominium units in which residential use is permitted, but hotel use is not.

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


SUSAN LOUISE STAYTON

Dated: 11/13, 1990

RECEIPT

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

Purchaser(s)

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
Unit 1	\$100.00 \$1,200.00
Unit 2	\$100.00 \$1,200.00

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

JOANN A. YUKIMURA
MAYOR



PETER A. NAKAMURA
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

November 26, 1991

Mr. Steven R. Lee
Attorney at Law
P.O. Box 1166
Lihue, Hawaii 96766

Subject: Certification of Inspection of Existing Buildings for
Fernandes Farm Condominium at Kalaheo, Kauai
TMK:2-4-05:109
LOTR:11/05/91

The developer of the above-mentioned condominium project ("project") has requested that this office, as an agency of the County of Kauai, review the the existing buildings on the proposed 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 an architect to certify that the existing buildings on the subject property referred to as Units 1 and 2 is 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. WAIVER

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

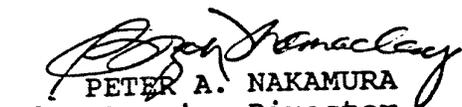
EXHIBIT I

Mr. Steven R. Lee
Page 2
November 26, 1991

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 Public Report (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.

Please note that the intended condominium of the property does not create separate parcels of record. Furthermore, 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.

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


PETER A. NAKAMURA
Planning Director

xc: Real Estate Commission



Waipuna Associates Inc.

Architecture

Bruce Bebe
Architect
P.O. Box 400
Kihei, Maui
Hawaii

96753

October 30, 1991

808-874-0911

Hawaii State Bureau of Conveyances
P.O. Box 2867
Honolulu, HI 96813

Hawaii Real Estate Commission
Attn: Kiley Chun-Kawakami
828 Fort Street Mall, Suite 600
Honolulu, HI 96813

To whom it May Concern:

The undersigned, being a licensed architect within the State of Hawaii, and bearing Registration Number 5259, has inspected Units 1 and 2 and improvements located thereon of the Fernandes Farms Condominium, Tax Map Key: (4) 2-4-5:109, to wit:

Unit 1- 1 story house, 2 bedrooms, 1.5 baths- over 20 years of age
Unit 2- 1 story house, 4 bedrooms, 2 baths- newly reconstructed, original building over 20 years of age.

The inspection has included the exterior roof, foundations, visible electrical and plumbing systems, and I find as follows:

1. Due to the age of the structures, no records of the County of Kauai Planning Department or Building Division currently exist, which show approved plans or specifications for the improvements on Unit 1. Unit 2 received final inspection and approval within one year of inspection.
2. The improvements appear to be constructed in the manner described in the drawings constituting the condominium file plan for FERNANDES FARM CONDOMINIMUM, including specifically Units 1 and 2.
3. The systems and components of the improvement, including visible structural, electrical and plumbing, appear to be in satisfactory condition for the stated age thereof and appear to be in sound condition.
4. (a). Without conducting invasive examinations of covered plumbing, electrical and structural components, the following improvements appear NOT TO BE constructed in conformity with the County of Kauai Rules and Regulations applicable to the construction at the time of construction thereof, on Unit 1:

1. The carport enclosure does not meet Kauai County Code Requirements as being under-height. The cost to cure will be approximately \$4,500.00.

2. It may be necessary to remove screening from the front porch to increase ventilation as required by Hawaii State Health Department code requirements. Cost of removal would be approximately \$100.00.

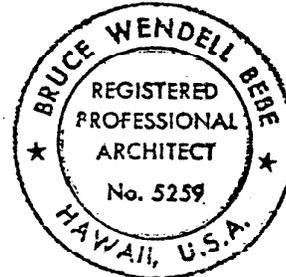
(b). Without conducting invasive examinations of covered plumbing, electrical and structural components, the improvements appear to be constructed in conformity with the County of Kauai Rules and Regulations applicable to construction at the time of construction thereof, on Unit 2.

5. Both Units have an apparent useful life of over 20 years.

THIS IS NOT A WARRANTY OF COMPLIANCE WITH ALL RULES AND REGULATIONS, ONLY A WARRANTY THAT INSPECTION WAS MADE AND NO APPARENT VIOLATIONS APPEAR TO EXIST. NO RIGHT SHALL ACCRUE TO ANY THIRD PARTY FOR SUBSEQUENT DISCOVERY OF ANY PROBLEMS WITH CODE COMPLIANCE OR FOR FUTURE CHANGES IN SUCH CODE(S).

Sincerely,


Bruce Bebe, Architect
WAIPUNA ASSOCIATES, INC.



JOANN A. YUKIMURA
MAYOR



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

PETER A. NAKAMURA
PLANNING DIRECTOR

ROLAND D. SAGUM, III
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3919



December 31, 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 Fernandes Farm Condominium Report
Tax Map Key: 2-4-05:109
Kalaheo, Kauai

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 one (1) unit, however, a second dwelling unit was approved for this property pursuant to Ordinance No. 551, relating to the construction of additional dwelling 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

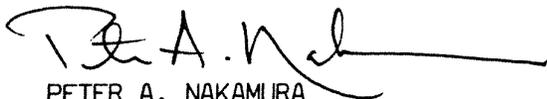
EXHIBIT J

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
Page 2
December 31, 1990

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

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.

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.