

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Richard Allan Teixeira and Fradelle Teixeira Address P. O. Box 312, Kilauea, Kauai, Hawaii 96754

Project Name(*): E-I-E-I-O FARM ENTERPRISES Address: 2883 Kalihiwai Road, Kilauea, Kauai, Hawaii 96754

Registration No. 2765 (Partial Conversion) Effective date: January 19, 1994 Expiration date: February 19, 1995

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: (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 by the developer when complete information is filed.

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

SUPPLEMENTARY: (pink) This report updates information contained in the: [] Preliminary Public Report dated: [] Final Public Report dated: [] Supplementary Public Report dated:

And [] 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 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:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling. THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO 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, on the property.

1. The land beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
2. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

3. This public report does not constitute an approval of the project by the Real Estate Commission or any other government agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of 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 be individually 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: Richard Allan Teixeira
Fradelle Teixeira Phone: (808) 828-1200
Name (Business)

P. O. Box 312
Business Address
Kilauea, Kauai, Hawaii 96754

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

Real Estate Broker: None - Units are not presently for sale Phone: _____
Name (Business)

Business Address

Escrow: First Hawaii Title Corporation Phone: (808) 521-3411
Name (Business)

201 Merchant St., 20th Floor
Business Address
Honolulu, Hawaii 96813

General Contractor: Owner/Builder Phone: (808) 828-1200
Name (Business)

Business Address

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

Business Address

Attorney for Developer: Hiroshi Sakai, Attorney at Law, A Law Corporation Phone: (808) 531-4171
Name (Business)

201 Merchant St., Suite 902
Business Address
Honolulu, Hawaii 96813

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

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. 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. 92-165565
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]:

- 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. 1750
 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]:

- 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. 92-165566
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>Majority vote of Board</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:

Developer has reserved the right under Paragraph 15.0 of the Declaration to alter the units in the Project which it owns without the approval of the Association or the other apartment owner and to amend the Condominium Map to note changes resulting from the exercise of the Developer's reserved rights under Paragraph 15.0. Developer has also reserved the right under Paragraph 16.0 to record any "as built" statements as required by law.

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:

Address: 2883 Kalihiwai Road, Kilauea, Kauai, Tax Map Key: (4) 5-2-10-23 Lot 12J
Hawaii 96754 (TMK)

Address TMK is expected to change because _____

Land Area: 5.019 square feet acre(s) Zoning: Agriculture

Lessor
 (Fee Owner): Richard Allan Teixeira and
 Fradelle Teixeira

Name
 P. O. Box 312

Address
 Kilauea, Kauai, Hawaii 96754

Sublessor: _____
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: 6 Floors Per Building 1 Floor and 2 Floors
 Exhibit _____ contains further explanations.

3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other _____

4. Permitted Uses by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>		<u>No. of Apts.</u>	<u>Use Determined By Zoning</u>
<input type="checkbox"/> Residential	_____	<input 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 checked="" type="checkbox"/> Agricultural	<u>3</u>	<input checked="" 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 type="checkbox"/> Other: _____	_____	<input 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: See Building and House Rules, Declaration of Restrictive Covenants and Conditions and Farm Dwelling Agreement

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
Apartment A	1	3BR/3BA	2,755 sq. ft.	160 sq. ft.
		3 Car Carport		
	1	Agric. Off. Bldg.	896 sq. ft.	N/A
	1	Playhouse	92 sq. ft.	N/A
Apartment B	1	Equip./Warehouse	2,016 sq. ft.	N/A
Apartment C	1	4BR/4BA	2,644 sq. ft.	270 sq. ft.
	1	3 Car Carport		
		Shed	96 sq. ft.	N/A

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 exterior surfaces of the structures and the description of the limited common element for each of the units as set forth in the Condominium Map.

Permitted Alterations to Apartments:

Either apartment owner can increase the total square footage of his structure, add additional structures, alter the location of his structure and/or subdivide in accordance with the building code, zoning and subdivision ordinances.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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

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

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

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

1. Common Elements: Common Elements are those parts of the condominium project 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 A .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit _____.

as follows:

The land area of each dwelling, consisting of the land beneath it as shown and delineated on the Condominium Map, is a limited common element for the use of the owner of each respective unit.

Unit A - 2.235 Acres

Unit B - .734 Acres

Unit C - 2.050 Acres

NOTE: These are not legally subdivided lots and under County Ordinances, they may not be subdivided.

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:

described in Exhibit _____.

as follows:

Unit A - 44.54% appurtenant common interest

Unit B - 14.62% appurtenant common interest

Unit C - 40.84% appurtenant common interest

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 B describes the encumbrances against the title contained in the title report dated November 2, 1992 and issued by First Hawaii Title Corporation.

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.

- [] 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. 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>
Mortgage dated August 22, 1990, recorded August 28, 1990, in the Bureau of Conveyances, State of Hawaii, as Document No. 90-132083.	Mortgagee may terminate buyer's interest but latter is entitled to return of all deposits.

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

2. Appliances:

None

G. Status of Construction and Estimated Completion Date:

Apartment A - Dwelling 11/30/89
Carport Addition 3/13/92
Agricultural Off. Bldg. 2/11/92
Playhouse 2/11/92
Apartment B - Shed/Warehouse 2/11/92
Apartment C - Dwelling 3/13/92
Shed

H. Project Phases:

The developer [] has [X] 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 N/A

[X] Specimen Sales Contract
Exhibit C contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated September 25, 1992
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.

[] Other _____

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 to 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.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map.
 - 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 Declaration of Restrictive Covenants and Conditions dated December 9, 1976 and Farm Dwelling Agreement dated August 3, 1989

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. 2765 filed with the Real Estate Commission on December 22, 1992.

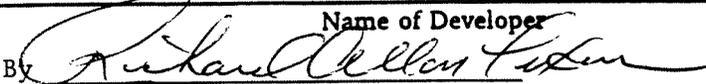
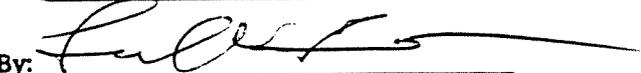
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C. Additional Information Not Covered Above

1. Each apartment is a free standing dwelling and each has direct access to a vehicular easement having direct access to a public street. Each apartment has its own meter for water hookup and services. The utilities and water services will be separately billed.
2. The Developer does not have any present plans to sell the condominium units. If Developer does sell the units, the Developer may make the sale themselves since they are not real estate licensees or may employ a real estate broker.
3. The Developer has executed an Escrow Agreement and has submitted Sales Contract and Apartment Deed forms in the event Developer decides to sell the condominium units.
 - a. If Developer does employ a real estate broker, it will have the Broker Listing Agreement submitted to the Real Estate Commission.
 - b. Richard A. Teixeira is a current, inactive Hawaii real estate licensee. Pursuant to §16-99-11(c), Hawaii Administrative Rules, "(n)o licensee shall be allowed to advertise "For Sale by Owner . . ."
4. The Dwelling in Apartment A was damaged by Hurricane Iniki and Developer is repairing the roof, windows, floor coverings, dry walls and counter tops in accordance with the plans through insurance proceeds and expect to move back into that Dwelling which is the Developer's residence.
5. Apartment A has a dwelling use and Apartment C has an additional dwelling use.
6. The County of Kauai Planning Department Letter of January 5, 1994 (Exhibit "2") as to the admonition as to the use of Apartment B should be observed.

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.

Richard Allan Teixeira and Fradelle Teixeira
Name of Developer
By: 
By:  1/10-2392
Duly Authorized Signatory Date

Richard Allan Teixeira and Fradelle Teixeira
Owners
print name & title of person signing above

Distribution:

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

EXHIBIT "A"

Common Elements. The common elements of the project which the apartments have access to include:

- a. The land in fee simple.
- b. Easement A for access and utility purposes.
- c. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities.
- d. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the project.

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE: The title report dated September 22, 1992 issued by First Hawaii Title Corporation states that title to the land is subject to the following encumbrances:

1. For real property taxes as may be due and owing, reference is made to the Director of Finance, County of Kauai. Tax Key: 5-2-10-23 (4) - Area Assessed: 5.019 acres

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

3. The rights of the United States of America, State of Hawaii, the municipality and the public, in and to that part of the premises in question falling in the bed of the Pukumu Street; also to the rights of the riparian owners in and to the free and unobstructed flow of the water of said stream, if any.

4. Drainage easement in favor of THE COUNTY OF KAUAI granted by indenture dated August 8, 1958, as mentioned in that certain Deed dated August 30, 1972, recorded on September 20, 1972 in the Bureau of Conveyances of the State of Hawaii in Liber 8599 at Page 322.

5. The terms and provisions of that certain Lease dated October 28, 1958 in favor of THE COUNTY OF KAUAI, granting a powerline easement, a pipeline easement and water tank easement, as mentioned in Deed dated August 30, 1972, recorded in said Bureau of Conveyances in Liber 8599 at Page 322.

6. Any abutter's rights of vehicle access into and from Kauai Belt Road, as reserved in that certain Deed dated November 30, 1962, recorded on April 16, 1963 in said Bureau of Conveyances in Liber 4495 at Page 174 (also affects other property), and also abutter's right of vehicle access into and from Kauai Belt Road, (as shown on survey map prepared by Masao Fujishige, Registered Land Surveyor, Certificate No. 1065, State of Hawaii, dated March 17, 1977.

7. A 100 year Flood Building Setback lines affecting various lots as shown on the survey map prepared by Masao Fujishige Registered Land Surveyor, Certificate No. 1065, State of Hawaii, dated March 17, 1977, (also affects other property).

8. Declaration of Restrictive Covenants and Conditions dated December 9, 1976 and recorded as aforesaid in Liber 11901, Page 515, to which reference is hereby made.

9. Farm Dwelling Agreement dated August 3, 1989, recorded August 3, 1989, recorded August 29, 1989 in the Bureau of Conveyances of the State of Hawaii in Book 23577, Page 564, made by and between RICHARD ALLAN TEIXEIRA, and COUNTY OF KAUAI Planning Department.

10. Mortgage by and between Richard Allan Teixeira and Fradelle Teixeira, husband and wife, as Mortgagor, in favor of All Pacific Mortgage Company, a California corporation, as Mortgagee, dated August 22, 1990, recorded August 28, 1990 in the Bureau of Conveyances, State of Hawaii, as Document No. 90-132083.

11. Grant of Easement in favor of Citizens Utilities Company, a Delaware corporation, and GTE Hawaiian Telephone Company Incorporated, a Hawaii corporation, dated May 21, 1991, recorded in said Bureau as Document No. 91-66961, granting an easement for utility purposes.

EXHIBIT "C"

Summary of Sales Contract

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

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

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

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

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

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

(f) If Buyer defaults, Seller shall give written notice to Buyer by certified mail and if such default is not cured within 10 days after receipt of notice, Seller may terminate the Sales Contract and retain the Buyer's deposits as liquidated damages. Seller may in addition pursue any other remedy including specific performance and all costs by reason of such default shall be borne by Buyer.

(g) If Buyer has paid all payments required under the Sales Contract, Buyer shall be entitled to specific performance.

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

EXHIBIT "D"

Summary of Escrow Agreement

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

(a) Developer will let purchasers know when payments are due.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement says under what conditions a refund will be made to a purchaser.

(d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract.

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

EXHIBIT "E"

E-I-E-I-O FARM ENTERPRISES

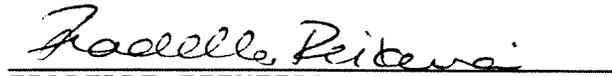
REGISTRATION NO. 2765

DISCLOSURE STATEMENT AS OF SEPTEMBER 25, 1992

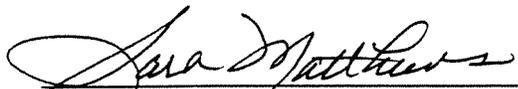
1. Name of Project: E-I-E-I-O FARM ENTERPRISES
2. Address: Kalihiwai Road, Kalihiwai, Kauai, Hawaii
3. Names of Developer: Richard Allan Teixeira and Fradelle Teixeira
4. Address of Developer: 2883 Kalihiwai Road, Kalihiwai, Kauai, Hawaii, and P. O. Box 312, Kilauea, Kauai, Hawaii 96756
5. Telephone Number: (808) 828-1200
6. Project Manager or Agent: Richard Allan Teixeira
7. Address: P. O. Box 312, Kilauea, Kauai, Hawaii 96756
8. Maintenance Fees: None at present. In the future as the need and necessity arises the maintenance fees shall be budgeted upon generally accepted accounting principles. At such time the sale of the first unit occurs each owner to maintain his own insurance for the apartment and limited common element land area and add the name of the Association as an additional insured.
9. Commencement of Maintenance Fees: At such time that the sale of the first unit occurs or when the budget and amount to be paid is determined by the Association, whichever occurs later.
10. Warranties: The Project is a fee simple condominium project and there are no warranties.
11. Project: The Project consists of three (3) condominium apartments, the land areas of which are to be utilized for agricultural, residential and other uses permitted under the zoning ordinances for the County of Kauai.

DATED: Honolulu, Hawaii, September 25, 1992.


RICHARD ALLAN TEIXEIRA


FRADELLE TEIXEIRA

Subscribed and sworn to before me
this 25th day of September, 1992.


NOTARY PUBLIC, STATE OF HAWAII

My commission expires: 12-29-94

EXHIBIT "F"

BUILDING AND HOUSE RULES
E-I-E-I-O FARM ENTERPRISES

The purpose of these Building and House Rules ("Rules") is to protect all owners and occupants from annoyance and nuisance caused by improper conduct and improper use of the E-I-E-I-O FARM ENTERPRISES Condominium Project, hereinafter referred to as "Project", and to provide for the maximum enjoyment of the premises. All owners and occupants, their agents, employees and invitees shall be bound by these Rules and standards of reasonable conduct whether covered by these Rules or not.

1. Definitions. As used herein:

a. The "Area" refers to the land set aside for the use of each owner as a limited common element.

b. The "Apartment" refers to the existing buildings built on the land designated as the limited common element for the owner and any subsequent improvements built within the Area.

2. Building Permit. Any owner desiring to make an addition to the existing buildings and/or construct any new building will have to comply with the building and zoning ordinances as the same may be changed from time to time. The requirements of the County of Kauai ordinances is required to be observed in the construction of a single family dwelling as well as the following:

a. No structure of a temporary character, trailer, quonset hut, tent, shack, and/or barn shall be used as a permanent residence.

b. In any grading and/or excavation of the Apartment the grade of the Apartment shall not be altered in such a manner as to affect the drainage of any adjoining Apartment.

3. Roadway. The Roadway shown on the Condominium Map shall be jointly maintained by the owners of Apartments A through C inclusive.

4. Vehicles and Equipment. No vehicles, equipment, boats and/or trailers shall be kept, placed or maintained to interfere with the use of Roadway.

5. Garbage and Trash. Each unit shall place his own garbage, trash and rubbish in covered receptacles or in plastic or fastened bags. Each owner shall exercise reasonable care to avoid exposure of waste materials to flies, roaches, rodents and other insects or materials.

6. General Appearance.

a. Clothes Drying. Outside clothes lines or other outside clothes drying or airing facilities should be screened from the street and the other apartment.

b. Signs. Signs, signals and lettering may be inscribed or exposed on any part of a building or in the common elements of the project that meets the requirements of the ordinances of the County of Kauai and approved as to standards set by the Board of Directors of the Association from time to time.

c. Storage. No open storage of furniture, fixtures, appliances and other goods not in use will be permitted if not screened from the street and the other apartment.

d. Antenna. No antenna or other device to receive or transmit any television, radio, C.B. or any electronic signal shall be erected, placed or maintained on any building or area that is visible from the other apartment without the prior written approval of the other apartment owner.

7. Water and Utilities. The water, electricity and telephone lines will be drawn from the street to each Apartment at its own cost and expense.

8. Setbacks. Any dwelling and/or structure placed in an Area by an owner will observe the perimeter boundaries of each Area.

9. Upkeep of Area. Each owner will be responsible for the landscaping and upkeep of its own Area and shall not permit its Area to be overgrown with weeds and/or place used vehicles and/or storage of materials to make the Area become unsightly like a junkyard.

Adopted at Kilauea, Kauai, Hawaii, this 25th day of
September, 1992.


RICHARD ALLAN TEIXEIRA

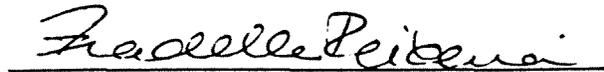

FRADELLE TEIXEIRA

EXHIBIT "G"

**SUMMARY OF DECLARATION OF
RESTRICTIVE COVENANTS AND CONDITIONS**

The Declaration of Restrictive Covenants and Conditions dated December 9, 1976, filed in the Bureau of Conveyances, State of Hawaii, in Book 11901, Page 515, among other things says:

1. The subject parcel shall be used only for those uses permissible in an agricultural district as contained in Chapter 205, Hawaii Revised Statutes, as amended, or as may be further amended.
2. The covenant shall run with the land and shall be noted in any document of conveyancing, leasing, mortgaging, etc.
3. The covenant shall remain in full force and effect until the subject parcel is reclassified to other than the "Agriculture" District Classification.

The foregoing is only a summary and the specific language of the Declaration shall govern.

EXHIBIT "H"

FARM DWELLING AGREEMENT

The Farm Dwelling Agreement dated August 8, 1989, between Richard Allan Teixeira ("Applicant") and the County of Kauai Planning Department ("Department") filed in the Bureau of Conveyances, State of Hawaii, in Book 23577, Page 564, among other things says:

1. That the dwelling permitted to be construed on the parcel of land shall be a "farm dwelling" as defined by Chapter 205, H.R.S. and the State Land Use District Regulations.
2. The dwelling shall only be occupied by a "family" as defined by the State Land Use District Regulations who derives income from agricultural activity on the parcel.
3. That Applicant, his heirs and assigns, shall grant the Department the right of entry to inspect the premises to assure compliance with the provisions of this Agreement.
4. The Agreement shall be a covenant running with the land and binding on Applicant, his heirs and assigns.
5. That this Agreement shall remain in effect so long as the land retains its "Agriculture" District Classification.
6. That Applicant shall expressly set forth the provisions of this Agreement in any document of conveyancing, leasing, mortgaging, etc.

The foregoing is only a summary and the specific language of the Farm Dwelling Agreement shall govern.

JOANN A. YUKIMURA
MAYOR



DEE M. CROWELL
PLANNING DIRECTOR

KEITH NITTA
ACTING DEPUTY PLANNING DIRECTOR

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 RICE STREET, SUITE 473
LIHUE, HAWAII 96766

TELEPHONE (808) 241-6677
FAX (808) 241-6699

January 5, 1994

COPY

RECEIVED

JAN 6 1994

Mr. Calvin Kimura, Executive Secretary
Real Estate Commission, Real Estate Branch
250 South King Street, Suite 702
Honolulu, Hawaii 96813

OFFICE OF SAKAI

Subject: Certification of Inspection of Existing Buildings for
E-I-E-I-O Farm Enterprises Condominium at Kalihiwai,
Kauai, TMK:5-2-10:23

The developer of the above-mentioned condominium project ("project") has requested that this office, as an agency of the County of Kauai, review the 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 a private engineer to certify that the existing buildings on the proposed project referred to as Units A, B, and C are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction. Subject to the condition of waiver herein and inspections conducted by the department of the above mentioned units on December 6, 1993 and December 28, 1993, the Planning Department adopts that certification as it pertains to our requirements.
- b. We have no record of any zoning variances that have been granted on the subject property.
- c. WAIVER

The foregoing certification is not a warranty as to any aforementioned compliance, nor a representation as to the condition of the property in question. No rights

EXHIBIT "I"

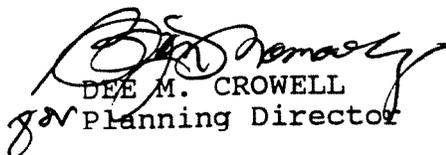
AN EQUAL OPPORTUNITY EMPLOYER

Mr. Calvin Kimura, Executive Secretary
January 5, 1994
Page 2

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 Property Regime (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.

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. Any use of the equipment shed and warehouse or sale of this unit in the future which encourages residential use of the structure would be a violation of the provisions of the Comprehensive Zoning Ordinance.

If you have any questions, please contact Bryan Mamaclay of my staff at 241-6677.


DEE M. CROWELL
gov Planning Director

cc: Hiroshi Sakai