

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer MICHAEL ROY STRONG
Address P. O. Box 30, Kilauea, Hawaii 96754

Project Name(*): HONUA FARMS CONDOMINIUM
Address: Kilauea, Kauai, Hawaii

Registration No. 2811 Effective date: May 13, 1993
(Partial Conversion) Expiration date: June 13, 1994

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

SUPPLEMENTARY: This report updates information contained in the:
(pink)
[] 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 [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 developer.

* * * * *

* SPECIAL NOTICE: *

* 1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor that all County Codes, Ordinances and subdivision requirements have been complied with. *

* 2. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted lines on the Condominium Map merely represent the approximate location of the limited common element assigned to each unit. *

* 3. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads and driveways. *

* 4. Read Exhibit J (letter from County of Kauai Planning Department) with care. *

* 5. This project includes an active, working farm. Activities such as crop and pesticide spraying occur regularly. These provisions are outlined further in the Declaration of Protective Covenants and House Rules for this project, attached hereto as Exhibit I. *

* 6. Any unit purchaser should anticipate the perpetual use of some units in this project in agricultural endeavors. Prospective purchasers are urged to carefully review the provisions regarding existing farm worker housing on the project. No prospective purchaser will be allowed to utilize any farm worker housing as an independent source of income for residential uses. *

* 7. This project contains two units (Units 4 and 5) with "non-conforming" farmworker housing. It also contains three units (Units 1, 2 and 3) which do not have a farm dwelling at the present time. In the event that any unit is precluded from building a farm dwelling by the presence of the non-conforming structures, then the owner(s) of Units 4 and 5 will be required to remove or alter the non-conforming structures, as required by the County of Kauai, so that each of Units 1, 2 and 3 are able to build a farm dwelling. *

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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: MICHAEL ROY STRONG Phone: (808) 828-1292
Name (Business)
P.O. BOX 30
Business Address
KILAUEA, HI 96754

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

N/A

Real Estate Broker: Michael M. Dyer dba Phone: (808) 828-1705
KILAUEA REAL ESTATE COMPANY (Business)
Name
P.O. BOX 68
Business Address
KILAUEA, HI 96754

Escrow: TITLE GUARANTY ESCROW SERVICES, INC Phone: (808) 533-6261
Name (Business)
235 QUEEN STREET
Business Address
HONOLULU, HI 96813

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

Business Address

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

Attorney for Developer: STEVEN R. LEE Phone: (808) 246-1101
Name (Business)
4473 PAHE'E ST., STE. 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. 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. 92-131590
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to Declaration of Condominium Property Regime is dated October 27, 1992, and was recorded on November 9, 1992 as Document No. 92-181706.

- 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. 1709
 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]: Amended Condominium File Plan NO. 1709 recorded on November 9, 1992.

- 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. 92-131591
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>80%</u>

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

2. Developer:

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

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

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:

Lot 8-W-14, Kilauea Agricultural Subdivision,
Address: Kilauea Lighthouse Road, Kilauea, Kauai, Hawaii Tax Map Key: (4) 5-2-12:14
(TMK)

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

Land Area: 25.245 [] square feet [X] acre(s) Zoning: Agricultural

Lessor

(Fee Owner): MICHAEL ROY STRONG, CANDACE LOUISE STRONG
Name NICHOLAS IAN HOUSEGO AND PASCALE MARIE-FRANCOISE HOUSEGO
P.O. BOX 30
Address
KILAUEA, HI 96754

Sublessor:

Name
Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 13 Floors Per Building All 1 floor

[] Exhibit contains further explanations.

3. Principal Construction Material:

[] Concrete [] Hollow Tile [X] Wood

[X] Other Units 1,2, and 3's sheds are metal

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
[] Residential	___	[] Yes [] No	[] Ohana	___	[] Yes [] No
[] Commercial	___	[] Yes [] No	[] Industrial	___	[] Yes [] No
[] Mix Res/Comm	___	[] Yes [] No	[X] Agricultural	5	[X] Yes [] No
[] Hotel	___	[] Yes [] No	[] Recreational	___	[] Yes [] No
[] Timeshare	___	[] Yes [] No	[X] Other: *	___	[X] Yes [] No

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

*Please see page 20 for further information.

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: _____
- [X] Other: For restrictions and House Rules, please see Exhibit I attached.
- [] There are no special use restrictions.

6. Interior (fill in appropriate numbers): PLEASE SEE PAGE 11A

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Storage Shed(s) Lanai/Patio (sf)</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 5

*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: Per Article II of the Declaration of Condominium Property Regime, the boundaries of each apartment shall be the outer surface of the entire 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. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime and the Condominium Map will be required to disclose actual improvements as a matter of public record.

Apartment Descriptions:

Unit No.	Bldg No.	Area of Limited Common Element	No. of BR/BATH	Appx Net Living Area (Sq. Ft.)	Appx Lanai/Farm/Shed Area (Sq. Ft.)
1		.928 acres	- 0 -	- 0 -	20 (Shed)
2		.928 acres	- 0 -	- 0 -	20 (Shed)
3		.928 acres	- 0 -	- 0 -	20 (Shed)
4	a	4.462 acres	- 0 -	264*	0
	b		- 0 -	192*	160 (Porch)
	c		- 0 -	312*	0
	d		- 0 -	336*	0
	e		- 0 -	524*	0
5	a	17.013 acres	3/1	1120	130 (Porch)
	b		3/1	1250	112 (Porch)
	d		- 0 -	360*	272 (Porch)
	e		- 0 -	714*	
	f		- 0 -	- 0 -	2784 (Barn)

*denotes "farm worker housing"

9. Units 4a-e and Units 5d-e are classified as "Farm Worker Housing". Farm Worker Housing may not be in compliance with County of Kauai rules and regulations. The legal status of the codes and regulations of Farm Worker Housing is unclear at this time. These structures may need to be removed to be in compliance with said regulations. The cost to remove "Farm Worker Housing" is estimated at \$500.00 per structure.

10. Not applicable to Units 1, 2 and 3

Unit 4a is 20 years old, in fair condition with minor rot, and has an apparent useful life of 5 years.

Unit 4b is 20 years old, in fair condition with an old roof, no rails at steps and landing, and has an apparent useful life of 5 years.

Unit 4c is 20 years old, in fair condition, and has an apparent useful life of 5 years.

Units 5a and 5b are in excellent condition due to renovations in 1981 and have an apparent useful life of 20 years.

Unit 5f is 11 years old, in good condition, and has an apparent useful life of 10 years.

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	X		
Structures		X	
Lot	X		

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

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

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

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

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

described in Exhibit E.

as follows:

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

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

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

[X] described in Exhibit E.

[X] as follows:

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

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

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

[X] described in Exhibit C.

[] as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated 12/17/92 and issued by T.I. OF HAWAII.

Developer represents that since that date there have been no further encumbrances.

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>
Mortgages	If foreclosed, Buyer's interest will be cancelled and Buyer will be entitled to refund of deposit.

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:

Units 1, 2 and 3 were completed on June 30, 1992. Units 4 a-e were constructed approximately 20 years ago (June, 1972). Units 5a and 5b were constructed in June of 1972 and renovated in May of 1981. Units 5d and 5e were constructed approximately 20 years ago (July, 1972). Unit 5f was constructed approximately 11 years ago (May, 1981).

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):

N/A

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit B contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated January 25, 1989
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 Protective Covenants and House Rules for Honua Farms

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. 2811 filed with the Real Estate Commission on 2/12/93.

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

- yellow paper stock white paper stock pink paper stock

C. Additional Information Not Covered Above

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. 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, especially Exhibit I, Declaration of Protective Covenants and House Rules. Among other things, the restrictions state what you may and may not do with the property, what is required of you, and what is and is not available. You should also conduct your own investigations and ascertain the validity of information provided. There is an Architectural Review Committee which must approve of all building plans. Please remember that issuance of this Report does not mean the Real Estate Commission has approved the project.

The County of Kauai Planning Department has advised that, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, 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, the Bylaws, and the Protective Covenants and House Rules.

Except as limited specifically by the Declaration of Condominium Property Regime, the Bylaws the Protective Covenants and House Rules, 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, nurseries and wildlife management. See Kauai County Comprehensive Zoning Ordinance, Article 8.7.

Buildings 4a-e, 5d and 5e are "Farm Worker Housing". They may not be used for anything other than living quarters for agricultural workers. They may not be rented to persons not engaged in agricultural activity as farm workers, and may not be converted to residential use, as defined by the Kauai County Zoning Ordinance. These buildings have no kitchen or bathroom facilities, and pursuant to the Declaration of Condominium Property Regime affecting this project, no kitchen or bathroom facilities may be added at any time by any person unless permitted by Kauai County Zoning Ordinance and by the affirmative vote of 80% of the undivided interests owners in the project. These buildings are expressly designed and permitted for the purpose of providing sleeping accommodations to persons actively engaged in farming activities within the project or on adjacent parcels. They may not be used as a source of income by the unit owner by placing them in a residential housing market. In the event that the right to utilize such buildings as farm worker housing is lost, the buildings must be converted to storage use, and no residential use of any kind is or will be permitted. Units 1, 2 and 3 of this project do not contain farm dwellings at the present time. In the event that the "non-conforming" farm worker housing buildings on Units 4 and 5 preclude the owners of Units 1, 2 and 3 from building a farm dwelling, then the owners of Units 4 and 5 will be required to remove or alter the non-conforming structures, as required by the County of Kauai, in order that the owners of Units 1, 2 and 3 are able to build.

Please review carefully the letter from the Kauai County Planning Department attached as Exhibit J.

A buyer should understand that all development and use of the properties shall comply with all County Codes and Ordinances, that owners in this condominium project will not necessarily receive the same County benefits as owners of approved subdivided lots, and that owners who develop their properties later than others may find that insufficient utility capacities may thwart their expectations.

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.

MICHAEL ROY STRONG

Name of Developer

By: Michael Roy Strong
Duly Authorized Signatory

5/4/93
Date

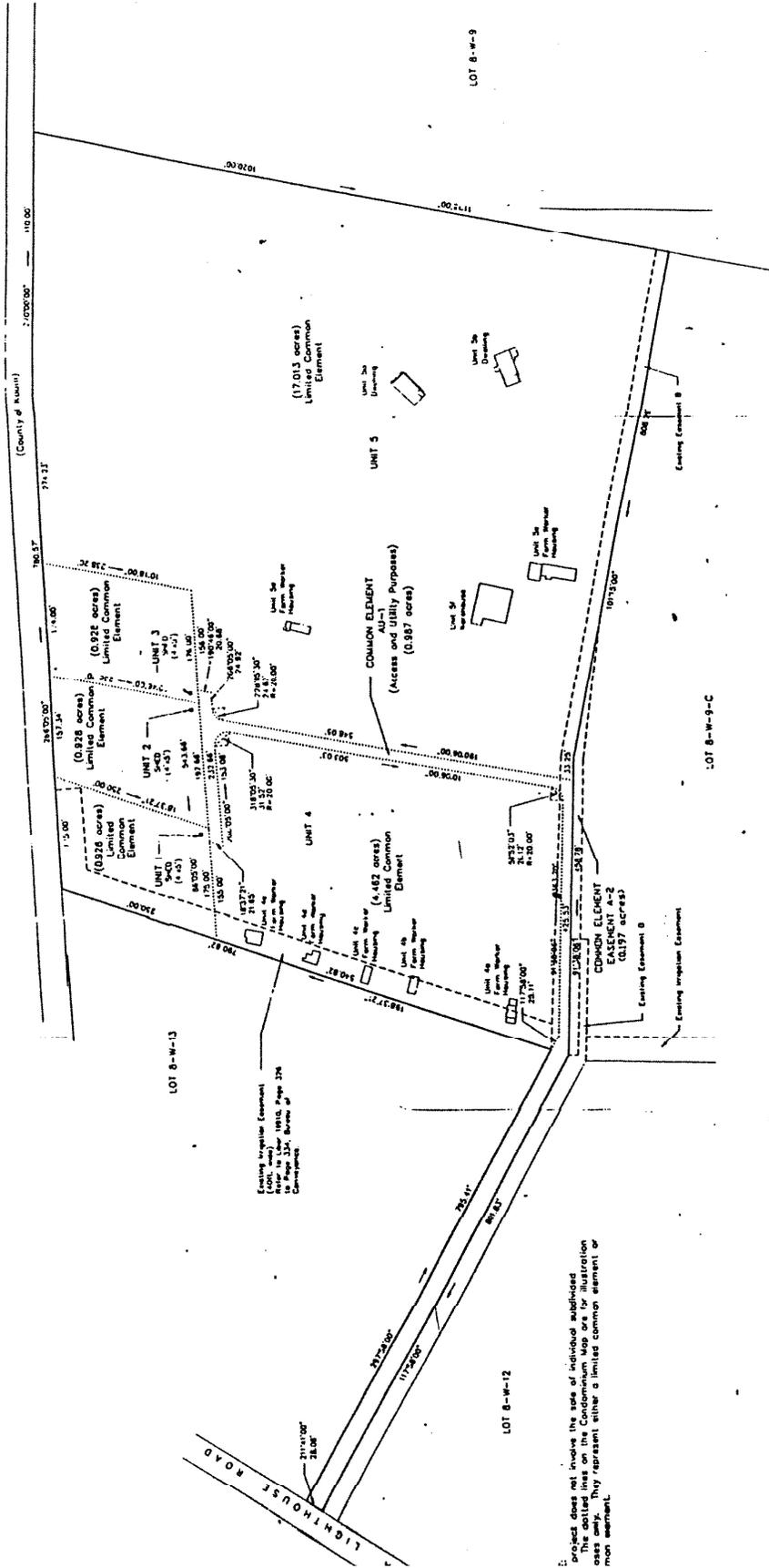
MICHAEL ROY STRONG, Developer

print name & title of person signing above

Distribution:

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

EXHIBIT A



CONDOMINIUM MAP FOR
 HONUA FARMS
 UNITS 1 THRU 5 INCLUSIVE
 AND COMMON ELEMENTS AU-1 & AU-2
 LOT 8-W-14
 KILAUEA AGRICULTURAL SUBDIVISION
 PORTION OF GRANT # 2886
 MAP # 2000-14
 MAP KEYS 5-2, 1-12, 14
 OWNERS: Michael Strong
 Candace Strong
 Michael Strong
 Paradise Houseco
 Date: July 27, 1992



THIS MAP WAS PREPARED BY ME
 ON BEHALF OF THE ABOVE

1. project does not involve the sale of individual subdivided lots.
 The dotted lines on the Condominium Map are for illustration only and do not represent either a limited common element or a common element.

EXHIBIT B
SUMMARY OF SALES CONTRACT

The HONUFA FARMS 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 HONU FARM CONDOMINIUM**

Unit No.	Bldg No.	Area of Limited Common Element	No. of BR/BATH	Net Living Area (Sq. Ft.)	Lanai/Farm/Shed Area (Sq. Ft.)	% Common Interest
1		.928 acres	- 0 -	- 0 -	20 (Shed)	5%
2		.928 acres	- 0 -	- 0 -	20 (Shed)	5%
3		.928 acres	- 0 -	- 0 -	20 (Shed)	5%
4	a	4.462 acres	- 0 -	264*	0	20%
	b		- 0 -	192*	160 (Porch)	
	c		- 0 -	312*	0	
	d		- 0 -	336*	0	
	e		- 0 -	524*	0	
5	a	17.013 acres	3/1	1120	130 (Porch)	65%
	b		3/1	1250	112 (Porch)	
	d		- 0 -	360*	0	
	e		- 0 -	714*	0	
	f		- 0 -	- 0 -	2784 (Barn)	

*denotes "farm worker housing"

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration of Condominium Property Regime, each unit owner may use his unit, alter or add to it in any manner he deems desirable, so long as it is permitted by law and the Declaration of Protective Covenants and House Rules. If 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. See Exhibit J for cautionary comments from the County of Kauai Planning Department.

END OF EXHIBIT C

EXHIBIT D
SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between Title Guaranty Escrow Inc. (the "Escrow") and NICHOLAS IAN HOUSEGO, PASCALE MARIE-FRANCOISE HOUSEGO, MICHAEL ROY STRONG, and CANDACE LOUISE STRONG, (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 \$300.00 for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents.

* * * * *

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:

(a) That certain land area upon and around which Units 1, 2, 3, 4 and 5 are located, shown and designated on the Condominium Map and the table below, are deemed a limited common element appurtenant to and for the exclusive use of each respective unit.

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
1	.928 Acres
2	.928 Acres
3	.928 Acres
4	4.462 Acres
5	17.013 Acres

Note:
Land areas herein are not legally subdivided 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 County of Kauai Tax Assessor for further information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The effect, if any, of that certain Letter Agreement dated July 10, 1972, and referred to as Exhibit 2 of Grant Deed dated December 2, 1972, recorded on December 5, 1972 in Book 8782 Page 1.
4. Irrigation Easement (40 feet wide), running along the westerly boundary and the west end of the north boundary of this lot, containing an area of 0.846 acre, as per survey of Masao Fujishige, Registered Land Surveyor, Certificate No. 1065, State of Hawaii, dated May 3, 1977.
5. Grant dated September 12, 1975, recorded in Book 10910 Page 325, in favor of C.B. Kilauea, Inc. and American-Hawaiian Development Company, granting an easement over a portion of Irrigation Easement B.
6. Grant dated February 14, 1977, recorded on June 22, 1977 in Book 12282 Page 330, in favor of C.B. Kilauea, Inc. and Brewer Properties, Inc., granting an easement over Irrigation Easement B.

Said Grant was amended by instrument dated July 28, 1977, recorded in Liber 12466 at Page 21; re: to add the following paragraph at the end of the above description:

"Provided, however, that the Grantor, for itself and its successors and assigns, reserves the right to remove or otherwise have access to the available flow of water from the easement area in such reasonable amounts as may be incidental or necessary to the agricultural practices of the Grantor and its successors and assigns on the dominant parcel over which the easement runs, upon such terms and conditions with respect to charges, maintenance and liability as may be mutually agreed upon between the Grantor and Grantee, and their respective successors and assigns, at such time as the water is removed from the easement area."

7. Those restrictive covenants and conditions referred to in instrument dated November 1, 1977, recorded in Book 12533 Page 586.
8. Grant dated November 14, 1984, recorded on January 8, 1985 in Book 18377 Page 523, in favor of CITIZENS UTILITIES COMPANY, and HAWAIIAN TELEPHONE COMPANY, granting an easement for utility purposes.
9. Condominium Map No. 1709 filed on August 12, 1992, as amended.
10. The covenants, agreements, obligations, conditions and other provisions set forth in Declaration of Condominium Property Regime entitled "HONUA FARMS" dated July 24, 1992, recorded on August 12, 1992 as Document No. 92-131590, and the By-Laws, dated July 24, 1992, recorded on August 12, 1992 as Document No. 92-131591, to which reference is hereby made; as amended.
11. Declaration of Protective Covenants and House Rules for Honua Farms dated July 24, 1992, recorded August 12, 1992 as Document No. 92-131592.
12. Any and all easements encumbering the apartment herein identified and described, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration; as amended, and/or as delineated on said Condominium Map No. 1709; as amended.

13. REAL ESTATE MORTGAGE

Mortgagor : MICHAEL ROY STRONG and CANDACE LOUISE STRONG, formerly known as CANDACE LOUISE LINDSAY, husband and wife, and NICHOLAS IAN HOUSEGO and PASCALE MARIE-FRANCOISE HOUSEGO, husband and wife

Mortgagee : STATE OF HAWAII

Dated : December 10, 1987

Recorded : December 16, 1987 in Book 21432 Page 158

Consideration : \$87,500.00

14. MORTGAGE

Mortgagor : MICHAEL ROY STRONG and CANDACE LOUISE STRONG, husband and wife, and NICHOLAS IAN HOUSEGO and PASCALE MARIE-FRANCOISE HOUSEGO, husband and wife

Mortgagee : HAWAII PRODUCTION CREDIT ASSOCIATION

Dated : December 2, 1991

Recorded : December 20, 1991 as Document No. 91-177505

Consideration : \$245,038.00

EXHIBIT G

DISCLOSURE ABSTRACT FOR
HONUA FARMS CONDOMINIUM

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

1. The developer of the project is MICHAEL STRONG, P.O. Box 30, Kilauea, Hawaii 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.

6. Pursuant to Rule 107.5 of the Hawaii State Real Estate Commission, reference is hereby made to the method by which common interest has been computed for the above-referenced project. There are 5 units, each of which sustains at least one structure, and each of which will burden the common elements. However, some units are disproportionately smaller than others and substantially less expensive than the limited common elements of other units. Therefore, the assessment of undivided interest both for common expense and for voting is as follows: Units 1, 2 and 3 - 5%, Unit 4 - 20% and Unit 5 - 65%.


MICHAEL STRONG

Dated: January 26, 1993

RECEIPT

The undersigned has received a copy of the foregoing disclosure abstract with Exhibit H this _____ day of _____, 19__.

Purchaser(s)

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
Unit 1	13.25	159.00
Unit 2	13.25	159.00
Unit 3	13.25	159.00
Unit 4	53.00	636.00
Unit 5	172.25	2067.00

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:

	<u>Monthly x 12 months = Yearly Total</u>	
Utilities and Services		
Air Conditioning		
Electricity		
[] common elements only		
[] common elements and apartments		
Gas		
Refuse Collection		
Telephone		
Water and Sewer		
Maintenance, Repairs and Supplies		
Building		
Grounds	80.00	960.00
Management		
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance	60.00	720.00
Reserves - - -		
Taxes and Government Assessments	125.00	1500.00
Audit Fees		
Other		
TOTAL	265.00	3180.00

We, MICHAEL ROY STRONG, 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.

Michael R Strong
Date: 10/27/92

EXHIBIT I

R-652

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

AUG 12, 1992 10:43 AM

Doc No(s) 92-131592

/s/ S. FURUKAWA
REGISTRAR OF CONVEYANCES

CONVEYANCE TAX: \$0.00

AFTER RECORDATION RETURN BY MAIL TO:

STEVEN R. LEE, Attorney At Law
2959 Umi Street, Suite 300, Lihue, Hawaii 96766

TITLE OF DOCUMENT: DECLARATION OF PROTECTIVE COVENANTS AND
HOUSE RULES FOR HONUA FARMS

PROPERTY DESCRIPTION: TMK No.: (4) 5-2-12-14

KNOW ALL MEN BY THESE PRESENTS:

**DECLARATION OF PROTECTIVE COVENANTS AND HOUSE RULES
FOR HONUA FARMS**

The undersigned are the owners of the real property affected by this document, and they adopt the following for the HONUA FARMS CONDOMINIUM. The purpose of these Protective Covenants and House Rules (herein referred to as "House Rules") is to protect all owners and occupants from annoyance and nuisance caused by improper conduct and improper use of the HONUA FARMS CONDOMINIUM, hereinafter referred to as "Project," and to provide for the maximum enjoyment of the premises, with protection of all owners reasonable expectations. All owners and occupants, their agents, employees and invitees shall be bound by these House Rules and by standards of reasonable conduct, whether covered by these House Rules or not.

1. Definitions. As used herein:

a. "Area" refers to the limited common element set aside for the exclusive use of each Unit owner.

b. "Unit" refers to the entire condominium interest held by an owner.

2. Building Permits. Any owner desiring to construct a single family farm dwelling in a unit will have to comply with the Kauai County building and zoning codes, as the same may be changed from time to time. The present requirement is that each owner must demonstrate the ability to obtain sustenance or income from farming on the limited common element before the County will issue a Farm Dwelling Agreement. The County will likely inspect the area before issuing a building permit, to ascertain that farming activities are taking place on the unit seeking to build. The developer or, thereafter, the president of the Association, shall apply for building permits for all Units. The Developer or President may give written authority to individual Unit Owners to apply for permits, after review of plans to insure compliance with these House Rules.

3. Water and Utilities. The water, electricity and telephone are available in or next to the County road serving the property or rights-of-way or easement(s). Each Unit Owner will be required to connect such utilities, including water meters, to his/her respective improvements at his/her own cost and expense. All utilities in the condominium Area shall be placed underground.

4. Wastewater. There are no sewer lines and no sanitary sewer system. Each Unit will be required to have its own septic system, to be located within its own limited common element Area. No new cesspools will be allowed.

5. Roadway. The roadway within the Project is unpaved. Each Unit owner will be responsible for clearing all vegetation and growth from his Area to the extent it enters the area of the roadway element.

6. Farming. A Unit owner may farm his own area and/or plant any orchards and/or engage in any other farming activity not prohibited herein. The owner shall use materials and/or equipment that are maintained and kept in good working order and repair and will not allow any unused and/or junk material and/or vehicles to be stored and kept in the units or in or on common elements.

7. Construction. In the construction of the farm dwelling and/or any other accessory building, the Unit owner shall not use quonset huts and/or any other materials that would create a nuisance on the Unit owner's property, or be so to the owners of other Units in the condominium project. All finishes on the exteriors of structures, other than the existing structures, shall be of natural colors, complimentary to earth tones. There shall be a setback of at least 10 feet from all boundaries between Units in the Project and from the lot lines of the project.

8. Pets and Farm Animals / Noise in General. Notwithstanding that this is an agricultural condominium, the following animals shall be precluded from possession by owners

or occupants of the Project: bulls, pit bull or pit bull mixed dogs, more than one pig, more than three dogs of any permitted variety, peafowl, and any animals (including those permitted above) that create such levels of noise or noxious odors that two or more unit owners make written objection to the association of unit owners. In the latter case, offending owner(s) shall have 30 days in which to remedy the problem or to dispose of the offending animals.

Additionally, with the exception of ordinary agricultural activities, for example, plowing, seasonal harvesting activities and preparation of ground for crops, no unit owner shall create such levels of noise or noxious fumes that the peaceable use of other units is materially affected. The written complaint of two or more unit owners shall be prima facie evidence of material adverse conditions.

9. Common Area Land. The Association shall determine and control the use of the Common Area lands, including but not limited to use for any farming, raising of animals, landscaping, maintenance and/or any other use which may be decided upon by the Association from time to time.

10. Noxious Activities. This project comprises an active working farm. Activities such as crop and pesticide spraying occur regularly. Prospective purchasers should anticipate uses of this nature.

11. Common Element Expenses and Enforcement. The Association shall provide for such Common Area expenses necessary or desirable to maintain and keep the Project in acceptable condition. The Association shall have the power to enforce these Rules, including the assessment of the common expenses and the filing of a lien against any Unit owner failing to observe these House Rules.

12. Use / Removal of Farm Worker Housing. In the event any unit owner utilizes the existing farm worker housing for any purpose inconsistent with the Kauai County Zoning Ordinances or these Protective Covenants, the offending unit owner will be required to eliminate all offending activities, including specifically, if ordered by Kauai County, the removal of those buildings violative of the Kauai County Zoning Ordinances. Such owner will further be responsible for all costs associated with remedying any violative activity, including attorney's fees incurred by the Association and/or third parties in the enforcement of these House Rules. All owners are advised that the status of the Farm Worker Housing is legally uncertain, and that such housing may be required to be removed as a condition of granting any building permits for the project.

13. No Conversion of Agricultural Worker Housing. No conversion of agricultural worker housing to farm housing is allowed. The property currently has eight (8) agricultural worker

structures. No additional kitchen or bathroom facilities may be constructed in farm worker housing, except upon future amendment of these House Rules by an 80% majority of common interests in the Project, and the owner or builder must also obtain written approval of the proposed construction from the County of Kauai. Unit owners are advised that farm worker housing is provided for in County of Kauai Zoning Ordinances, but there are no clear definitions of what qualifies as such housing. The farm worker housing structures can be used only by agricultural workers actively engaged in agricultural work. No farm worker housing may be rented to persons not actively employed on the project in agricultural work.

13. Repeal or Modification. These may be repealed or modified by Developer at any time prior to issuance of the Final Report by the State of Hawaii, Real Estate Commission. Thereafter they may be modified by an affirmative vote of the holders of 80% of the common interests in the Project.

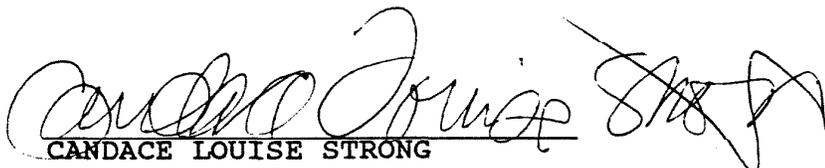
ADOPTED at Lihue, Kauai, Hawaii this 24 day of July, 1992.

HONUFA FARMS CONDOMINIUM,


NICHOLAS IAN HOUSEGO


PASCALE MARIE-FRANCOISE HOUSEGO


MICHAEL ROY STRONG


CANDACE LOUISE STRONG

END OF EXHIBIT I

JOANN A. YUKIMURA
MAYOR



EXHIBIT J



COUNTY OF KAUAI
PLANNING DEPARTMENT
4280 RICE STREET
LIHUE, KAUAI, HAWAII 96766

JEFFREY R. LACY
PLANNING DIRECTOR

DEPUTY PLANNING DIRECTOR

TELEPHONE (808) 245-3919

January 19, 1993

COPY

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

Subject: Certification of Inspection of Existing Buildings for
Honua Farms Condominium at Kilauea, Kauai
TMK:5-2-12:14
LOTR:10/29/92

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).

Based on the information submitted and inspection of the property by staff, the department is unable to certify that the project fully complies with all applicable rules and regulations of the County of Kauai. This determination is premised on the following:

1. The proposed project recognizes seven (7) existing "farm worker housing units" on the subject property identified as units 4a, 4b, 4c, 4d, 4e, 5d, and 5e. Such "type" of housing unit described is not listed by the CZO as a generally permitted use within the Agriculture District (A). Furthermore, the department has no record of any zoning and/or building permit processed or issued for such units. However, based on their primary function as residential dwellings, such units may be allowed provided that the total number of dwellings, including the dwellings identified as Units 5a and 5b, does not exceed the maximum allowable density of Parcel 14. Relative to Units 5a and 5b, our files indicate

Mr. Calvin Kimura, Executive Secretary

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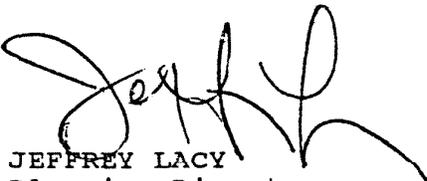
that the proper zoning and building permits have been issued for these units.

2. As recognized on the condominium map, there are a total of nine (9) dwelling units on the subject property which exceeds the maximum allowable density of five (5) units.

Based on the foregoing, it is recommended that the Real Estate Commission defer the processing and issuance of the Final Condominium Public Report until the developer resolves with the Planning Department, the allowable density for this project. There are two (2) alternatives to pursue:

1. The developer removes four (4) of the "farm worker housing units" such that the number of limited common elements or CPR units proposed for this parcel would not exceed the maximum number of dwelling units (5) permitted by the respective zoning district.
2. If the developer wishes to retain all of the "farm worker housing units" for the purposes of accommodating farm workers, a use permit application is submitted for review and approval by the Planning Commission pursuant to public hearing procedures. The use permit procedure is made available on the basis that such types of housing units are similar in nature to "construction and temporary worker housing" which may be allowed by a use permit in the Agriculture District (A) as per Section 8-7.3 of the Kauai County Code.

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



JEFFREY LACY
Planning Director

cc: Steven R. Lee

