

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer STEVEN H. FRAILEY  
Address P. O. Box 267, Anahola, Hawaii 96703

Project Name(\*): SUNRISE FARMS  
Address: Larsen's Beach Road, Kaakaaniu, Kawaihau, Kauai, Hawaii

Registration No. 2592  
(Partial Conversion)

Effective date: December 28, 1995  
Expiration date: January 28, 1997

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

  X   SUPPLEMENTARY: This report updates information contained in the:  
(pink)  
                          [ ] Preliminary Public Report dated: \_\_\_\_\_  
                          [X] Final Public Report dated: February 28, 1992  
                          [ ] Supplementary Public Report dated: \_\_\_\_\_

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

(\*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report as Exhibit G.       Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows: The public report format currently in use by the Real Estate Commission ("Commission") is different from that upon which the final public report for this project was issued. Although this supplementary report supersedes the final report, if a prospective purchaser desires to compare the final report to the supplementary, information contained on a specific page of the supplementary report will not coincide to the same page number in the final report. Therefore, it is suggested that the table of contents be referred to when making comparisons between reports. Although the Sunrise Farms condominium project consists of three units, this supplementary report is to be used in connection with the sale of only Units 1 and 2. Unit 3 has already been sold. The purposes of this supplementary report are to: (a) disclose amendments to the Declaration of Condominium Property Regime and Condominium Map to reflect changes in the limited common element areas appurtenant to Units 2 and 3; (b) correct the inadvertent omission of a storage shed on Unit 1 in the final report; and (c) correct improper statements in the final report with regard to the adoption of house rules for the project and to disclose certain amendments to such house rules.

\* \* \* \* \*  
\* SPECIAL NOTICE: \*  
\* THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF DWELLING UNITS, OR \*  
\* OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, \*  
\* UNLESS THE PURCHASER IS PURCHASING AN EXISTING DWELLING, THERE IS NO \*  
\* ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A DWELLING UNIT \*  
\* ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL \*  
\* BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO \*  
\* RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE \*  
\* COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A \*  
\* DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY. \*  
\* 1. This Public Report does not constitute an approval of the \*  
\* project by the Real Estate Commission, or any other government \*  
\* agency, nor that all County Codes, Ordinances and subdivision \*  
\* requirements have been complied with. \*  
\* \*  
\* Continued... \*

\* Continued... \*

\* 2. This project does not involve the sale of individual subdivided \*

\* lots. The land area beneath and immediately adjacent to each \*

\* unit as shown on the Condominium Map is designated as a limited \*

\* common element for that unit and does not represent a legally \*

\* subdivided lot. The dotted lines on the Condominium Map merely \*

\* represent the location of the limited common element assigned to \*

\* each unit. \*

\* 3. Facilities and improvements normally associated with County \*

\* approved subdivisions, such as fire protection devices, County \*

\* street lighting, electricity, upgraded water facilities, \*

\* improved access for owner and emergency traffic, drainage \*

\* facilities, etc., may not necessarily be provided for and \*

\* services such as County street maintenance and trash collection \*

\* will not be available for interior roads and driveways. \*

\* 4. While the title report dated August 14, 1995, reflects the lack \*

\* of a recorded access to a public road, the Developer advises \*

\* that the County of Kauai has recently approved a subdivision \*

\* memorializing the location of the road and was to have recorded \*

\* the deed to the road prior to November 1, 1995. Larsen's Beach \*

\* Road has served as access to the project for over twenty years. \*

\* THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE \*

\* DOCUMENTS FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING. \*

\* \* \* \* \*

## TABLE OF CONTENTS

	page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Preparation of the Condominium Project	4
PERSONS CONNECTED WITH THE PROJECT	5
Developer                      Attorney for Developer      General Contractor	
Real Estate Broker          Escrow Company              Condominium Managing Agent	
I. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
II. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Condominium Map and Limited Common Element Locations	
EXHIBIT B: Summary of Sales Contract	
EXHIBIT C: Schedule of Apartments and Common Interests	
EXHIBIT D: Summary of Portions of Escrow Agreement	
EXHIBIT E: Common Elements and Limited Common Elements of the Project	
EXHIBIT F: Encumbrances Against Title	
EXHIBIT G: Disclosure Abstract	
EXHIBIT H: Estimate of Initial Maintenance Fees and Disbursements	
EXHIBIT I: Letter from the County of Kauai Planning Department	
EXHIBIT J: Summary of Declaration of Protective Covenants and House Rules	

## General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may individually be bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

### Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer:

STEVEN H. FRAILEY  
Name  
P. O. Box 267  
Business Address  
Anahola, Hawaii 96703

Phone: (808) 828-1869  
(Business)

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

N/A  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Real Estate  
Broker:

HANAIEI NORTHSORE  
PROPERTIES, LTD.  
Name  
P. O. Box 607  
Business Address  
Hanalei, Hawaii 96714

Phone: (808) 826-9622  
(Business)

Escrow:

TITLE GUARANTY ESCROW  
NAME SERVICES, INC.  
4414 Kukui Grove Street, #204  
Business Address  
Lihue, Hawaii 96766

Phone: (808) 245-3381  
(Business)

General  
Contractor:

N/A  
Name  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Phone: \_\_\_\_\_  
(Business)

Condominium  
Managing  
Agent:

Self-managed by the Association  
of Apartment Owners.  
Name  
\_\_\_\_\_  
Business Address  
\_\_\_\_\_

Phone: \_\_\_\_\_  
(Business)

Attorney for  
Developer:

STEVEN R. LEE, ESQ.  
Name  
4473 Pahe'e Street, Suite L  
Business Address  
Lihue, Hawaii 96766

Phone: (808) 246-1101  
(Business)

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 91-174996  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to Declaration of Condominium Property Regime dated July 26, 1995, recorded as Document No. 95-102498.

- 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 Conveyances Condo Map No. 1586  
 Filed - Land Court Condo Map No. \_\_\_\_\_

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: An Amended Condominium Map was filed simultaneously with the First Amendment to Declaration of Condominium Property Regime dated July 26, 1995, recorded as Document No. 95-102498.

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

- Proposed  
 Recorded - Bureau of Conveyances: Document No. 91-174997  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed                       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>80%</u>

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

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: The owner of Unit 1 is entitled to divide Unit 1 into as many as three units, with a minimum of 20% common interest per unit. Each such unit shall have entitlement to one residence (without regard to the right to construct a guest house). Please refer to Sections XXV and XXVI of the Declaration of Condominium Property Regime for further information.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

For Subleaseholds:

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

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

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

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

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

Lease Term Expires: \_\_\_\_\_

Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:             Monthly                             Quarterly  
     Semi-Annually                     Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month     Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

(4) 4-9-011-021

(4) 4-9-011-025

Address: Larsen's Beach Road

Tax Map Key:

(4) 4-9-011-026

Kaakaaniu, Kawaihau, Kauai, Hawaii (TMK)

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

Land Area: 23.500

[ ] square feet

[X] acre(s)

Zoning: Agricultural

Fee Owner : STEVEN H. FRAILEY  
RICHELE L. FRAILEY  
 Name  
P. O. Box 267  
 Address  
Anahola, Hawaii 96703

Sublessor: N/A  
 Name  
 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 4 Floors Per Building Unit 1 Residence: 2  
Unit 1, 2 & 3 Sheds: 1 each  
 Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete             Hollow Tile                             Wood  
 Other \_\_\_\_\_

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Other: <u>Shed</u>	<u>2</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?  
 Yes                             No

5. Special Use Restrictions:

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

Pets: \_\_\_\_\_

Number of Occupants: \_\_\_\_\_

Other: Special use restrictions are as contained in the Declaration of Protective Covenants and House Rules for Sunrise Farms, as amended a summary of which is attached hereto as Exhibit J.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0                      Stairways: Unit 1: 2                      Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Other Area <del>-Lanai/Patio</del> (sf)
<u>1</u>	<u>1</u>	<u>1/1</u>	<u>1152</u>	<u>560-lanai</u>
		<u>0/0</u>	<u>0</u>	<u>144-storage</u>
<u>2</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>24-shed</u>
<u>3</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>24-shed</u>

Total Apartments: 3

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

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

**Boundaries of Each Apartment:** The boundaries of each apartment are the outer surface of the entire building on the specific areas set aside 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.

**Permitted Alterations to Apartments:** Permitted alterations shall be as allowed by County of Kauai 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 the improvements as a matter of public record.

7. Parking Stalls:

Total Parking Stalls: 0\*

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest Unassigned	*There are no designated parking stalls. However, there is ample area within each unit's limited common element for parking.						
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	_____	_____	_____	_____	_____	_____	_____

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

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

- There are no violations.     Violations will not be cured.
- Violations and cost to cure are listed below.       Violations will be cured by \_\_\_\_\_

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

(For conversions of residential apartments in existence for at least five years): The Unit 1 residence, approximately 11-years old, is structurally sound. The plumbing and electrical systems are in working order. With proper maintenance of the structure, plumbing and electrical systems and exterior surface, the probable life expectancy of the structure should be 50 years plus.

11. Conformance to Present Zoning Code - See Exhibit I, a letter from the County of Kauai Planning Department dated 2/3/92.

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 other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit  E .

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

[ ] There are no limited common elements in this project.

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

[X] described in Exhibit E.

[X] as follows: The portion of the land set aside for the use of each owner of a unit, as set forth in Exhibit A, subject to the roadway and utility easement, if any.

NOTE: Land areas referenced herein are not legally subdivided lots.

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

[X] described in Exhibits C and G.

[ ] as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit F describes the encumbrances against the title contained in the title report dated 08-14-95 and issued by TITLE GUARANTY OF HAWAII, INC.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

- [ X] There are no blanket liens affecting title to the individual apartments.
- [ ] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
---------------------	---

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements: None. Also see Exhibit G.

2. Appliances: None. Also see Exhibit G.

G. Status of Construction and Estimated Completion Date:

Construction is complete. The shed on Unit 1 was completed in 1980 and the residence on Unit 1 was completed in 1983. The Unit 2 and 3 sheds were completed in December, 1991.

H. Project Phases:

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):



V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- Notice to Owner Occupants
  - Specimen Sales Contract  
Exhibit   B   contains a summary of the pertinent provisions of the sales contract.
  - Escrow Agreement dated   January 28, 1992    
Exhibit   D   contains a summary of the pertinent provisions of the escrow agreement.
  - Other   Specimen Apartment Deed
- 

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules, as amended. (See Exhibit J)
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other Farm Dwelling Agreement Notice (Page 20a herein)

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 2592 filed with the Real Estate Commission on 02-12-92.

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

yellow paper stock                       white paper stock                       pink paper stock

C. 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 the contents of this Report, especially Exhibit I, a summary of the recorded Declaration of Restrictive Covenants and House Rules ("House Rules") for the project. Among other things, the House Rules govern plant and building heights to protect views, pets and farm animals, building setbacks and farming. You should also conduct your own investigations and ascertain the validity of information provided.

County of Kauai ordinances require, in order to process the necessary permits for construction and for 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. A farm dwelling 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.

A buyer should understand that development and use of the property shall be in compliance 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.

Note in Exhibit F that the land has no recorded access to a public roadway.

Residential Dwellings within State Land Use Agricultural District

Purchasers should be aware that the State Land Use Commission issued a Declaratory Ruling in December, 1994, regarding the construction of residential dwellings on properties located within the State Land Use Agricultural District. In response to said ruling, the Hawaii County Planning Department is requiring applicants for building permits on such lands to acknowledge receipt of a "Farm Dwelling Notice". This Farm Dwelling Notice reads as follows:

FARM DWELLING NOTICE

To: *Applicants for Building Permits on Land in State Land Use Agricultural District.*

*This is to inform you that Chapter 205, Hawaii Revised Statutes, does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".*

*Farm Dwelling is defined in Chapter 205-4.5(a)(4) as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling."*

*Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.*

*I acknowledge that I have read the above  
and have been given a copy*

---

*Signature of Applicant*

---

*Signature of Witness*

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

STEVEN H. FRAILEY

Name of Developer

By:   
Duly Authorized Signatory

7/25/95  
Date

STEVEN H. FRAILEY, Developer

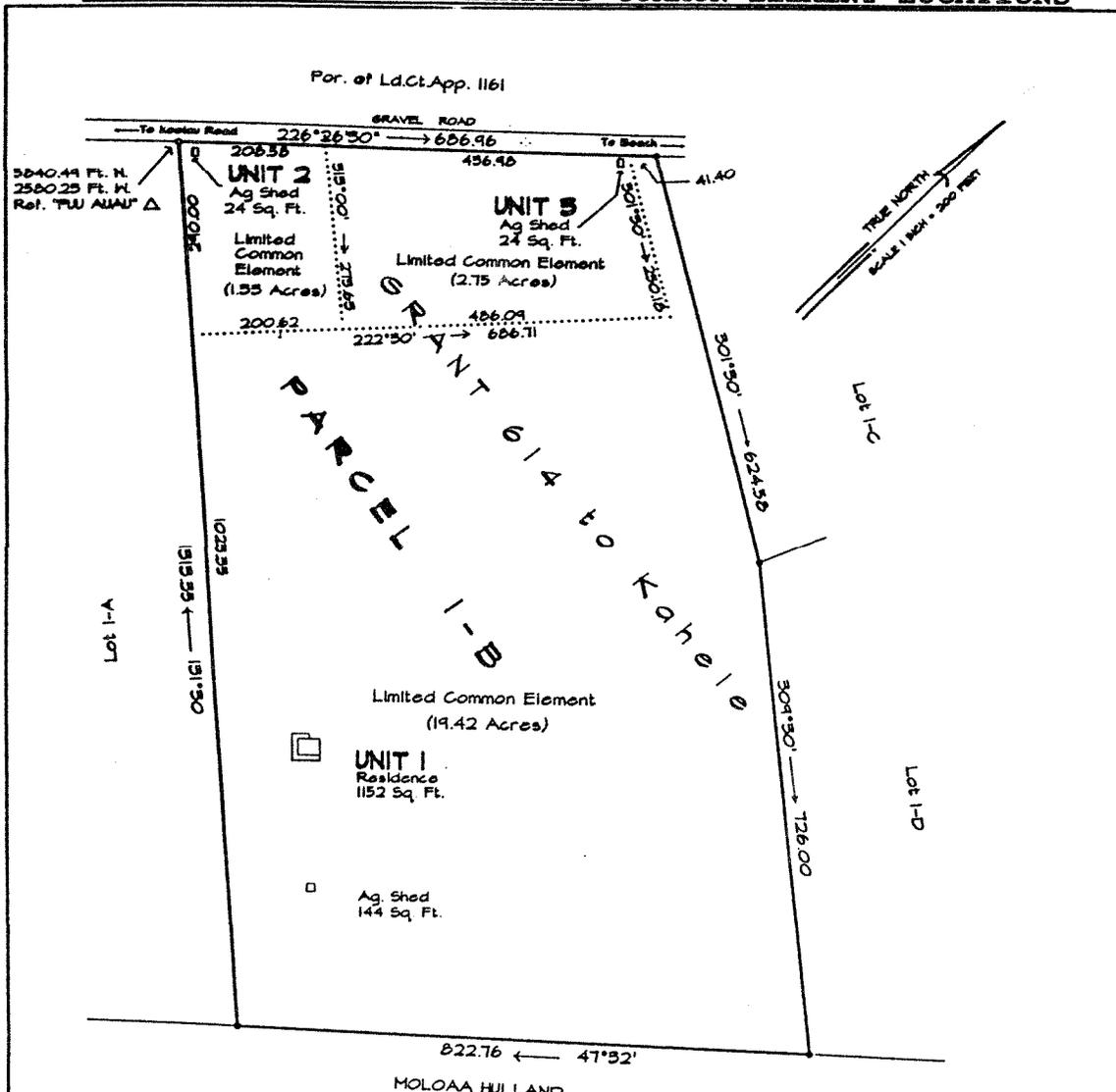
print name & title of person signing above

Distribution:

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

EXHIBIT A

CONDOMINIUM MAP AND LIMITED COMMON ELEMENT LOCATIONS



AMENDED  
**"SUNRISE FARMS"**  
 CONDOMINIUM MAP  
 OF  
 UNITS 1, 2 & 5  
 Being Portions of  
**GRANT 614**  
 to Kahele  
**PARCEL 1-B**  
 at Kaakaanu, Kawaihau, Kaula, Hawaii  
 Area = 23.50 Acres

Prepared for: Steven Fralley  
 P.O. Box 267  
 Anahola, HI 96705

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



December 4, 1991  
 AMENDED: June 12, 1995  
 0 100 200 400 600  
 Graphic Scale in Feet

THIS MAP WAS PREPARED BY ME OR UNDER MY SUPERVISION  
*Ronald J. Wagner*

**WAGNER ENGINEERING SERVICES, INC.**  
 P.O. BOX. 851 HANAIEI, KAUAI, HAWAII 96714

**RONALD J. WAGNER**  
 Licensed Professional Land Surveyor  
 Certificate No. 5074

## EXHIBIT B

### SUMMARY OF SALES CONTRACT

The SUNRISE FARMS Sales Contract and Receipt (the "contract"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to other terms.

2. The closing date for the purchase.

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

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

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

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

(c) Seller has a right to extend the closing date by 31 days or by 31 days after the public report effective date is issued, whichever is later.

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

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

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

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

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

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

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

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

**SPECIAL NOTICE:** THE FOREGOING SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CONTRACT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE PURCHASER'S RIGHTS AND OBLIGATIONS, THE PURCHASER MUST REFER TO THE PURCHASER'S CONTRACT TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONTRACT, THE CONTRACT WILL CONTROL NOT THIS SUMMARY.

**END OF EXHIBIT B**

**EXHIBIT C**

**SCHEDULE OF APARTMENTS AND COMMON INTERESTS**

<u>Qty.</u>	<u>Unit No.</u>	<u>Area of Limited Common Element* (Acres)</u>	<u>No. of Br./Bath</u>	<u>Appx. Net Living Area (Sq. Ft.)</u>	<u>Appx. Other Area (Sq. Ft.)</u>	<u>% of Common Int.</u>
1	1	19.42	1/1	1152	560-lanai	60%
1	2	1.33	0/0	0	24-shed	20%
1	3	2.75	0/0	0	24-shed	20%

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration of Condominium Property Regime, each unit owner may use his unit, alter or add to it in any manner he deems desirable, so long as it is permitted by law and the Declaration of Protective Covenants and House Rules, if any. If adjoining unit owners desire to alter and/or transfer portions of their respective units, they can do so by the filing of an amendment to the Condominium Map and the Declaration of Condominium Property Regime together with their respective signatures.

**\*Note:** Land areas referenced herein are not legally subdivided lots.

END OF EXHIBIT C

**EXHIBIT D**

**SUMMARY OF PORTIONS OF ESCROW AGREEMENT**

The Escrow Agreement ("Agreement") between T.I. OF HAWAII, INC. (the "Escrow"), and STEVEN H. FRAILEY and RICHELE L. FRAILEY, husband and wife, (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 contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.

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

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

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 its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

**SPECIAL NOTICE:** THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

END OF EXHIBIT D

**EXHIBIT E**

**COMMON ELEMENTS OF THE PROJECT**

The common elements of the project are:

(a) the land in fee simple;

(b) utility easements and all commonly used future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;

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

**LIMITED COMMON ELEMENTS OF THE PROJECT**

Certain parts of the common elements, referred to as the "limited common elements", have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit are those certain land areas upon and around which Units 1, 2, and 3 are located, shown and designated on the Condominium Map and the table below.

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
1	19.42 acres
2	1.33 acres
3	2.75 acres

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

**END OF EXHIBIT E**

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Deed dated June 17, 1976, recorded in Liber 11492 at Page 447.  
  
The foregoing includes, but is not limited to, reservation of access Easement "2" (30 feet wide) containing an area of 0.566 acres, more or less, and being more particularly described therein.
4. The land has no recorded access to a public roadway.
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Farm Dwelling Agreement dated January 20, 1982, recorded in Liber 16182 at Page 383, by and between Steven H. Frailey and Richele L. Frailey and the County of Kauai Planning Department.
6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Farm Dwelling Agreement dated June 17, 1985, recorded in Liber 18765 at Page 146, by and between Steven H. Frailey and Richele L. Frailey and the County of Kauai Planning Department.
7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Farm Dwelling Agreement dated July 2, 1986, recorded in Liber 19654 at Page 152, by and between Steven H. Frailey and Richele L. Frailey and the County of Kauai Planning Department.
8. Waiver and Release dated --- (acknowledged October 18, 1991), recorded as Document No. 91-144722, by and between Steven H. Frailey and the County of Kauai; re: building permit.
9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Condominium Property Regime for "SUNRISE FARMS" condominium project dated December 11, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-174996, as the same may hereafter be amended in accordance with law or with

said Declaration. (Project covered by Condominium Map No. 1586 and any amendments thereto.) Said Declaration was amended by instrument dated July 26, 1995, recorded as Document No. 95-102498.

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the By-Laws of the Association of Apartment Owners of said condominium project dated December 11, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-174997, as the same may hereafter be amended.
11. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration dated December 11, 1991, recorded as Document No. 91-174998. Said Declaration was amended by instrument dated March 2, 1993, recorded as Document No. 93-038158. (Exhibit J is a summary.)
12. Grant in favor of Citizens Utilities Company, dated September 1, 1992, recorded as Document No. 92-205509; 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.

END OF EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR  
SUNRISE FARMS

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

1. The Developer of the project is STEVEN H. FRAILEY, P. O. Box 267, Anahola, Hawaii, 96703.

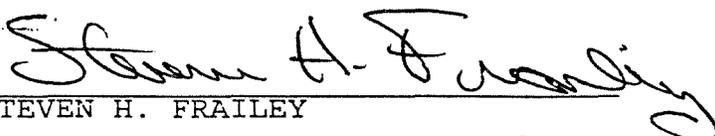
2. See Exhibit H for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles.

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

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

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

6. Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed for the above-referenced project. There are three units, each of which sustain structures and each of which will burden the common elements. However, because the size of the limited common element of Unit 1 is much larger than those of the other units, it has the largest common interest. The assessment of undivided interest both for common expense and for voting is 60% for Unit 1 and 20% each for Units 2 and 3.

  
STEVEN H. FRAILEY

Dated: 09.24.1995

---

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 x 12 months =</u>	<u>Yearly Total</u>
1	\$60.00	\$720.00
2	\$20.00	\$240.00
3	\$20.00	\$240.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
  - common elements only
  - common elements and apartments
- Elevator
- Gas
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance	\$100.00	\$1,200.00
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Reserves(\*)

Taxes and Government Assessments

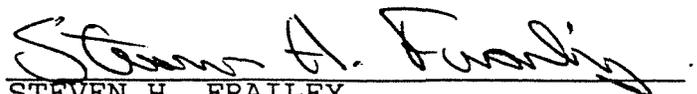
Audit Fees

Other

TOTAL	\$100.00	\$1,200.00
-------	----------	------------

I, STEVEN H. FRAILEY, developer of the condominium project SUNRISE FARMS, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

(\*) Mandatory reserves in effect January 1, 1993

  
STEVEN H. FRAILEY

Date: OCT. 17, 1995

EXHIBIT I

JOANN  
MAYOR

LETTER(S) FROM COUNTY OF KAUAI PLANNING DEPARTMENT

TER A. NAKAMURA  
PLANNING DIRECTOR



ROLAND D. SAGUM, III  
DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3919

COUNTY OF KAUAI  
PLANNING DEPARTMENT  
4290 RICE STREET  
LIHUE, KAUAI, HAWAII 96766

February 3, 1992



Mr. Calvin Kimura, Executive Secretary  
Real Estate Commission  
Professional and Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
828 Fort Street Mall, Suite 600  
Honolulu, Hawaii 96813

Subject: Certification of Inspection of Existing Buildings for  
Sunrise Farms Condominium at Moloaa, Kauai  
TMK:4-9-11:21  
LOTR:12/16/91

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

- a. The developer has contracted an architect to certify that the existing buildings on the subject property referred to as Unit 1 is in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the condition of waiver herein, the Planning Department adopts that certification as it pertains to our requirements.
- b. We have no record of any zoning variances that have been granted on the subject property.
- c. WAIVER

The foregoing certification is not a warranty as to any aforementioned compliance, nor a representation as to

Mr. Calvin Kimura, Executive Secretary  
Page 2  
February 3, 1992

the condition of the property in question. No rights against the County of Kauai shall arise as a result of this certification. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulation of condominiums under Subsection 514(A), HRS. This certification shall not be construed to guarantee that all County Codes and Ordinances have been complied with. Subsequent development and use shall comply to all applicable County Codes and Ordinances. It should also be noted that the Condominium Public Report (CPR) does not mean that all County requirements pertaining to subdivision of lands have been met. Therefore, such facilities/improvements that are normally associated with County approved subdivisions such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., will not be provided. Further, such services as County street maintenance and trash collection will not be available for interior roads and driveways, if any.

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

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

  
PETER A. NAKAMURA  
Planning Director

xc: Steven R. Lee

A:SUNRISE.CER

END OF EXHIBIT I

## EXHIBIT J

### SUMMARY OF PROTECTIVE COVENANTS AND HOUSE RULES FOR SUNRISE FARMS

This is a summary of the recorded Declaration of Protective Covenants and House Rules ("House Rules") for the Sunrise Farms condominium project dated December 11, 1991, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-174998. The House Rules were amended by instrument dated March 2, 1993, recorded as Document No. 93-038158. This summary is not meant to completely recite the actual provisions of the House Rules, as amended, nor to cover every issue in which a purchaser might have interest. The prospective purchaser is urged to obtain a full copy of the House Rules, as amended, from the project developer prior to entering into an agreement to purchase a unit in this project.

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

Water and Utilities. Units 2 and 3 will share water from a well located on Unit 1 and will share the cost of the water pump installation, maintenance plus the electricity cost to run the pump. Units 2 and 3 have the right to drill wells on their own respective units. Each unit owner will be required to connect electricity and telephone to his/her improvements at his/her own cost and expense.

Septic System. Each unit will be required to have its own septic system located within its own limited common element area.

Farming. Farming materials and equipment shall be kept in good order and repair.

Construction. There are building setbacks established between boundaries of the units and at the lot lines of the project.

Pets and Farm Animals/Noise in General. There are restrictions on types and numbers of animals as well as the levels of noise and dust permissible within the Project.

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

Common Element Expenses and Enforcement. The Association shall provide for common area expenses necessary to maintain the project in acceptable condition.

Repeal or Modification. These Covenants may be modified by an affirmative vote of the holders of 80% of the common interests in the Project.

Fences/Plantings. Continuous fences, hedges or trees shall not exceed eight feet in height.

Building Height Restrictions. Outbuildings within the project may not exceed a height of 16 feet. Farm Dwellings shall not exceed 25 feet.

END OF EXHIBIT J