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

PUULIMA IV CONDOMINIUM

Puulima Road, Kalaheo, Koloa,
Kauai, Hawaii

Registration No. 2707

Issued: November 19, 1992
Expires: December 19, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of October 26, 19 92, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

X **PRELIMINARY:** *(yellow)* 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.

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

____ **SUPPLEMENTARY:** *(pink)* Updates information contained in the
[ ] 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 [X] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

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

[ ] Changes made are as follows:

SPECIAL NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

1. This Public Report does <u>not</u> constitute an approval of the project by the State of Hawaii Real Estate Commission, or any other government agency, nor that all County Codes, Ordinances and subdivision requirements have been complied with.

2. This project does <u>not</u> involve the sale of individual subdivided lots. The dotted lines on the Condominium Map (Exhibit A) are for illustration purposes only.

3. Facilities and improvements normally associated with County approved subdivisions, may not necessarily be provided for and services such as County street maintenance, enhanced water facilities, fire service, and trash collection will not be available for interior roads.

4. At the present time, each of the apartments in this project is a gazebo. Two of the units are permitted to construct residences, as soon as subdivision infrastructure is complete, while two may not do so until roads and utilities are completed <u>and a facilities clearance</u> is obtained from the County of Kauai. The right to build these additional dwellings will expire if a building permit is not obtained on December 31, 1993. Purchaser should contact the Kauai County Building Department to verify if Purchaser's expectations may be met.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE DOCUMENTS FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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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 Project
EXHIBIT F: Encumbrances Against Title
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EXHIBIT H: Estimate of Initial Maintenance Fees and Disbursements
EXHIBIT I: Summary of Amended and Restated Declaration of Restrictive Covenants and Conditions and House Rules for Puulima Subdivision

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:

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

2. [ ] Residential [ ] Commercial [X] Ohana
   [ ] Mixed Residential and Commercial [X] Agricultural
   [ ] Other _____

3. [ ] High Rise (5 stories or more) [X] Low Rise

4. [ ] Single or [X] Multiple Buildings

5. Apartment Description

Apt. No.	Quantity	BR/Bath	Net Living Area (sf)*	Gazebos Lanai/Patio (sf)
A	1	0/0	0	56
B	1	0/0	0	56
C	1	0/0	0	56
D	1	0/0	0	56

Total Apartments: 4

**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:

	Number of Stalls
Assigned Stalls (Individual Units)	0
Guest Stalls	
Unassigned Stalls	
Extra Stalls Available for Purchase	
Other: _____	
Total Parking Stalls	0

7. Recreational amenities:

NONE

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: JAMES G. WETHERILL
Name
Phone: (808) 828-1313
(Business)

P.O. Box 729
Business Address

Kilauea, HI 96754

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

N/A

Real Estate Broker: KAUAI REALTY, INC.
Name
Phone: (808) 245-1651
(Business)

2970 Kress Street
Business Address

Lihue, HI 96766

Escrow: T.I. OF HAWAII, INC.
Phone: (808) 536-3571
(Business)

500 Ala Moana Blvd., Suite 300

Honolulu, HI 96813

General Contractor: Owner-Builder
Name
Phone: (808) 828-1313
(Business)

P. O. Box 729
Business Address

Kilauea, HI 96754

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

Business Address

**Upon compliance with all applicable condominium management laws.

Attorney for Developer: STEVEN R. LEE
Name
Phone: (808) 246-1101
(Business)

4473 Pahe'e Street, Suite L
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:

[X] Proposed
[ ] Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

[X] Proposed
[ ] Recorded - Bureau of Conveyance Condo Map No. _____
[ ] Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[X] Proposed
[ ] Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
[ ] Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

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

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

The House Rules for this condominium are:

[ ] Proposed [ ] Adopted [X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	---	N/A

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

2. Developer:

[X] 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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (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.

[ ] Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

The 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; 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:

For Subleaseholds:

[ ] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
[ ] Cancelled [ ] 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 cancelled or foreclosed.

B. **Underlying Land:**

Address: Puulima Estates Subdivision
Puulima Road, Kalaheo, Koloa
Kauai, Hawaii

Tax Map Key: (4) 2-4-3: 15 & 16
(TMK)

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

Land Area: 2.032 [ ] square feet [X] acre(s) Zoning: Agricultural

Fee Owner: JAMES G. WETHERILL and LANA R. WETHERILL
ROBERT L. BENTLEY and RACHEL M. BENTLEY
Name

P.O. Box 729
Address

Kilauea, HI 96754

Sublessor: _____
Name

_____
Address

_____

C **Buildings and Other Improvements:**

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

2. Buildings: 4 Floors Per Building 1

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [X] Wood

[ ] Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Determined By Zoning		No. of Apts.	Use Determined By Zoning
[ ] Commercial			[ ] Industrial		
[ ] Residential			[X] Agricultural	4	yes
[ ] Timeshare/Hotel			[ ] Recreational		
[ ] Other: Please see page 18 and 18a for further explanation.					

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

[X] Pets: Common household pets are permitted in reasonable numbers.

[ ] Number of Occupants: _____

[X] Other: Refer to Exhibit I, Summary of Restated and Amended Declaration of Restrictive Covenants and Conditions and House Rules for Puulima Subdivision.
[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0 Stairways 0 Trash Chutes 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Gazebos Lanai/Patio (sf)
A	1	0/0	0	56
B	1	0/0	0	56
C	1	0/0	0	56
D	1	0/0	0	56

Total Apartments: 4

**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 and the inner surfaces of each building. 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 to apartments are 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: 0

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for individual units)							
Guest							
Unassigned							
Extra Available for Purchase							
Other:							
Total Covered & Open	0						

Each apartment will have the exclusive use of at least 0 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:

[X] There are no recreational or common facilities.

[ ] Swimming pool

[ ] Recreation Area

[ ] Tennis Court

[ ] Storage Area

[ ] Laundry Area

[ ] Trash Chute

[ ] Other: _____

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

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

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

10. Conformance to Present Zoning Code

a. [X] 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.

	Conforming	Non-Conforming	Illegal
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.

   [x] 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.

   [x] The limited common elements and the apartments which may use them are:

   [x] described in Exhibit E

   [x] 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.

   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 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.

   [x] 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 July 22, 1992 and issued by First Hawaii Title Corporation 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:

[X] Not applicable

[ ] Electricity

[ ] Gas

[ ] Other _____

[ ] Television Cable

[ ] Water & Sewer

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 is estimated to be complete on November 30, 1992.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

NONE

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

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated August 14, 1992

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

[ ] Other _____

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.

This project is located in the vicinity of a chicken farm which may cause agricultural nuisances to property owners.

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.

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.

This condominium project is located in the Puulima Estates Subdivision. Due to concerns that the subdivision drainage improvements may cause natural waters to be partially blocked or slowed through their course over an adjacent property owner's land, the subdivision developer was required by the County

of Kauai to enter into an indemnity and consent agreement with the adjacent property owner and the County of Kauai. In this document, the developer agreed to pay for and construct all county-required improvements to carry the water flowage from the adjacent property through the subdivision; the developer agreed to indemnify the adjacent property owner and the County from all acts arising out of any lack of free flowage of water; and the neighboring land owner gave his consent to the County issuing final subdivision approval. Upon completion of water and drainage improvements, only one obligation will remain. The Association of Unit Owners will retain the obligation to protect the adjacent owner from damages caused by the future water flows, although the developer does not expect such things to happen. Floodway and flood fringe limits within the subdivision are as delineated on the map prepared by The Keith Companies-Hawaii dated May 29, 1991. No new structures may be constructed within the floodway and new structures constructed within the flood fringe shall be elevated.

SPECIAL DISCLOSURE REGARDING O'HANA UNITS AND LIMITS ON CONSTRUCTION OF AN ADDITIONAL DWELLING UNIT ON THIS PROJECT

Each of the apartments in this project is a gazebo. Two of the units are permitted to construct a residence, as soon as subdivision infrastructure is complete, while two may not do so until roads and utilities are completed and a facilities clearance is obtained from the County of Kauai. Under Kauai County zoning regulations, this means that an "additional dwelling unit" may be constructed for residential use on the property if the provisions of the O'hana ordinance are followed. You should be aware that the O'hana ordinance will expire on December 31, 1993 or sooner upon the passage of a new Comprehensive Zoning Ordinance (known as the "CZO"). A study to determine the provisions of a new CZO for Kauai is now under way, but no public announcements regarding possible changes to the O'hana provisions have been made. This does not mean that the provisions will not change, only that there has been no public announcement. In either case, it will be necessary to obtain building permits for the construction of a residence prior to the expiration of the O'hana ordinance to be assured that a residence may be constructed on the unit with the O'hana status. The purchaser is advised to contact the Kauai County Planning Department to determine whether there is any risk to the prospective purchaser from pending or proposed zoning code changes. A purchaser who does not plan to build in the immediate future may find that passage of time or a change in the CZO will preclude any residential development of the O'hana unit in this project.

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 Amended and Restated Declaration of Protective Covenants and Conditions and House Rules for Puulima Subdivision.

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 part of Registration No. 2707 filed with the Real Estate Commission on

August 17, 1992.

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

[X] 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.

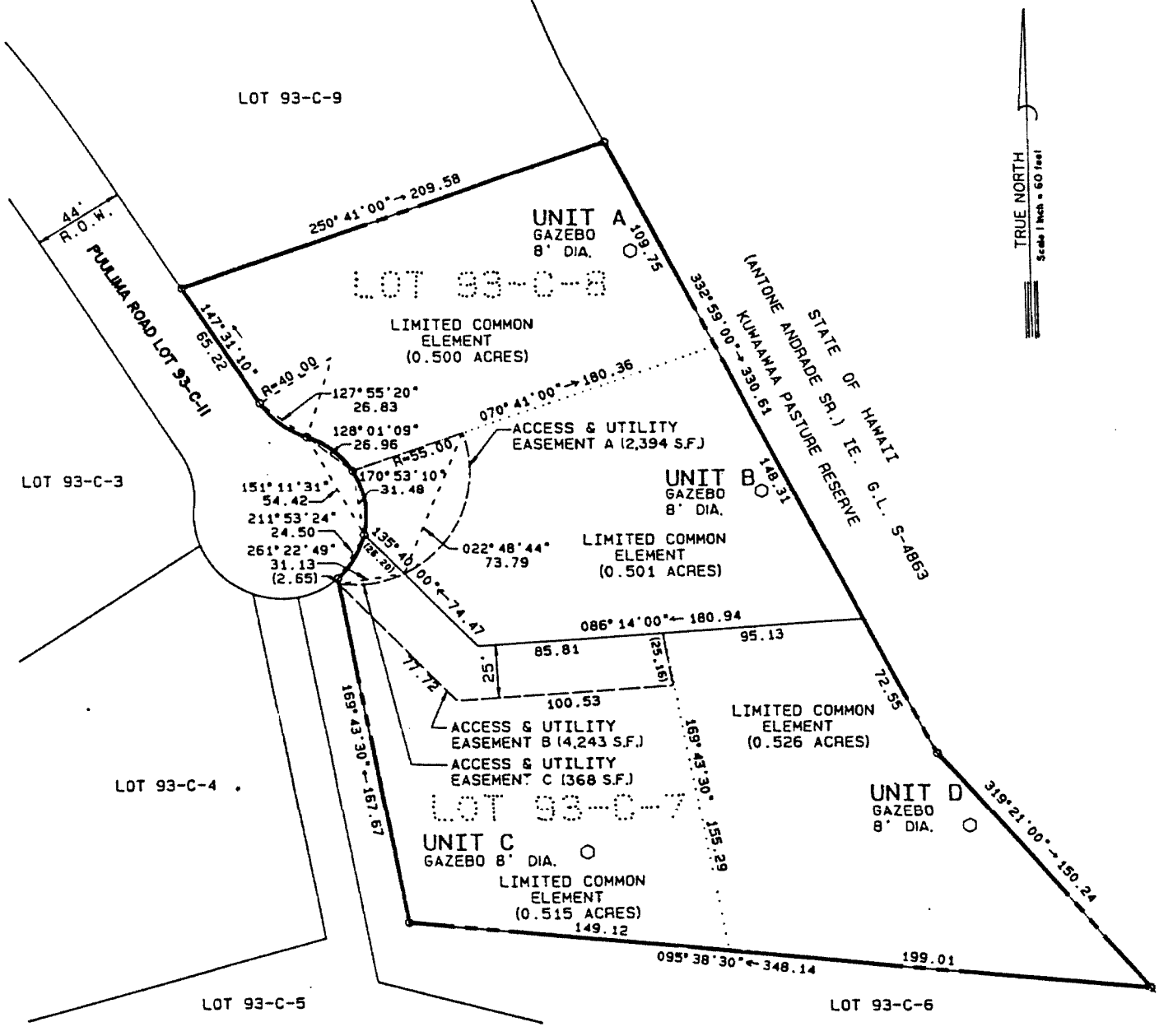
Stanley M. Kimyaim for

MARCUS NISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Finance, County of Kauai
Planning Department, County of Kauai
Federal Housing Administration

EXHIBIT A



CONDOMINIUM MAP FOR
PUULIMA ESTATES IV
SHOWING UNITS A-D
BEING LOTS 93-C-1 & 93-C-2
BEING, ALSO, PORTION
OF GRANT 6464
KALEHEO, KAUAI, HAWAII

PREPARED FOR:
JAMES G. WETHERILL
P.O. BOX 729
KILAUEA, KAUAI, HAWAII 96754

PREPARED BY:
THE KEITH COMPANIES-HAWAII
4-1579 KUHIO HWY, SUITE 102
KAPAA, KAUAI, HAWAII 96746

THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION

BERT A. HUGHES — DATE 7/10/92

THIS PROJECT DOES NOT INCLUDE THE SALE OF LEGALLY SUBDIVIDED LOTS.
THE DOTTED OR DASHED LINES DELINEATE THE BOUNDARIES OF LIMITED COMMON ELEMENTS, COMMON ELEMENTS, OR EASEMENTS IN THE CONDOMINIUM PROPERTY REGIME.

EXHIBIT B
SUMMARY OF SALES CONTRACT

The PUULIMA IV 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 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) After issuance of the Final Public Report 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.

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

(e) If Purchaser defaults, Seller may cancel the contract or bring legal action against Purchaser to force sale or obtain money damages.

(f) The unit the Purchaser is purchasing will be shown on a file plan 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".

(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
FOR PUULIMA IV CONDOMINIUM

Qty.	Apt. No.	Area of Limited Common Element (Acres)	No. of BR/BATH	Appx. Net Living Area (Sq. Ft.)	Appx Gazebo Area (Sq. Ft.)	% of Common Int.
1	A	.500	0/0	0	56	25
1	B	.501	0/0	0	56	25
1	C	.515	0/0	0	56	25
1	D	.526	0/0	0	56	25

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

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 JAMES G. WETHERILL, LANA R. WETHERILL, ROBERT L. BENTLEY and RACHEL M. BENTLEY, (the "Seller") contains, among other provisions the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contracts and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.

3. Escrow will release from the Trust Fund and disburse Buyer's funds at closing, unless: (a) purchaser has elected within seven days of signing the purchase contract to cancel and receive all funds paid, without deduction; or (b) the Real Estate Commission has not issued 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 purchaser 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 purchaser. Thereafter, in the event of a cancellation as a matter of agreement or right, purchaser'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 $350.00 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.

* * * * * * * * * *

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 future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;

(c) Any and all other elements and facilities in common use or necessary to the existence, upkeep and safety of the Project.

LIMITED COMMON ELEMENTS OF THE 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:

That certain land area upon and around which Units 1, 2, 3 and 4 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.

Unit Number	Area of Limited Common Element	
1	.500 Acre	**Note:**
2	.501 Acre	**Land areas herein described**
3	.515 Acre	**are not legally subdivided**
4	.526 Acre	**lots.**

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

END OF EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Real property taxes. Check with the Kauai County Tax Assessor for further information.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. "Excepting and reserving therefrom the stream within this lot, as shown on map made a part hereof, and all riparian and other rights in or to this stream and the waters therefrom, as reserved in Land Patent Grant 6464.

4. Indemnity and Consent Agreement dated August 27, 1991, recorded on September 12, 1991 in the Bureau of Conveyances of the State of Hawaii as Document No. 91-124293.

5. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

Mortgagor:	JAMES G. WETHERILL and LANA R. WETHERILL, husband and wife, and ROBERT L. BENTLEY and RACHEL M. BENTLEY, husband and wife
Mortgagee:	SAFETY LOAN COMPANY, LTD., a Hawaii corporation
Dated:	October 23, 1991
Recorded:	November 4, 1991
Document No.:	91-151407
Principal Sum:	$1,370,000.00 The present amount due should be determined by contacting the owner of the debt.

6. FINANCING STATEMENT

Debtor:	JAMES G. WETHERILL and LANA R. WETHERILL, ROBERT L. BENTLEY and RACHEL M. BENTLEY, 4347 Rice Street, Ste. 207, Lihue, HI 96766
Secured Party:	SAFETY LOAN COMPANY, LTD., 2065 South King Street, Ste. 105, Honolulu, HI 96826
Recorded:	November 4, 1991
Document No.:	91-151408

7. AMENDED AND RESTATED DECLARATION OF RESTRICTIVE COVENANTS AND CONDITIONS AND HOUSE RULES FOR PUULIMA SUBDIVISION

Dated:	August 27, 1992
Recorded:	September 15, 1992
Document No.:	92-149911 to which reference is hereby made.

8. "Subject to the stream within the lot, and all reparian and other rights in or to this stream and the waters thereof", as set forth in survey of Ronald J. Wagner, Registered Professional Surveyor No. 5074, dated October 1, 1991.

9. Reserving therefrom, floodway and flood fringe limits as delineated on map prepared by The Keith Companies-Hawaii dated May 29, 1991. No new structures shall be constructed within the floodway; new structures constructed within the flood fringe shall be elevated above flood fringe elevation as per survey of Ronald J. Wagner, Registered Professional Surveyor No. 5074, dated October 1, 1991.

THE FOLLOWING ITEMS ARE INCLUDED AS CONDITIONS OF SUBDIVISION APPROVAL BY THE COUNTY OF KAUAI, AS STATED IN SUBDIVISION APPROVAL LETTERS DATED JUNE 9, 1989 AND JUNE 14, 1991:

10. Land use shall be limited to those listed as permissible within the "A" Agriculture District in the State Land Use Commission Rules and Regulations.

11. The property is situated above the Underground Injection Control (UIC) line which was established "to protect the underground source of drinking water from pollution by the subsurface disposal of fluids". Cesspools are disallowed above the UIC line effective January 1, 1990. However, other treatment individual wastewater systems may be allowed on a case-by-case basis, provided that minimum applicable requirements of Chapter 62, Wastewater Systems, Title 11, Administrative Rules, State of Hawaii, are complied with.

    The property is located in an are with steep slopes. Individual wastewater systems should be located away from the steep slopes to prevent possible lateral seepage from flowing onto the surface of the steep slopes.

12. Due to the high elevations of this property, a dependable supply of water cannot be assured. The property owners will be required to sign an elevation agreement with the Department of Water upon application for water service, agreeing to accept such water service as the Department of Water is able to render and agreeing to install and maintain suitable booster pumps and storage tanks, if necessary.

13. The property is located in the vicinity of a chicken farm which may cause agricultural nuisances to property owners.

END OF EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR
PUULIMA IV CONDOMINIUM

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

1. The developer of the project is JAMES G. WETHERILL, P.O. Box 729, Kilauea, HI 96754.

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

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

4. 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.

JAMES G. WETHERILL

Dated: October 16, 1992

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:

Apartment	Monthly Fee x 12 months	= Yearly Total
Unit A	26.25	315.00
Unit B	26.25	315.00
Unit C	26.25	315.00
Unit D	26.25	315.00

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	10.00	120.00
Maintenance, Repairs and Supplies		
Building		
Grounds		
Management		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	70.00	840.00
Reserves		
Taxes and Government Assessments	25.00	300.00
Audit Fees		
Other		
TOTAL	105.00	1260.00

~~I/We~~, JAMES G. WETHERILL, as developer for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Date: August 3, 1992

EXHIBIT I

SUMMARY OF AMENDED AND RESTATED RESTRICTIVE COVENANTS AND CONDITIONS AND HOUSE RULES FOR PUULIMA SUBDIVISION

This project is located on one or more of the lots of the Puulima Estates Subdivision. The subdivision is affected by an "Amended and Restated Declaration of Restrictive Covenants and Conditions and House Rules for Puulima Subdivision" (hereinafter called the "protective covenants"), recorded in the Bureau of Conveyances of the State of Hawaii on September 15, 1992, as Document No. 92-149911.

This is a summary of the types of restrictions applicable to the subdivision as a whole, and to the lot(s) upon which this project is located. This is not meant to completely recite the actual provisions of the protective covenants, nor to cover every issue in which a purchaser might have interest. Due to the extensive number of covenants, conditions and rules applicable to the subdivision, the prospective purchaser is urged to obtain a full copy of the protective covenants from the developer prior to entering into an agreement to purchase a unit in this project.

1. General Restrictive Covenants. All improvements by an owner must be in strict compliance with the protective covenants and made only with the approval of the Design Review Committee. Failure of an owner to submit plans and/or to abide by the decisions of the Design Review Committee shall make the offending party liable for all costs incurred in enforcement of the protective covenants.

Agricultural activity shall be in accordance with the State Land Use Law (Chapter 205, Hawaii Revised Statutes) and only farm dwellings, as may be permitted by applicable law, shall be constructed. Owners are restricted from seeking any land use classification or other governmental approval which would result in a greater use density than provided for in the protective covenants.

Height restrictions have been established for both outbuildings and farm dwellings as well as restrictions on the number of dwellings allowed per lot. Restrictions also apply to the minimum livable floor area, garage requirements (minimum parking requirement and use), number of stories permitted and structure location in relation to lot boundaries. Structures shall be built of entirely new materials and restrictions apply to the type of material (roofing, glass, etc.) and its color. There are further restrictions applicable to the landscaping (height of plantings, bare areas, etc.), fencing and specific requirements for driveway construction.

Farm dwelling units shall be used and occupied only as farm dwelling units, shall be maintained in good repair by each owner and no owner shall violate any applicable law pertaining to the use and development of his lot or farm dwelling. No signs, trailers, tents, or vehicles of more than one (1) ton capacity shall be maintained on any lot, except in accordance with the protective covenants. Visible construction or repair of any trailer, vehicle or boat is prohibited as well as the open storage of these items and any furniture, fixtures, appliances, garbage and other goods. There are restrictions applicable to household pets, livestock, game, and fish. Noxious, offensive and/or illegal activities are prohibited within the subdivision. There are restrictions for the conduct of any cottage industries and businesses within the subdivision.

2. Design Review Committee. Organization, Power of Appointment and Removal of Members. This section discusses the creation and maintenance of a Design Review Committee, including its initial members and subsequent members. It outlines committee functions, including design review requirements for all improvements to the subdivision lots and project limited common elements. Further detailed information regarding Design Review Committee standards and requirements is found in Section 1 (ff) (1) through (9) of the protective covenants.

3. Agricultural Uses Pursuant to Chapter 205. This section deals with the use of the lots within the subdivision being primarily in pursuit of agricultural activities and only for those uses permissible in an agricultural district. These permissible uses (as contained in Chapter 205, Hawaii Revised Statutes) are outlined in an exhibit to the protective covenants however, it should be noted that many uses permitted in an agricultural district are not permitted by the protective covenants.

4. Building Setback Line for Drainage. This section discusses the building setback line shown on the subdivision map for the purpose of preserving a drainageway for surface water runoff and outlines the restrictions and conditions applicable to all subdivision lots. Lot owners are required to preserve and maintain the existing drainage pattern, are prohibited from constructing improvements within the setback are, are cautioned to exercise due care during times of heavy storm and rain conditions, are required to accept storm runoff and preserve and maintain the drainage pattern and are advised that the County of Kauai assumes no obligation for any storm flowages or damages or installation of improvements.

5. Future Easements/Covenants to Run With the Land. In this section, the declarant has reserved the right to grant any further easements to utility companies or governmental agencies deemed necessary to provide access or utilities to the subdivision. The duration of the protective covenants is discussed along with the procedures for the extension. This section also deals with the

legal remedies for the enforcement of the protective covenants.

6. Interpretation of Covenants, Arbitration of Disputes. This section has to do with the means by which the protective covenants would be interpreted in a court of law, provides that any disputes be resolved by binding arbitration and calls for the severability of clauses that might be found invalid.

7. Common Access, Utility and Miscellaneous Easements. This section is applicable to subdivision Lots 5 and 6 only and is for the shared access, utility and other easements for the common use of portions of abutting properties. The section provides that all easements be recorded; that a setback be included with the grant of any utility easement; that proper width and position of access and utility easements be maintained; and that commonly used access easements automatically incorporate a sixty (60) day cancellation provision.

END OF EXHIBIT I