



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

KANAELE ROAD CONDOMINIUM
 4436 Kanaele Road
 Kapaa, Kauai, Hawaii

Registration No. 2506 (Conversion)

Issued: November 25, 1991
 Expires: December 25, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of November 15, 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 dated November 14, 1991.
Type of Report: 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)
- 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.

No prior reports have been issued by the Commission.

Changes made are as follows:

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*****
*   SPECIAL NOTICE:
*
*
*   1.  This Public Report does not constitute an approval of the
*       project nor that all County Codes and Ordinances have been
*       complied with.
*
*   2.  This project does not involve the sale of individual sub-
*       divided lots. The dotted lines on the Condominium Map
*       (Exhibit A) are for illustration purposes only. They merely
*       represent the approximate location of the limited common
*       element assigned to each unit.
*
*   3.  Facilities and improvements normally associated with County
*       approved subdivisions, such as fire protective devices,
*       County street lighting, electricity, upgraded water facili-
*       ties, improved access for owner and emerging traffic, drain-
*       age 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.  Read Exhibit I (Letter 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.

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 _____
- 3. High Rise (5 stories or more) Low Rise
- 4. Single or Multiple Buildings

5. Apartment Description

<u>Apt. No.</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Storage Shed(s), Lanai/Patio (sf)</u>
A	1	1/1	500	24 (patio)
B	1	3/2	1,520	520 (lanai)
				576 (garage)

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)	4
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	_____
Total Parking Stalls	<u>4</u>

7. Recreational amenities:

NONE

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: WALLACE E. and CHRISTINE D. SHEAFFER Phone: (808) 822-0625
Name (Business)
4436 Kanaele Road
Business Address
Kapaa, HI 96746

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

Real Estate Broker: SUMMERS REALTY Phone: (808) 822-5876
Name Attention: Majorie L. Lewis (Business)
1343 Ulu Street
Business Address
Kapaa, HI 96746

Escrow: TITLE GUARANTY ESCROW SERVICES, INC. Phone: (808) 245-3381
Name (Business)
4414 Kukui Grove Street, Suite 104
Business Address
Lihue, HI 96766

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

Condominium Managing Agent: **Self-managed by Association of Phone: _____
Name Apartment Owners (Business)
Business Address

Attorney for Developer: STEVEN R. LEE Phone: (808) 246-1101
Name (Business)
2959 Umi Street, Suite 300
Business Address
Lihue, HI 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. 91-101260
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. 1534
 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. 91-101261
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>N/A</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

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	_____	_____	<input checked="" type="checkbox"/> Agricultural	2	yes
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: <u>Please see page 18</u> for further explanation.					

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: Refer to the Declaration of Protective Covenants and Building Rule

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators _____ 0 Stairways _____ 0 Trash Chutes _____ 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Storage Shed(s), Lanai/Patio (sf)</u>
A	1	1/1	500	24 (patio)
B	1	3/2	1,520	520 (lanai)
_____	_____	_____	_____	576 (garage)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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.

Boundaries of Each Apartment: The boundaries of each apartment shall be the outer surface of the entire building on the specific areas set in the project. Wires or conduits, pipes or any utility lines running over, under or through any apartment which are utilized for or serve more than one unit shall not be deemed as part of the apartment, the same being deemed common elements.

The area of land (limited common element) set aside for each unit and the location of each apartment in the project are illustrated on the condominium plot plan attached as 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: 4

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>2</u>	<u>2</u>	_____	_____	_____	_____	<u>4</u>
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra Available for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>4</u>		_____	_____	_____	_____	_____

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

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: _____

9. Present Condition of Improvements

(For conversions of residential apartments in existence for at least five years): Not Applicable

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

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

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	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 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, if any.

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 August 2, 1991 and issued by TITLE GUARANTY OF HAWAII.

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

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

Mortgage

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:

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:

NONE

2. Appliances:

NONE

J. Status of Construction and Estimated Completion Date:

Construction of Unit A was completed in September 1990. Construction of Unit B was completed in August 1989.

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 April 24, 1991

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 the project 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 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 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, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2506 filed with the Real Estate Commission on August 27, 1991

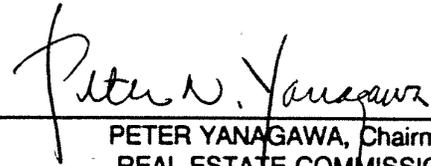
Reproduction of Report. When reproduced, this report must be on:

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 YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

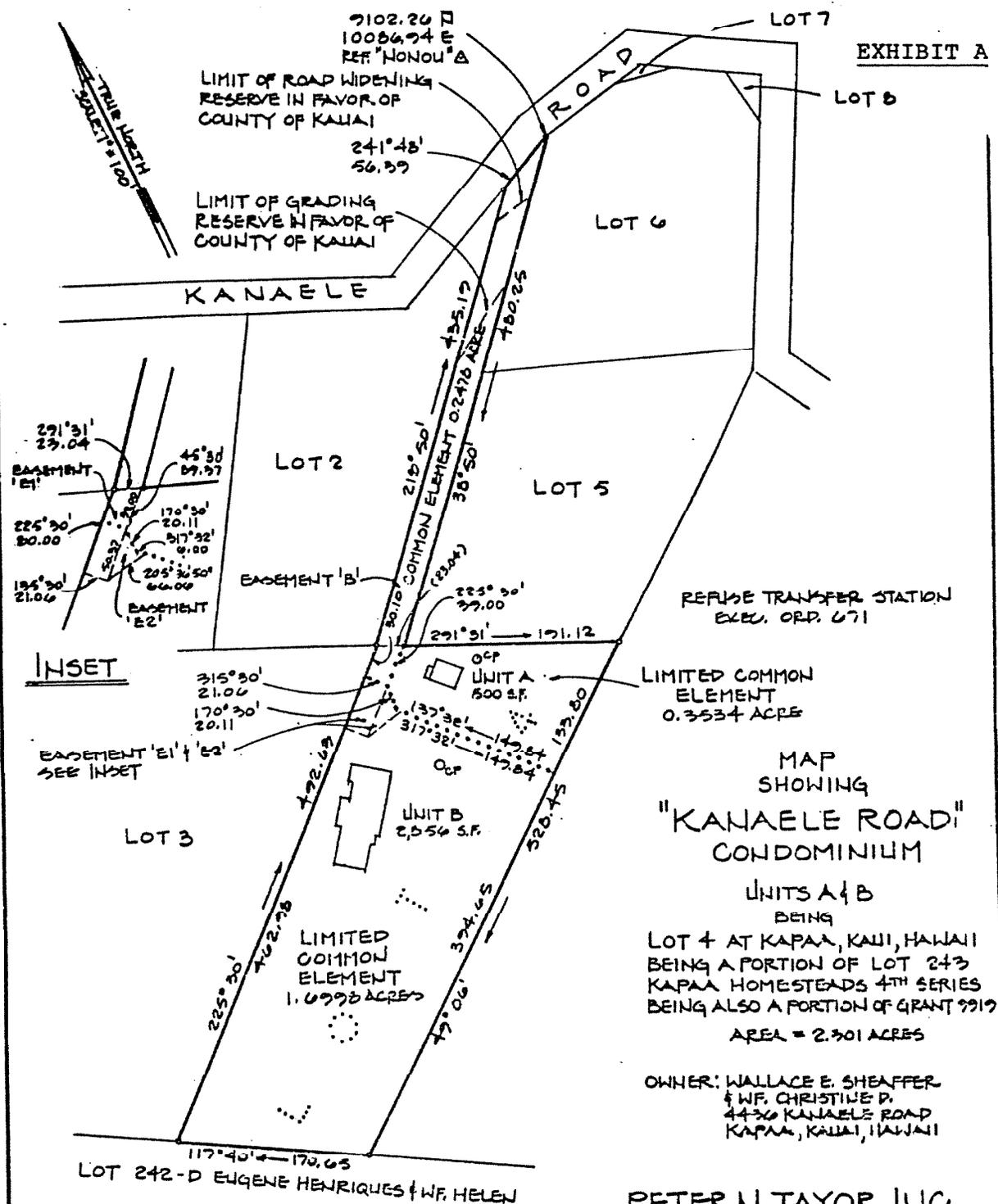
Bureau of Conveyances

Department of Finance, County of Kauai

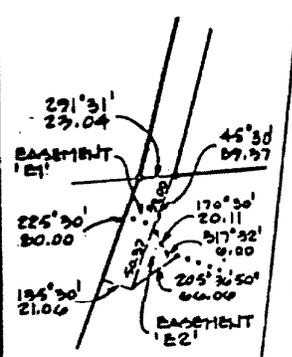
Planning Department, County of Kauai

Federal Housing Administration

EXHIBIT A



INSET



MAP SHOWING
"KANAELE ROAD"
CONDOMINIUM

UNITS A & B
BEING

LOT 4 AT KAPAA, KAUAI, HAWAII
BEING A PORTION OF LOT 243
KAPAA HOMESTEADS 4TH SERIES
BEING ALSO A PORTION OF GRANT 9919
AREA = 2.301 ACRES

OWNER: WALLACE E. SHEAFFER
& WF. CHRISTINE D.
4430 KANAELE ROAD
KAPAA, KAUAI, HAWAII

PETER N. TAYOR INC.

CONSULTING ENGINEER
4444 RICE STREET SUITE 201-A
LIHUE, KAUAI, HAWAII
245-9154

THIS WORK WAS PREPARED BY
ME OR UNDER MY SUPERVISION

Masao Fujishige
MASAO FUJISHIGE
REGISTERED PROFESSIONAL SURVEYOR
CERTIFICATE NUMBER 1065
APRIL 17, 1991

EASEMENT 'B' CONTAINING 10,071 S.F. AFFECTING COMMON ELEMENT BEING FOR UTILITY PURPOSES IN FAVOR OF LOTS 1, 2, 3, 5 & 6.

EASEMENT 'E1' CONTAINING 1,783 S.F. AFFECTING UNIT B BEING FOR UTILITY PURPOSES IN FAVOR OF KAUAI ELECTRIC.

EASEMENT 'E2' CONTAINING 573 S.F. AFFECTING UNIT B BEING FOR UTILITY PURPOSES IN FAVOR OF KAUAI ELECTRIC.

EXHIBIT B

SUMMARY OF SALES CONTRACT

The KANAELE ROAD 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 closing date for the purchase.

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

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

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

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

(c) After issuance of the Final Public Report and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Buyer shall have the right to rescind the contract.

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

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

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

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

(h) The purchaser will accept the Unit "AS-IS" unless the contract states to the contrary.

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

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

SPECIAL NOTICE

* * * * *

THE FOREGOING SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CONTRACT. WHILE A 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 KANAELE ROAD CONDOMINIUM

Qty.	Apt. No.	Area of Limited Common Element	No. of BR/BATH	Appx Net Living Area (Sq. Ft.)	Appx Lanai Area (Sq. Ft.)	% of Common Int.
1	A	0.3534 AC	1/1	500	24 (patio)	50
1	B	1.6998 AC	3/2	1,520	520(lanai) 576(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, each unit owner may use his unit, alter or add to its structure in any manner he deems desirable. If adjoining unit owners desire to alter and/or transfer portions of their respective units, they can do so by the filing of an amendment to the Condominium Map and the Declaration together with their respective signatures. See Exhibit 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 WALLACE E. SHEAFFER and CHRISTINE D. SHEAFFER, (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 Buyer's funds and disburse Buyer's funds at closing. No disbursements will be made from Buyer's fund until all requirements of Hawaii Revised Statutes, have been met.

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) All driveways, walkways, ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, 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 A and B are located, shown and designated on the Condominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective unit.

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
A	0.3534 AC
B	1.6998 AC

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

END OF EXHIBIT E

EXHIBIT F

Encumbrances Against Title

1. Real property taxes, a lien not yet due and payable. Check with the Kauai County Tax Assessor for further information.

2. Easement "B" for access and utility purposes, as shown on survey map approved on March 23, 1988, prepared by Dennis M. Esaki, as granted in Grant of Easement dated August 26, 1988, recorded in Liber 22435 at Page 222 in favor of CITIZENS UTILITIES COMPANY and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, more particularly described in Exhibit "A" attached hereto.

3. A thirteen (13) foot wide road widening reserve along Kanaele Road. No new structures will be permitted within the reserve; new structures shall be setback from the reserve, as shown on said survey map.

4. A grading reserve in favor of the County of Kauai as shown on Final Subdivision Map.

5. Covenants, conditions and restrictions set forth in DECLARATION dated May 10, 1988, recorded in Liber 21935 at Page 170.

6. **AGREEMENT**

DATED : November 1, 1988
RECORDED : Liber 22564 Page 556
BY : WALLACE E. SHEAFFER and CHRISTINE D. SHEAFFER,
husband and wife
WITH : COUNTY OF KAUAI PLANNING DEPARTMENT
FM : FARM DWELLING

7. MORTGAGE

MORTGAGOR : WALLACE E. SHEAFFER and CHRISTINE D. SHEAFFER,
husband and wife

MORTGAGEE : KAUAI COMMUNITY FEDERAL CREDIT UNION, a
federally chartered organization

DATED : December 13, 1988
RECORDED : Liber 22666 Page 210
AMOUNT : \$70,000.00

8. GRANT

TO : CITIZENS UTILITIES COMPANY

DATED : March 16, 1989
RECORDED : Liber 23085 Page 295
GRANTING : a perpetual right and easement to build,
construct, reconstruct, rebuild, repair,
maintain and operate pole and wire lines
and/or underground lines, etc., for the
transmission and distribution of electricity,
etc.

9. MORTGAGE

MORTGAGOR : WALLACE E. SHEAFFER and CHRISTINE D. SHEAFFER,
husband and wife

MORTGAGEE : AMERICAN SAVINGS BANK, F.S.B., a federal
savings bank

DATED : January 10, 1990
RECORDED : Document No. 90-005329
AMOUNT : \$76,800.00

10. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : WALLACE E. SHEAFFER and CHRISTINE D. SHEAFFER,
husband and wife

MORTGAGEE : KAUAI COMMUNITY FEDERAL CREDIT UNION, a
federally chartered organization

DATED : March 16, 1990
RECORDED : Document No. 90-039383
AMOUNT : \$90,000.00

11. AGREEMENT AND DECLARATION FOR MAINTENANCE AND REPAIR OF EASEMENTS dated --, 1988, (acknowledged July 26, 1988, July 27, 1988, September 2, 1988 and August 10, 1988) recorded as Document No. 91-033544, by and between DENNIS ESAKI, husband of Hisako Esaki, CHRISTOPHER OWEN KAUAAHI, husband of Shirley Ann Kauahi, and MICHAEL CHAVEZ MACHADO, unmarried, CLARENCE YUKIO ISHIDA, JR. and JANET SHERI ISHIDA, husband and wife, GREGG A. WINSTON, unmarried, and GEORGE M. WINSTON, husband of Sandra Joy Winston.

-Note:- No joinder by Wallace E. Sheaffer and Christine D. Sheaffer to above Agreement.

12. 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 June 28, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-010260, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 1534.)
13. By-Laws of the Association of Apartment Owners of the Condominium Project known as "KANAELE ROAD CONDOMINIUM" dated June 28, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-010261, as the same may hereafter be amended.
14. Covenants, conditions and restrictions set forth in DECLARATION dated June 28, 1991, recorded as Document No. 91-101262.

END EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR
KANAELE ROAD CONDOMINIUM

Pursuant to Hawaii Revised Statutes Section 514(A)-61, the developers of KANAELE ROAD Condominium make the following disclosures:

1. The developers of the project are WALLACE E. SHEAFFER and CHRISTINE D. SHEAFFER, 4436 Kanaele Road, Kapaa, HI 96746, (808) 822-0625.

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. Only the statutory builder's warranty will apply to any individual unit. There are pre-existing structures on the property and no other warranty will be made regarding the buildings.

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

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


WALLACE E. SHEAFFER


CHRISTINE D. SHEAFFER

Dated: June 28, 1991

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 A	\$ 97.50	\$1,170.00
Unit B	\$ 97.50	\$1,170.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

common elements
and apartments

Gas

Refuse Collection

Telephone

Water and Sewer

\$ 20.00

\$ 240.00

Maintenance, Repairs and Supplies

Building

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

\$ 10.00

\$ 120.00

Reserves

Taxes and Government Assessments

\$165.00

\$1,980.00

Audit Fees

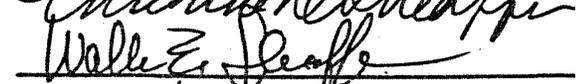
Other

TOTAL

\$195.00

\$2,340.00

We, WALLACE E. SHEAFFER and CHRISTINE D. SHEAFFER, as
developers 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.

Date: 6/28/91

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 14, 1991

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 Kanaele Road Condominium Report
Tax Map Key:4-6-12:93
Kapaa Homesteads, Kauai
LOTR:08/26/91

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

The amount of limited common elements proposed 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, an additional dwelling unit facilities clearance form has been obtained by the developer for this property pursuant to Ord. 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 Public Report to be a legal subdivision of land.

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

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission
Page 2
November 14, 1991

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 Condominium Public Report 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 emergency 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

xc: Steven R. Lee

KANAELRD.CPR

EXHIBIT J

KAMAMALU SUBDIVISION
COVENANTS, CONDITIONS AND RESTRICTIONS

1. LOT USE THE USES ON THE NEWLY-CREATED LOTS SHALL BE LIMITED TO THOSE LISTED AS PERMISSIBLE USES WITHIN THE "A" AGRICULTURE DISTRICT IN THE STATE LAND USE COMMISSION RULES AND REGULATIONS.
2. NUISANCES NO NOXIOUS OR OFFENSIVE ACTIVITY SHALL BE CARRIED ON UPON THE LOT, NOR SHALL ANYTHING BE DONE THEREON WHICH MAY BE OR MAY BECOME AN NUISANCE TO THE NEIGHBORHOOD.
3. MAINTENANCE OF LOT THE OWNER SHALL AT ALL TIMES MAINTAIN SAID LOT IN A GOOD, NEAT AND CLEAN CONDITION SO AS TO PREVENT IT FROM BECOMING OVERGROWN WITH GRASS AND WEEDS, UNSIGHTLY, UNSANITARY IN A HAZARD TO HEALTH.
4. EASEMENTS ALL EASEMENTS FOR ACCESS, INSTALLATION AND MAINTENANCE OF UTILITIES, WATER AND DRAINAGE FACILITIES AS SHOWN ON THE FINAL MAP FOR KAMAMALU SUBDIVISION, ON FILE WITH THE KAUAI COUNTY PLANNING DEPARTMENT, OF WHICH THE SAID LOT IS A PART, ARE RESERVED FOR THE PURPOSE AND THE BENEFIT OF THE SUBDIVISION. WITHIN SAID EASEMENTS NO STRUCTURE, PLANTING OR MATERIAL SHALL BE PERMITTED TO REMAIN THEREIN WHICH MAY DAMAGE OR INTERFERE WITH ACCESS. SAID LOT SHALL HAVE FULL AND FREE RIGHTS AND AUTHORITY, EXCEPT AS LIMITED AS AFORESAID, IN THE NATURE OF A PERPETUAL EASEMENT, TO BE USED AS AND FOR A ROAD RIGHT-OF-WAY AND FOR EVERY UTILITY.
5. BINDING NATURE OR COVENANTS NO DEED, MORTGAGE, LEASE OR OTHER INSTRUMENT OF CONVEYANCE AFFECTING THE LOT SHALL BE MADE OR DELIVERED UNLESS SUCH DEED, MORTGAGE, LEASE OR OTHER INSTRUMENT OF CONVEYANCE SHALL CONTAIN OR BE SUBJECT TO THE SAME RESTRICTIVE COVENANTS AS HEREIN SET FORTH, INCLUDING THIS COVENANT.
6. REMEDIES FOR VIOLATION OF COVENANTS FOR ANY VIOLATION OR THREATENED VIOLATION OF ANY OF THE PROVISIONS HEREIN, THE SELLER/GRANTOR AND EACH LOT OWNER OF SAID SUBDIVISION SHALL HAVE A REMEDY AGAINST THE OFFENDING PARTY BY ACTION FOR DAMAGES, SUIT FOR INJUNCTION MANDATORY OR RESTRAINING, OR ANY OTHER REMEDY, WITHOUT PREJUDICE TO THE RIGHT OF ANY OTHER LOT OWNER WITHIN SAID SUBDIVISION TO ADOPT OR PURSUE THE SAME OR FOR ANY SUBSEQUENT VIOLATION OR THREATENED VIOLATION.

RECORDATION REQUESTED BY:

SECURITY TITLE CORPORATION

AFTER RECORDATION, RETURN TO:
SECURITY TITLE CORPORATION
4370 Kukui Grove Street, Suite 203
Lihue, Hawaii 96766

PHONE: (808) 245-6975

RETURN BY: MAIL () PICKUP ()

S-87-58, John O'Brien

DECLARATION OF COVENANTS AND RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, DENNIS ESAKI, husband of Hisako Esaki, whose residence and post office address is 5641 Kaapuni Road, Kapaa, Hawaii 96746, and CHRISTOPHER OWEN KAUANI, husband of Shirley Ann Kauani, whose residence and post office addresses are Kalaheo, Kauai, Hawaii, and P. O. Box 501, Kalaheo, Hawaii 96741, respectively, hereinafter called "Declarant," is the owner of all those certain parcels of land situate at Kapaa Homesteads, 4th Series, Kawahau, Kapaa, Kauai, Hawaii, being a subdivision of Lot 243, Kapaa Homesteads, 4th Series, being also a portion of Grant 9919, being Lots 1 to 6, containing a total area of approximately 9.07 acres, more or less, all as more fully described in Exhibits "A" through "F" attached hereto and made parts hereof, and consisting of six lots; and,

WHEREAS, Declarant intends to develop, sell and convey Lots 1 through 6 for residential and agricultural uses and desires to impose upon said lots mutual and beneficial restrictions, covenants and conditions under a plan of development and improvement for the benefit of all lots in said subdivision (S-87-58, John O'Brien);

NOW, THEREFORE, Declarant does hereby declare that Lots 1 to 6, inclusive, of said subdivision, are and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the following declarations:

1. Lot Use. No lot shall be used except for uses permitted within the "A" Agricultural District in the State Land Use

Commission Rules and Regulations, as amended. Only farm dwellings, as defined in said Rules and Regulations shall be permitted.

2. Nuisances. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. The raising of bees, pigs and poultry, which for the purposes of this Declaration are considered nuisances, shall be expressly prohibited.

3. Maintenance of Lot. The owner of each lot shall at all times maintain said lot in a good, neat and clean condition so as to prevent it from becoming overgrown with grass and weeds, unsightly, unsanitary or a hazard to health. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall be kept in sanitary containers. All inclinerators or other equipment for storage or disposal of such material shall be kept in a clean and sanitary condition.

4. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuildings shall be used on any lot at any time as a residence, either temporarily or permanently; no metal shacks shall be allowed.

5. Used Construction Materials and Buildings. No used or secondhand lumber or other material shall be used or incorporated in the construction of any improvements on any lot, nor shall there be placed or maintained upon any lot any used buildings which have been moved from another location.

6. Single Family Farm Dwelling. Construction of farm dwellings shall comply with all governmental laws, rules and regulations.

7. Lot Construction. No part of any lot shall be filled, excavated or otherwise altered as to grade in such manner as to adversely affect drainage of any adjoining lot.

8. Setback Lines and Easements Within Lots. Setback lines for future road widening and all easements for access, installation and maintenance of utilities and drainage facilities, if any, as shown on the final map of said subdivision on file with the Kauai County Planning Department are reserved for the purpose and benefit of the subdivision. Within said setback lines and easements no structure, planting (other than

ground cover), or material shall be placed, grown or permitted to remain therein which may damage or interfere with future road widening and with the installation, maintenance and repairs of such utilities, drainage facilities and entry signs, or which may change the directional flow of drainage channels or swales. The setback and easement areas of the lots, including drainage ditches and swales therein, if any, shall be maintained in good ground cover condition by the respective owners of said lots.

9. Restrictive Access Onto Kanaele Road. No direct access onto Kanaele Road shall be permitted from Lots 2, 5 and 6. Access onto Kanaele Road from these Lots shall be only over the pole portions of Lots 3 and 4 which are designated as common access/utility easements in favor of each other as well as for Lots 2, 5 and 6.

10. Binding Nature of Declaration. No deed, mortgage, lease or other instrument of conveyance affecting any lot shall be made or delivered unless such deed, mortgage, lease or other instrument of conveyance shall contain or be subject to the same restrictive covenants as in this Declaration set forth, including this covenant.

11. Remedies for Violation of Declaration. For any violation or threatened violation of this Declaration or any covenants and provisions herein, the Declarant and each lot owner shall have a remedy against the offending party by action for damages, suit for injunction, mandatory or restraining, or any other remedy, without prejudice to the right of any other owner or owners to adopt or pursue the same or for any subsequent violation or threatened violation.

12. Duration of Restrictive Covenants. The covenants herein shall run with the land and be binding on all lot owners, their respective heirs, successors, assigns, and all persons claiming under them, for a period of twenty-five (25) years from the date this Declaration is recorded, EXCEPT for Covenant 1, which shall continue to remain in effect so long as the lots remain within the "A" Agricultural District, and covenants 7, 8 and 9, which shall continue in perpetuity.

13. Severability. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other covenants, which shall remain in full force and effect.

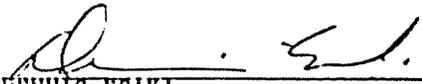
14. Captions. All captions in this Declaration are for convenience only and do not in any way limit or amplify the provisions hereof.

15. Gender and Number. The use of any gender herein shall include all genders, and the use of any number shall be construed as singular or plural, as the paragraph may require.

16. All of the foregoing restrictions are intended to constitute a general plan for the development and improvement and sale of said lots, and are established for the purpose of enhancing and protecting the value, desirability, attractiveness and quality of the development as a whole and each of said lots therein.

17. All of the foregoing are also covenants running with the land at law as well as in equity and are binding upon and inure to the benefit of the successors and assigns of the declarant and all present and future persons owning or having an interest in any of said lots or a part thereof.

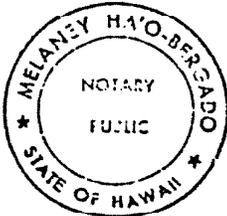
IN WITNESS WHEREOF, Declarant has executed this Declaration on the _____ day of MAY 10 1988, 19_____.


DENNIS ESAKI


CHRISTOPHER OWEN KAUAHI

STATE OF HAWAII,)
COUNTY OF KAUAI.) 88.

On this _____ day of MAY 10 1988, 19____; before me personally appeared DENNIS ESAKI, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.



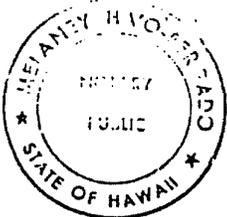
Melaney Hano-Bergado
Notary Public, State of Hawaii

My commission expires: 5th Judicial Circuit
State of Hawaii

MELANEY HANO-BERGADO
Notary Public, State of Hawaii
My commission expires January 20, 1990

STATE OF HAWAII,)
COUNTY OF KAUAI.) 88.

On this _____ day of MAY 10 1988, 19____, before me personally appeared CHRISTOPHER OWEN KAUAIHII, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.



Melaney Hano-Bergado
Notary Public, State of Hawaii

My commission expires: 5th Judicial Circuit
State of Hawaii

MELANEY HANO-BERGADO
Notary Public, State of Hawaii
My commission expires January 20, 1990

Lot 1

LAND SITUATED AT KAPAA, KAWAIIHAU, KAUAI, HAWAII

Being a Portion of Lot 243 of Kapaa Homesteads, Fourth Series,
Being also a Portion of Grant 9919

Beginning at the Northeast corner of this lot, on the South side of Kanaele Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 9,057.94 feet North and 9,775.46 feet East and running by azimuths measured clockwise from true South:

1. 29° 15' 305.79 feet along remainder of Grant 9919 (Lot 2);
2. 111° 31' 134.96 feet along remainder of Grant 9919 (Lot 3);
3. 203° 07' 303.13 feet along remainder of Grant 9919 (Lot 243-F);
4. 291° 31' 167.65 feet along the South side of Kanaele Road to the point of beginning and containing an area of 1.052 acres.

TOGETHER WITH, Easements "A", "B", "C", "D", "E", and "F" for access and utility purposes.

SUBJECT, HOWEVER, to a 13 foot wide road widening reserve along Kanaele Road. No new structures will be permitted within the reserve; new structures shall be setback from the reserve.

ALSO, SUBJECT, HOWEVER, to a grading reserve in favor of the County of Kauai.



Lihue, Hawaii
March 1, 1988

Description Prepared by:
ESAKI SURVEYING AND MAPPING, INC.

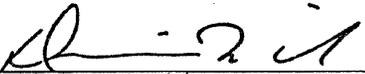

Dennis M. Esaki
Registered Professional Surveyor
Certificate Number 4383

EXHIBIT A

LOT 2

LAND SITUATED AT KAPAA, KAWAIIHAU, KAUAI, HAWAII

Being a Portion of Lot 243 of Kapaa Homesteads, Fourth Series,
Being also a Portion of Grant 9919

Beginning at the Northwest corner of this lot, on the South side of Kanaele Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 9,057.94 feet North and 9,775.46 feet East and running by azimuths measured clockwise from true South:

- | | |
|-----------------|--|
| 1. 291° 31' | 141.75 feet along the South side of Kanaele Road; |
| 2. 345° 10' 30" | 44.10 feet along remainder of Grant 9919 (Lot 3); |
| 3. 38° 50' | 280.19 feet along remainder of Grant 9919 (Lot 3); |
| 4. 111° 31' | 125.64 feet along remainder of Grant 9919 (Lot 3); |
| 5. 209° 15' | 305.79 feet along remainder of Grant 9919 (Lot 1) to the point of beginning and containing an area of 1.044 acres. |

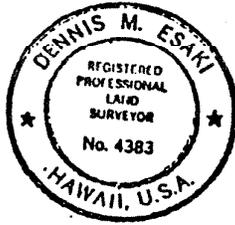
TOGETHER WITH, Easements "A", "B", "D", and "E" for access and utility purposes.

SUBJECT, HOWEVER, to a 13 foot wide road widening reserve along the South side of Kanaele Road. No new structures will be permitted within the reserve; new structures shall be setback from the reserve.

ALSO SUBJECT, HOWEVER, to Easement "C" for access and utility purposes in favor of Lot 1.

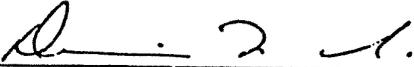
ALSO SUBJECT, HOWEVER, to Easement "F" for access and utility purposes in favor of Lots 1, 3, 4, 5, and 6.

ALSO SUBJECT; HOWEVER, to a grading reserve in favor
of the County of Kauai.



Lihue, Hawaii
March 1, 1988

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LOT 3

LAND SITUATED AT KAPAA, KAWAIHAU, KAUAI, HAWAII

Being a Portion of Lot 243 of Kapaa Homesteads, Fourth Series,
Being also a Portion of Grant 9919

Beginning at the Northwest corner of this lot, on the South side of Kanaele Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 9,005.95 feet North and 9,907.33 feet East and running by azimuths measured clockwise from true South:

- | | |
|-----------------|---|
| 1. 241° 48' | 147.41 feet along the South side of Kanaele Road; |
| 2. 38° 50' | 435.19 feet along remainder of Grant 9919 (Lot 4); |
| 3. 45°-30' | 492.63 feet along remainder of Grant 9919 (Lot 4); |
| 4. 117° 40' | 96.28 feet along remainder of Grant 9919 (Lot 242-D); |
| 5. 203° 07' | 439.96 feet along remainder of Grant 9919 (Lot 243-E & Lot 243-F); |
| 6. 291° 31' | 260.00 feet along remainder of Grant 9919 (Lot 1 & Lot 2); |
| 7. 218° 50' | 280.19 feet along remainder of Grant 9919 (Lot 2); |
| 8. 165° 10' 30" | 44.10 feet along remainder of Grant 9919 (Lot 2) to the point of beginning and containing an area of 2.203 acres. |

TOGETHER WITH, Easements "B", "D", "E" and "F" for access and utility purposes.

SUBJECT, HOWEVER, to a 13 foot wide road widening reserve along the South side of Kanaele Road. No new structures will be permitted within the reserve; new structures shall be set-back from the reserve.

ALSO SUBJECT, HOWEVER, to a grading reserve in favor of the County of Kauai.

ALSO SUBJECT, HOWEVER, to Easement "A" for access and utility purposes in favor of Lots 1, 2, 4, 5, and 6.



Description Prepared by:
ESAKI SURVEYING AND MAPPING, INC.

A handwritten signature in black ink, appearing to read "Dennis M. Esaki", written over a horizontal line.

Dennis M. Esaki
Registered Professional Surveyor
Certificate Number 4383

Lihue, Hawaii
March 1, 1988

Lot 4

LAND SITUATED AT KAPAA, KAWAIIHAU, KAUAI, HAWAII

Being a Portion of Lot 243 of Kapaa Homesteads, Fourth Series,
Being also a Portion of Grant 9919

Beginning at the Northeast corner of this lot, on the South side of Kanaele Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 9,102.26 feet North and 10,086.94 feet East and running by azimuths measured clockwise from true South:

- | | | |
|----|----------|--|
| 1. | 38° 50' | 480.25 feet along remainder of Grant 9919 (Lot 6 & Lot 5); |
| 2. | 291° 31' | 191.12 feet along remainder of Grant 9919 (Lot 5); |
| 3. | 49° 06' | 528.45 feet along Grant 11254; |
| 4. | 117° 40' | 170.65 feet along Grant 10541 (Lot 242-D); |
| 5. | 225° 30' | 492.63 feet along remainder of Grant 9919 (Lot 3); |
| 6. | 218° 50' | 435.19 feet along remainder of Grant 9919 (Lot 3); |
| 7. | 241° 48' | 56.39 feet along the South side of Kanaele Road to the point of beginning and containing an area of 2.301 acres. |

TOGETHER WITH, Easements "A"; "D", "E", and "F" for access and utility purposes.

SUBJECT, HOWEVER, to a 13 foot wide road widening reserve along Kanaele Road. No new structures will be permitted within the reserve; new structures shall be setback from the reserve.

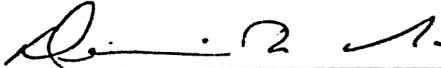
ALSO SUBJECT, HOWEVER, to a grading reserve in favor of the County of Kauai.

ALSO SUBJECT, HOWEVER, to Easement "B" for access and utility purposes in favor of Lots 1, 2, 3, 5, and 6.



Lihue, Hawaii
March 1, 1988

Description Prepared by:
ESAKI SURVEYING AND MAPPING, INC.


Dennis M. Esaki
Registered Professional Surveyor
Certificate Number 4383

Lot 5

LAND SITUATED AT KAPAA, KAWAIHAU, KAUAI, HAWAII

Being a Portion of Lot 243 of Kapaa Homesteads, Fourth Series,
Being also a Portion of Grant 9919

Beginning at the Northeast corner of this lot, on the South side of Kanaele Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 8,851.68 feet North and 10,175.20 feet East and running by azimuths measured clockwise from true South:

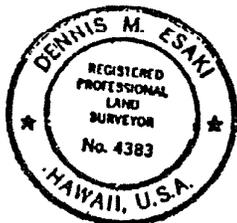
1. 25° 30' 19.50 feet along the South side of Kanaele Road;
2. 49° 06' 268.85 feet along Grant 11254;
3. 111° 31' 191.12 feet along remainder of Grant 9919 (Lot 4);
4. 218° 50' 254.45 feet along remainder of Grant 9919 (Lot 4);
5. 288° 00' 241.68 feet along remainder of Grant 9919 (Lot 6) to the point of beginning and containing an area of 1.249 acres.

TOGETHER WITH, Easements "A", "B", "D", and "F" for access and utility purposes.

SUBJECT, HOWEVER, to a 13 foot wide road widening reserve along Kanaele Road. No new structures will be permitted within the reserve; new structures shall be setback from the reserve.

ALSO SUBJECT, HOWEVER, to a grading reserve in favor of the County of Kauai.

ALSO SUBJECT, HOWEVER, to Easement "E" for access and utility purposes in favor of Lots 1, 2, 3, 4, and 6.



Lihue, Hawaii
March 1, 1988

Description Prepared by:
ESAKI SURVEYING AND MAPPING, INC.

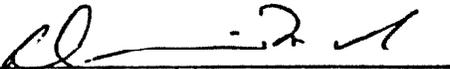

Dennis M. Esaki
Registered Professional Surveyor
Certificate Number 4383

EXHIBIT E

Lot 6

LAND SITUATED AT KAPAA, KAWAIIHAU, KAUAI, HAWAII
Being a Portion of Lot 243 of Kapaa Homesteads, Rurth Series,
Being also a Portion of Grant 9919

Beginning at the Southeast corner of this lot, on the South side of Kanaele Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 8,851.68 feet North and 10,175.20 feet East and running by azimuths measured clockwise from true South:

- | | |
|-------------|--|
| 1. 108° 00' | 241.68 feet along remainder of Grant 9919 (Lot 5); |
| 2. 218° 50' | 225.80 feet along remainder of Grant 9919 (Lot 4); |
| 3. 253° 45' | 79.40 feet along the South side of Kanaele Road; |
| 4. 276° 11' | 46.22 feet along remainder of Grant 9919 (Lot 7); |
| 5. 298° 37' | 54.81 feet along the South side of Kanaele Road; |
| 6. 349° 46' | 51.29 feet along remainder of Grant 9919 (Lot 8); |
| 7. 25° 30' | 231.21 feet along the South side of Kanaele Road to the point of beginning, and containing an area of 1.220 acres. |

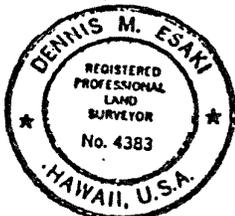
TOGETHER WITH, Easements "A", "B", "E", and "F" for access and utility purposes.

SUBJECT, HOWEVER, to a 13 foot wide road widening reserve along Kanaele Road. No new structures will be permitted within the reserve; new structures shall be setback from the reserve.

ALSO SUBJECT, HOWEVER, to a grading reserve in favor of the County of Kauai.

ALSO SUBJECT, HOWEVER, to Easement "D" for access and utility purposes in favor of Lots 1, 2, 3, 4, and 5.

Lihue, Hawaii
March 5, 1988



Description Prepared by:
ESAKI SURVEYING AND MAPPING, INC.

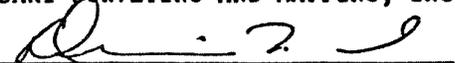

Dennis M. Esaki
Registered Professional Surveyor
Certificate Number 4383

EXHIBIT F

END OF EXHIBIT J