



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

CONDOMINIUM PUBLIC REPORT

BALI HAI VILLAS
 Pepelani Loop and Kauai Road
 Princeville, Kauai, Hawaii 96722

Registration No. 2399

Issued: April 29, 1991
 Expires: May 29, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of April 18, 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.

Type of Report:

- PRELIMINARY:** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
- No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____
- SUPPLEMENTARY:** Updates information contained in the
(pink)
- Prefim. 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.

No prior reports have been issued by the Commission.

Changes made are as follows:

SPECIAL NOTATION:

The approval of the Condominium Public Report should not be construed to mean that all County Codes and Ordinances have been complied with and all subsequent development and use shall comply with applicable County Codes and Ordinances.

Additionally, the creation of the Condominium Property Regime does not mean that the land has met the subdivision requirements of the County. As such, certain facilities/improvements normally associated with County approved subdivisions may not be necessarily provided for.

A copy of the County of Kauai Planning Department letter, dated March 8, 1991, which described in full the county requirements, is a part of this public report and attached as Exhibit "J".

TABLE OF CONTENTS

	page
Report Purpose	1
Type of Report	1
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Summary of the Condominium Project	5
I. PEOPLE CONNECTED WITH THE PROJECT	6
Developer	Managing Agent
Real Estate Sales Agent	Attorney for Developer
Escrow Company	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	7
B. Condominium Map (File Plan)	7
C. Bylaws	7
D. House Rules	8
E. Changes to Condominium Documents	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	9
B. Underlying Land	10
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	14
E. Encumbrances Against Title	15
F. Management of the Common Elements	15
G. Maintenance Fees	16
H. Utility Charges	16
I. Construction Warranties	16
J. Status of Construction	17
K. Project Phases	17
L. Sales Documents Filed with the Real Estate Commission	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE	18
Buyer's Right to Cancel Sales Contract	19
Signature of Real Estate Commission Chairman	20
EXHIBIT A: Reservations in Favor of Developer	
EXHIBIT B: Fee Owner of Underlying Land	
EXHIBIT C: Common Elements	
EXHIBIT D: Limited Common Elements	
EXHIBIT E: Common Interest	
EXHIBIT F: Encumbrances Against Title	
EXHIBIT G: Estimate of Initial Maintenance Fees	
EXHIBIT H: Sales Contract Summary	
EXHIBIT I: Escrow Agreement Summary	
EXHIBIT J: Kauai County Planning Department Letter	

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.

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.

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.

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 Ohana
 Mixed Residential and Commercial Agricultural
 Other Resort Timesharing
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>2BII</u>	<u>10</u>	<u>2/2</u>	<u>990</u>	<u>140</u>
<u>1BII</u>	<u>4</u>	<u>1/1</u>	<u>750</u>	<u>100</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 14

**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>14</u>
Guest Stalls	<u>14</u>
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>28</u>

7. Recreational amenities:

None at this time

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Bali Hai Villas Ltd. Partnership Phone: 826-6549
Name (Business)
P.O. Box 3099
Business Address
Princeville, Kauai HI 96722

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

Bali Hai Villas, Inc., General Partner
Steve Garner, General Partner
James Kelly, General Partner

Real Estate Broker: Pahio Resorts, Inc. Phone: 826-6549
Name (Business)
P.O. Box 3099
Business Address
Princeville, Kauai HI 96722

Escrow: Hawaii Escrow and Title Phone: 521-2977
Name (Business)
700 Bishop Street, Suite 112
Business Address
Honolulu, Hawaii 96813

General Contractor: Hanalei Management Phone: 826-6549
Name (Business)
P.O. Box 3099
Business Address
Princeville, Kauai HI 96722

Condominium Managing Agent: Owner's Management Corporation Phone: 826-6549
Name (Business)
P.O. Box 3099
Business Address
Princeville, Kauai HI 96722

Attorney for Developer: Michael Sakai Phone: 531-4171
Name (Business)
201 Merchant Street, Suite 902
Business Address
Honolulu, Hawaii 96813

**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. _____
Book _____ Page _____
 Filed - Land Court - Document No. _____

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. _____
 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. _____
Book _____ Page _____
 Filed - Land Court - Document No. _____

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> </u>

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

2. Developer:

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

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

See Exhibit A for the reservations in favor of Developer.

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input type="checkbox"/> Residential	_____	X	<input type="checkbox"/> Agricultural	_____	_____
<input checked="" type="checkbox"/> Timeshare/Hotel	14	X	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: _____				_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?

Yes No

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: None _____

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0 Stairways 7 Trash Chutes 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>2BII</u>	<u>10</u>	<u>2/2</u>	<u>990</u>	<u>140</u>
<u>1BII</u>	<u>4</u>	<u>1/1</u>	<u>750</u>	<u>100</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 14

**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:

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls, ceilings, front entry door and entry deck, or floors, lanai railings, unfinished surfaces of the lanais floors and walls, stairways, or the interior load bearing walls. The floors, walls and ceilings surrounding each of them or any pipes, wires, conduits or other utility lines running through them which are utilized for or serve more than one unit are deemed common elements as herein provided. Each apartment shall be deemed to include all the walls and partitions, which are not load bearing within its perimeter walls including paint, wallpaper, or the like, carpeting, floor covering and built-in fixtures. Additionally, the boundary lines of each apartment are the exteriors of doors, windows, and glass walls and the frames thereof and the handrail of the lanai.

Permitted Alterations to Apartments:

No alterations are permitted to be made to an apartment.

7. Parking Stalls:

Total Parking Stalls: 28

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)		14					14
Guest Unassigned		14					14
Extra Available for Purchase							
Other:							
Total Covered & Open		28					

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: _____

9. Present Condition of Improvements Not Applicable

(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

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:

The Developer has obtained a Use Permit (U-91-10) from the Planning Department, County of Kauai. The Permit allows the Developer to construct a clubhouse within Increment (Phase) IV of the Project, therefore, this Use Permit does not directly affect the construction and development of Increment 3.

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	X		
Structures	X		
Lot	X		

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

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

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

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

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

Exhibit C 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 D

as follows:

3. **Common Interest:** Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is 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 E 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 February 20, 1991 and issued by Hawaii Escrow & Title, Inc.

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

**Effect on Buyer's Interest
If Developer Defaults**

See Exhibit "F" attached

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.

[X] 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:

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

Other _____

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:

One year after substantial completion of an apartment unit.

2. Appliances:

The Developer is not giving any express or implied warranties for the Appliances. However, the Developer will assign its rights under any warranties from the Appliance manufacturer.

J. Status of Construction and Estimated Completion Date:

The Developer has estimated that Increment 3 will be completed on or before December 1991. This is subject to change.

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:

See Exhibit A

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 February 1, 1991

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

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

None

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

Final Report, 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 _____

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

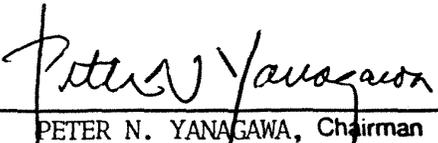
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2399 filed with the Real Estate Commission on March 1, 1991.

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

yellow paper stock white paper stock pink paper stock

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"

Reservation In Favor of Developer

REDESIGNATION OF COMMON INTEREST; FUTURE DEVELOPMENT. The Developer has reserved the right to redesignate the common interest appurtenant to an apartment in the event additional apartments are constructed and Increments are developed. If additional apartments are constructed, the undivided interest (with slight adjustments to bring the total to 100%) which is appurtenant to an apartment shall decrease.

OPTIONS TO DELETE UNDEVELOPED LAND. Notwithstanding the conveyance of any apartment or anything to the contrary in the Declaration, the Bylaws, the Condominium Map, any Sales Contract, conveyance document, or any other document or instrument, if the Developer does not exercise its right to complete the additional phases and Increments of the Project, then the Developer or its mortgagee (if any), as successor in interest to the Developer, either by foreclosure or deed in lieu of foreclosure, including any third party that is the successful purchaser at any foreclosure auction (the "Succeeding Mortgagee"), of the undeveloped land on which the remaining phases of the Project were to be situated and any of the common elements that were to be located (the "Undeveloped Land") shall have the right, at its option, to delete the Undeveloped Land and remove any common elements that was to be situated on or within the Undeveloped Land of the Project by withdrawing from the Project any or all of the Undeveloped Land and any common elements thereon (including but not limited to a swimming pool and landscaping) pursuant to Section 514A-11(12) of the Condominium Act (the "Withdrawn Land"). This option and right may be exercised by the Developer or the Succeeding Mortgagee, at any time during the ten-year period following the date of recordation of the Declaration. The Developer would withdraw the land on the following terms and conditions:

(a) The outer boundaries of the Withdrawn Land would conform to the boundaries of any surrounding developed Phases, as set forth on the Condominium Map, subject to adjustments where necessary to meet building setback requirements imposed as a condition to subdivision of the Withdrawn Land and other county or engineering requirements or adjustments;

(b) The Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would use its best efforts to cause the Withdrawn Land to be subdivided from the remainder of the Project at its sole cost and expense, and shall promptly execute and file any subdivision applications and other

documents which are necessary or appropriate in connection with the subdivision of the Withdrawn Land from the remainder of the Project;

(c) The Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service the Withdrawn Land, including but not limited to, easements and/or rights-of-ways for pedestrian and vehicular access, utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways, provided that such easements and/or rights-of-way do not materially impair the use of any apartment or its appurtenant common interest in the common elements;

(d) The Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would give each apartment owner and lienholder at least thirty (30) days prior written notice of its intention to withdraw the Withdrawn Land;

(e) The Developer (but not the Succeeding Mortgagee unless it becomes the owner of the Withdrawn Land) would, at its own expense and without being required to obtain the consent or joinder of any apartment owner or lienholder, execute and file an amendment to the Declaration and the Condominium Map: (i) to delete the Withdrawn Land and any common elements situated within the Withdrawn Land from the Project, (ii) to add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under and on the common elements necessary or desirable to service the Withdrawn Land, including but not limited to, easements and/or rights-of-way for utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways provided that such easements and/or rights-of-way do not materially impair the use of any apartment or its appurtenant common interest in the common elements; (iii) to delete the apartments, common elements and limited common elements that were to be built on the Withdrawn Land from the project; (iv) to adjust the common interests appurtenant to the apartments of the Project to reflect the elimination of the apartments in the phases that were to be built on the Withdrawn Land from the Project; (v) to cancel all easements over the Withdrawn Land in favor of apartments in the Project; and (vi) to release all owners of any interest in the Withdrawn Land from any and all obligations and liabilities of the Project, including, without limitation, the obligation to pay common expenses and the lien securing the payment of such expenses.

(f) The withdrawal would become effective upon the approval of the subdivision by the County of Kauai Planning Department and the filing with the Bureau of Conveyances of the State of Hawaii of an amendment to the Declaration and Condominium Map noting such withdrawal and setting forth a description of the Withdrawn Land.

(g) No withdrawal would be permitted if it requires the alteration or destruction of any constructed apartment.

(h) All rights of apartment owners shall be subject to the Developer and Succeeding Mortgagee's rights to require withdrawal of the Withdrawn Land as set forth in the Declaration, and the acceptance of ownership of an apartment in the Project shall constitute an acceptance of such right.

POWER OF ATTORNEY - DELETION OF LAND. In furtherance of the rights and powers reserved to the Developer and its successor in interest, each apartment owner and the Association of Apartment Owners will by virtue of accepting a conveyance of an apartment designate the Developer and/or its successor in interest (including the Succeeding Mortgagee) as his attorney-in-fact, with power of substitution, to execute any and all applications for subdivision, amendments to the Declaration, the Bylaws, and the Condominium Map, deeds in lieu of foreclosure, easement agreements and any other documents of whatsoever nature necessary or appropriate to effect the withdrawal of any or all of the Undeveloped Land from the Project and any subsequent conveyance or transfer of such Withdrawn Land. The execution of this Declaration or acceptance of ownership of an apartment in the Project shall constitute a grant of such power, and such grant, being coupled with the interest of the Developer and/or its successor in interest as herein reserved, shall be irrevocable.

EXHIBIT "B"

Fee Owner of Underlying Land

FEE OWNER.

The Developer has entered into an agreement to purchase the property from the fee owners under an Offer for Option Agreement dated February 12, 1990, which was amended and extended by a letter agreement dated November 21, 1990 (Purchase Agreement). The present fee owners of the property are as follows:

1. TERRITORIAL ENTERPRISES, INC.
a Hawaii corporation
Commerce Tower, 14th Floor
1440 Kapiolani Boulevard
Honolulu, Hawaii 96814

2. TERRITORIAL SAVINGS AND LOAN ASSOCIATION
a Hawaii corporation
Commerce Tower, 14th Floor
1440 Kapiolani Boulevard
Honolulu, Hawaii 96814

TERMINATION OF OFFER; AFFECT OF TERMINATION.

In the event the Developer's interest under the Purchase Agreement is terminated, any sales contract or reservation for the purchase of an apartment unit in the Project will be cancelled.

EXHIBIT "C"

Common Elements

The common elements of the Project include:

- a. The land in fee simple.
- b. The foundations, floor slabs, columns, girders, beams, supports, bearing walls, roofs, entry landings, and stairways in the buildings not within any of the apartments.
- c. The yards, landscaping, trash area, including the open parking stalls which are not appurtenant or assigned to an apartment, and all of the landscaped yards and lawns.
- d. The central and appurtenant installations for utility services used or necessary to the existence, maintenance and safety of the Project.
- e. All licenses, leases, or contractual arrangements that the Association enters into for the purpose of providing parking, recreational amenities, including but not limited to swimming pools, tennis courts, meeting rooms, clubhouses, and management facilities for the use or benefit of the apartment owners, their tenants and/or guest.
- f. Any limited common elements that by the terms of the Declaration shall become common elements.
- g. Any improvements placed on the grounds pursuant to a reservation in favor of the Developer such as swimming pools, tennis courts, landscaping and parking.

EXHIBIT "D"

Limited Common Elements

The limited common elements of the Project and the restrictions affecting them are as follows:

a. Building 3. The land area delineated as Increment 3 on the Condominium Map is a limited common element for the Apartments contained in Building 3 and is for the exclusive use of the apartments contained in Building 3.

b. Redesignation of Limited Common Elements as Common Elements. Upon the recording of an "As Built" architect's or engineer's certificate for the building in Increment 3 and the Project including any subsequent Increment, the land area contained in the Increment shall be deemed to be common elements of the Project.

c. Designation of Limited Common Elements and Common Elements for Future Increments. The Developer reserved the right to designate the land area together with any improvements within the Increments and any unassigned stalls within any Increments of the Project as a limited common element for the apartments and/or building situated within such Increment and to redesignate such limited common element (excluding the assigned parking stalls) as a common element.

d. Assigned Parking. Each apartment in the Project shall have appurtenant thereto the exclusive use of at least 1 parking stall and such parking stall shall be deemed a limited common element of said apartment.

EXHIBIT "E"

Common Interest

COMMON INTEREST. The common interest for each apartment is dependent upon the total number of apartments constructed and the number of Increments that are developed. Each apartment shall have appurtenant thereto the following undivided interest in all the common elements of the Project for determination of the common profits, expenses, voting and for all other purposes:

<u>Phase Completed</u>	<u>Apartment Type</u>	<u>No.</u>	<u>%</u>	<u>Total</u>
3	Type II Two-bedroom units	10	7.6744%	76.744%
	Type II One-bedroom units	4	5.8140%	<u>23.256%</u>
				100.000%

The percentage undivided interest is calculated by dividing an apartment's net living area (excluding the lanai) by the sum of all the net living areas of all the apartments that have been constructed with minor adjustments to bring the total percentage to 100%. A Phase shall be completed and an apartment shall be considered constructed upon the recording of an Amendment to this Declaration which incorporates an "As Built" architect's or engineer's certificate as to the building and apartment(s) in each respective Phase.

REDESIGNATION OF COMMON INTEREST; FUTURE DEVELOPMENT. The Developer has reserved the right to redesignate the common interest appurtenant to an apartment in the event additional apartments are constructed and Increments are developed. If additional apartments are constructed, the undivided interest (with slight adjustments to bring the total to 100%) which is appurtenant to an apartment shall decrease.

EXHIBIT "F"

Encumbrances

1. AS TO PARCEL FIRST (LOT 2-A):

A. Declaration of Restrictions, Covenants and Conditions by Eagle County Development Corporation, dated March 1, 1971, recorded in the Bureau of Conveyances, State of Hawaii, in Book 7444, page 93, and Declaration of Additional Land Annexed to Princeville at Hanalei, dated September 11, 1979, recorded in said Bureau, in Book 14006 Page 695.

B. Easement "D-2" (10.00 feet wide) for drainage purposes over, under and across said parcel, besides other land, as set forth by instrument recorded in said Bureau, in Book 14006, Page 699.

C. Easement "8", for sewage purposes, as set forth in Declaration of Easements dated December 11, 1981, recorded said Bureau, in Book 16048, Page 286.

D. Easement "9", for drainage purposes, as set forth in said Declaration of Easements recorded in said Bureau, in Book 16048, Page 286.

E. Easement "10", for drainage purposes, as set forth in said Declaration of Easements recorded in said Bureau, in Book 16048, Page 286.

F. Easement "11", area 12,131 square feet, for roadway and utility purposes, as set forth in said Declaration of Easements recorded in said Bureau, in Book 16048, Page 286.

G. 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 Horizontal Property Regime dated April 9, 1980, recorded in said Bureau, in Book 14680, Page 1, and the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws.

H. Declaration of Restrictive Covenants dated as of December 11, 1981, recorded in said Bureau, in Book 16048, Page 276.

I. Water course as shown on Survey Map of R. M. Towill Corporation, dated October 3, 1985.

J. Open District as shown on Survey Map of R. M. Towill Corporation, dated October 3, 1985.

K. Burden of Easement 2 as shown on Survey Map of R. M. Towill Corporation, dated October 3, 1985.

L. Grant in favor of Princeville at Hanalei Community Association dated November 12, 1987, recorded in said Bureau, in Book 21516, Page 321; granting an easement for drainage purposes over said Easement "D-2".

2. AS TO PARCEL SECOND (LOT 2-B):

A. Declaration of Restrictions, Covenants and Conditions by Eagle County Development Corporation, dated March 1, 1971, recorded in the Bureau of Conveyances, State of Hawaii, in Book 7444, page 93, and Declaration of Additional Land Annexed to Princeville at Hanalei, dated September 11, 1979, recorded in said Bureau, in Book 14006 Page 695.

B. Easement "D-2" (10.00 feet wide) for drainage purposes over, under and across said parcel, besides other land, containing an area of 22,284 square feet, more or less, as set forth by instrument recorded in said Bureau, in Book 14006, Page 699.

C. Easement "5", area 5,521 square feet, for roadway and utility purposes, as set forth in Declaration of Easements dated December 11, 1981, recorded said Bureau, in Book 16048, Page 286.

D. Easement "6", area 12,223 square feet, for roadway and utility purposes, as set forth in said Declaration of Easements recorded in said Bureau, in Book 16048, Page 286.

E. Easement "7", for drainage purposes, as set forth in said Declaration of Easements recorded in said Bureau, in Book 16048, Page 286.

F. 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 Horizontal Property Regime dated April 9, 1980, recorded in said Bureau, in Book 14680, Page 1, and the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws. (Project covered by Condominium Map No. 721.)

G. Declaration of Restrictive Covenants dated as of December 11, 1981, recorded in said Bureau, in Book 16048, Page 276.

H. Grant in favor of Princeville at Hanalei Community Association dated November 12, 1987, recorded in said Bureau, in Book 21516, Page 321; granting an easement for drainage purposes over said Easement "D-2".

3. AS TO PARCEL THIRD (LOT 2-C):

A. Declaration of Restrictions, Covenants and Conditions by Eagle County Development Corporation, dated March 1, 1971, recorded in the Bureau of Conveyances, State of Hawaii, in Book 7444, page 93, and Declaration of Additional Land Annexed to Princeville at Hanalei, dated September 11, 1979, recorded in said Bureau, in Book 14006 Page 695.

B. Easement "D-2" (10.00 feet wide) for drainage purposes over, under and across said parcel, besides other land, containing an area of 22,284 square feet, more or less, as set forth by instrument recorded in said Bureau, in Book 14006, Page 699.

C. Easement "1", area 10,220 square feet, for utility purposes, as set forth in Declaration of Easements dated December 11, 1981, recorded said Bureau, in Book 16048, Page 286.

D. Easement "2", for drainage purposes, as set forth in said Declaration of Easements recorded in said Bureau, in Book 16048, Page 286.

E. Easement "3", area 5,494 square feet, for roadway and utility purposes, as set forth in said Declaration of Easements recorded in said Bureau, in Book 16048, Page 286.

F. Easement "4", for drainage purposes, as set forth in said Declaration of Easements recorded in said Bureau, in Book 16048, Page 286.

G. 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 Horizontal Property Regime dated April 9, 1980, recorded in said Bureau, in Book 14680, Page 1, and the By-Laws attached thereto, as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws. (Project covered by Condominium Map No. 721.)

H. Declaration of Restrictive Covenants dated as of December 11, 1981, recorded in said Bureau, in Book 16048, Page 276.

I. Open District as shown on Survey Map of R. M. Towill Corporation, dated October 3, 1985.

4. AS TO PARCEL FOURTH (LOT 3):

A. Location of seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and its effect, if any, upon the area of the land described herein.

B. Water and Sanitation Assessment and Lien in favor of Kauai County Public Improvement Corporation, recorded in said Bureau, in Book 7486, Page 292 (filed in Land Court as Document No. 533440), as confirmed by instrument recorded in said Bureau, in Book 8192, Page 257, and amended by instruments recorded in said Bureau, in Book 8222, Page 388 (Land Court Document No. 576206), Book 8743, Page 1, Book 9583, Page 521 and Book 10584, Page 326.

The interest of Kauai County Public Improvement Corporation having been assigned to Princeville Company, Inc., a Hawaii corporation, by instrument recorded in said Bureau, in Book 19127, Page 154.

C. Grant in favor of Kauai Electric Division of Citizens Utilities Company, a Delaware corporation, and GTE Hawaiian Telephone Company Incorporated, dated December 16, 1974, recorded in said Bureau, in Book 10462, Page 312; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate underground lines, etc., for the transmission and distribution of electricity over, under, upon, across and through Easement U-1 for electrical purposes.

D. Grant in favor of Kauai Electric Division of Citizens Utilities Company, a Delaware corporation, and GTE Hawaiian Telephone Company Incorporated, dated December 16, 1974, recorded in said Bureau, in Book 10462, Page 312; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate underground lines, etc., for the transmission and distribution of electricity over, under, upon, across and through Easement U-2 for electrical purposes.

E. Grant in favor of Kauai County Public Improvement Corporation, a Hawaii corporation, dated October 29, 1975, recorded in said Bureau, in Book 11034, Page 88; granting easement to construct, reconstruct, install, maintain, operate, repair and remove an underground water pipe line or pipe lines, etc., through, under and across Easement U-1 for access road, water pipeline, sanitary sewer, electrical and sewer pump station purposes.

F. Grant in favor of Alii Kai Princeville, Inc., a Utah corporation, made effective as of December 17, 1979, recorded in said Bureau, in Book 14343, Page 320; granting non-exclusive appurtenant Easements D-1 and D-2 for drainage purposes, being more particularly described as per survey of Masao Fujishige, Registered Land Surveyor, dated February 9, 1979.

G. "RESERVING, HOWEVER, unto Consolidated Oil & Gas Inc., its successors and assigns, of the right to grant roadway easements over, across, along and upon the roadway lots shown in File Plan Nos. 1179 and 1360 and Roads A and C hereinabove described, to the purchaser, purchasers, lessee, lessees, owner or owners of each of the lots within Princeville at Hanalei, and to any purchaser, purchasers, lessee, lessees, owner or owners of lots hereinafter created within Princeville at Hanalei."; as reserved in Deed dated February 1, 1980, but effective as of January 1, 1980, recorded in said Bureau, in Book 14611, Page 691.

H. Pedestrian Easement "P-1" (6 feet wide) over and across Lot 3 of Princeville at Hanalei, Parcel 1-B, Unit XI in favor of the County of Kauai.

I. "RESERVING, FURTHER, unto Princeville Development Corporation, its successors and assigns such easements as it may now or hereafter require in connection with the development of its other Princeville lands and reserving unto Princeville Development Corporation within such easements, rights of way and the right to grant to any public utility or public or private authority, the County of Kauai or the State of Hawaii such rights of way over, across and under such easements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, cable television, water, sewer, drainage and other similar public services and utilities, and the right to enter for such purposes and to repair such facilities."; as reserved in Deed dated August 17, 1983, recorded in said Bureau, in Book 17393, Page 581.

J. Limits of 100-year coastal floodline, as shown on Survey Map of R. M. Towill Corporation, dated October 3, 1985.

K. Open District as shown on Survey Map of R. M. Towill Corporation, dated October 3, 1985.

L. Conservation as shown on Survey Map of R. M. Towill Corporation, dated October 3, 1985.

M. Water course as shown on Survey Map of R. M. Towill Corporation, dated October 3, 1985.

N. The real property tax map shows Triangulation Survey Station "Hanalei" being located within said Parcel Fourth. Attention is invited to the provisions of Section 172-13 of the Hawaii Revised Statutes relative to destruction, defacing or removal of survey monuments.

O. The burden of Easements "D-3" for drainage purposes, "D-14" for surface drainage purposes, "D-15" for surface drainage purposes, "D-16" for pipeline drainage purposes, and "D-19" for surface drainage purposes, as shown on Survey Map of R. M. Towill Corporation, dated October 3, 1985.

5. Survey Map of R. M. Towill Corporation dated October 3, 1985 is subject to approval by Shoreline Certification by State Surveyor; delineation of land use boundaries by State of Hawaii, Land Use Commission; and delineation of zoning district line by County of Kauai, Planning Department.

6. As to real property taxes, your attention is directed to the Director of Finance, County of Kauai.

EXHIBIT "G"

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>
310	641.80 7,701.60
311	481.25 5,775.00
312	481.25 5,775.00
313	641.80 7,701.60
314	641.80 7,701.60
315	641.80 7,701.60
316	641.80 7,701.60
320	641.80 7,701.60
321	481.25 5,775.00
322	481.25 5,775.00
323	641.80 7,701.60
324	641.80 7,701.60
325	641.80 7,701.60
326	641.80 7,701.60

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	130.00	1,560.00
Electricity		
[] common elements only		
[] common elements and apartments		
Gas		
Refuse Collection	122.00	1,464.00
Telephone		
Water and Sewer	350.00	4,200.00

Maintenance, Repairs and Supplies

Building	610.00	7,320.00
Grounds	136.00	1,632.00

Management

Management Fee	800.00	9,600.00
Payroll and Payroll Taxes	2,000.00	24,000.00
Office Expenses	269.99	3,228.00

Insurance 728.00 8,736.00

Reserves 1,911.00 22,932.00

Taxes and Government Assessments 10.00 120.00

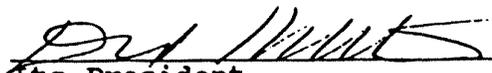
Audit Fees 141.00 1,692.00

Other

Television	434.00	5,208.00
Appliances	431.00	5,172.00
Vehicle Expense	41.00	492.00
Princeville Association	150.00	1,800.00
Legal	30.00	360.00
Parking	50.00	600.00
TOTAL	<u>8,343.00</u>	<u>100,116.00</u>

We, OWNER'S MANAGEMENT CORPORATION, as managing agents 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.

By


Its President

Date: 3/22/91

EXHIBIT "H"

Summary of Sales Contract

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

(a) A buyer must obtain his own financing. Buyer acknowledges that this Sales Contract is contingent on any financing after the issuance of the final public report.

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

(c) That interest on deposits shall belong to the buyer so long as said funds are held in escrow.

(d) That the unit will be subject to various other legal documents which the buyer certifies that he has examined.

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

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

EXHIBIT "I"

Summary of Escrow Agreement

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

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

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

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 96786

March 8, 1991

COPY

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 Bali Hai Villas Condominium Report
Tax Map Key: 5-4-05:36, 37 & 50
Princeville, Kauai

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

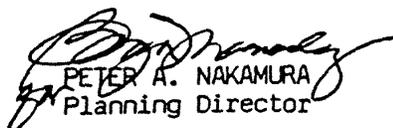
The amount of apartment units corresponds to the allowable unit density permitted by the CZO. In December 1990, the developer obtained the Kauai Planning Commission's approval of Use Permit U-91-10 and Class IV Zoning Permit Z-IV-91-12 to construct 257 condominium units on the subject parcels.

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.

EXHIBIT "J"
Kauai County, Planning Department Letter

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
Page 2
March 8, 1991

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


PETER A. NAKAMURA
Planning Director

cc: ✓Michael H. Sakai, Esq.