CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer BARRY SCOTT HOEPFL, SALLY HOEPFL, H. STANLEY JONES, ROBERTA E. JONES, THOMAS A. HITCH, MARGARET N. HITCH AND VIOLET M. TROBOUGH, Trustee of the Violet M. Trobough Inter Vivos Trust Estate dated September 18, 1979 as modified by amendment dated September 13, 1988 by Fourth Amendment to Declaration of Trust dated September 18, 1979

Address 4356A Kuhio Highway, Kapaa, Hawaii 96746

Project Name(*): THE WHITE OWL RANCH

Address: Kapuna Road, Lot 3, Waipake Subdivision, Unit I, Waipake, Hanalei, Kauai, Hawaii

Registration No. 2876 Effective date: June 9, 1993

Expiration date: July 9, 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: (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 [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.

[ ] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

SPECIAL NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE 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, UPON THE PROPERTY.

1. THERE ARE PRESENTLY FOUR (4) STORAGE SHEDS, EACH OF WHICH IS DEFINED AS AN APARTMENT UNDER THE CONDOMINIUM PROPERTY ACT.

2. This Public Report does <u>not</u> constitute an approval of the project nor that all County Codes, Ordinances and subdivision requirements have been complied with.

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

4. Facilities and improvements normally associated with County approved subdivision, 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.

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

TABLE OF CONTENTS

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

EXHIBIT A: Common Elements
EXHIBIT B: Encumbrances Against Title
EXHIBIT C: Summary of Sales Contract
EXHIBIT D: Summary of Escrow Agreement
EXHIBIT E: Disclosure Statement; No maintenance fees
EXHIBIT F: Building and House Rules
EXHIBIT G: Summary of Declaration of Covenants Waipake Subdivision Unit I
EXHIBIT H:
EXHIBIT I:

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:

H. STANLEY JONES, ROBERTA E. JONES, THOMAS A. HITCH, MARGARET N. HITCH, BARRY SCOTT HOEPFL, SALLY HOEPFL and VIOLET M. TROBOUGH TRUST

Name

4356A Kuhio Highway

Business Address

Kapaa, Hawaii 96746

Phone: (808) 822-5850 **(Business)**

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

Real Estate Broker:

To be selected.
See note on page 20

Name

Business Address

Phone: _____ **(Business)**

Escrow:

First Hawaii Title Corporation

Name

201 Merchant St., 20th Floor

Business Address

Honolulu, Hawaii 96813

Phone: (808) 521-3411 **(Business)**

General Contractor:

Owner/Builder

Name

Business Address

Phone: _____ **(Business)**

Condominium Managing Agent:

Self-management by the Association of Apartment Owners

Name

Business Address

Phone: _____ **(Business)**

Attorney for Developer:

Hiroshi Sakai, Attorney at Law, A Law Corporation

Name

201 Merchant St., Suite 902

Business Address

Honolulu, Hawaii 96813

Phone: (808) 531-4171 **(Business)**

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 93-054060
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
[X] Recorded - Bureau of Conveyances Condo Map No. 1843
[ ] 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
[X] Recorded - Bureau of Conveyances: Document No. 93-054061
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 [X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	—	Majority vote of Board

* 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.

[X] 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:

[X] 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: Kapuna Road, Lot 3, Waipake Subdivision, Unit I, Waipake, Hanalei, Kauai, Hawaii **Tax Map Key:** (4) 5-1-006-003 **(TMK)**

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

Land Area: 10.007 [ ] square feet [X] acre(s) **Zoning:** Agriculture

~~Lessor~~/
(Fee Owner): H. STANLEY JONES, ROBERTA E. JONES, THOMAS A. HITCH, MARGARET N. HITCH, BARRY SCOTT HOEPFL, SALLY HOEPFL, and VIOLET M. TROBOUGH TRUST

Name

4356A Kuhio Highway

Address

Kapaa, Hawaii 96746

Sublessor: _____

Name

_____

Address

_____

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 4 Floors Per Building 1

   [ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

   [X] Concrete [ ] Hollow Tile [X] Wood

   [X] Other 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	4	[X] Yes [ ] No
[ ] Hotel	____	[ ] Yes [ ] No	[ ]	Recreational	____	[ ] Yes [ ] No
[ ] Timeshare	____	[ ] Yes [ ] No	[ ]	Other:_____	____	[ ] Yes [ ] No

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

[X] Other: See Building and House Rules attached as Exhibit "F" and Declaration of Covenants of Waipake Subdivision Unit I, a summary of which is attached as Exhibit "G" herein.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Apt. A: 1 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
A	1	N/A	1,507 sq. ft.	N/A
B	1	N/A	291 sq. ft.	N/A
C	1	N/A	129 sq. ft.	N/A
D	1	N/A	280 sq. ft.	N/A

Total Apartments: 4

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

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

Boundaries of Each Apartment:

The boundary of each apartment is the exterior surfaces of the apartment and each apartment also has appurtenant to it the limited common element land area as set forth in the Condominium Map for its own exclusive use.

Permitted Alterations to Apartments:

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

7. Parking Stalls: Open stalls not designated. By Ordinance,two (2) parking stalls for each residential apartment is required.

Total Parking Stalls: _____

	Regular		Compact		Tandem		
	covered	open	covered	open	covered	open	TOTAL
Assigned (for each unit)	____	____	____	____	____	____	____
Guest	____	____	____	____	____	____	____
Unassigned	____	____	____	____	____	____	____
Extra for Purchase	____	____	____	____	____	____	____
Other:	____	____	____	____	____	____	____
Total Covered & Open	____		____		____		

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

[ ] Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

[X] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute

[ ] Other: _____

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

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

N/A

11. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

[X] 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.

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

[ ] described in Exhibit _____.

[X] as follows:

The land area of each apartment 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 apartment.
Apartment A - 2.507 acres
Apartment B - 2.250 acres
Apartment C - 2.250 acres
Apartment D - 3.000 acres
NOTE: The limited common element land areas for each apartment 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:

[ ] described in Exhibit _____.

[X] as follows:

Apartment A - 25%
Apartment B - 25%
Apartment C - 25%
Apartment D - 25%

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 April 30, 1993 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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage recorded August 15, 1991 as Document No. 91-110499.	Buyer's interest may be terminated on foreclosure but Buyer will be entitled to a 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:

Unit A - completed on February 10, 1993.
Units B, C and D - completed on January 6, 1993.

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):

IV. CONDOMINIUM MANAGEMENT

A. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

[ ] not affiliated with the Developer
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] other _____

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit _____ contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

NOTE: No maintenance fees are immediately contemplated. Paragraph 13.0 of the Declaration provides that the Association may allow each apartment owner to maintain his own insurance and name the Association as an additional insured.

C. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

[X] None [ ] Electricity [ ] Gas [ ] Water

[ ] Sewer [ ] Television Cable [ ] Other_____

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

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

[X] Escrow Agreement dated December 29, 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 Covenants, Conditions and Restrictions for the Waipake Subdivision Unit I

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. 2876 filed with the Real Estate Commission on May 19, 1993.

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

[ ] yellow paper stock [X] white paper stock [ ] pink paper stock

C. Additional Information Not Covered Above

Disclosure re: Selection of Real Estate Broker

This public report shall not be valid for the sale of any apartment until the Developer submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, a copy of which shall be attached to this public report, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, as applicable.

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.

VIOLET M. TROBOUGH, Trustee of the Violet M. Trobough Inter vivos Trust Estate dated September 18, 1979 as modified by amendment dated September 13, 1988 by Fourth Amendment to Declaration of Trust dated September 18, 1979

Name of Developer

By: Violet M. Trobough
Duly Authorized Signatory

12/29/92
Date

VIOLET M. TROBOUGH, TRUSTEE, Owner

print name & title of person signing above

Distribution:

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

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.

BARRY SCOTT HOEPFL
Name of Developer

By: Barry Scott Hoepfl
Duly Authorized Signatory

2/17/93
Date

BARRY SCOTT HOEPFL, OWNER
print name & title of person signing above

SALLY HOEPFL
Name of Developer

By: Sally Hoepfl
Duly Authorized Signatory

2/17/93
Date

SALLY HOEPFL, OWNER
print name & title of person signing above

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.

H. STANLEY JONES

Name of Developer

By: _____ 12/31/92

Duly Authorized Signatory Date

H. STANLEY JONES, OWNER

print name & title of person signing above

ROBERTA E. JONES

Name of Developer

By: _____ 12/31/92

Duly Authorized Signatory Date

ROBERTA E. JONES, OWNER

print name & title of person signing above

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.

THOMAS A. HITCH
Name of Developer

By: Thomas A. Hitch
Duly Authorized Signatory

2/7/93
Date

THOMAS A. HITCH, OWNER
print name & title of person signing above

MARGARET N. HITCH
Name of Developer

By: Margaret N. Hitch
Duly Authorized Signatory

2/7/93
Date

MARGARET N. HITCH, OWNER
print name & title of person signing above

EXHIBIT "A"

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

a. The land in fee simple.

b. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities.

c. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

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EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE: The title report dated April 30, 1993 reports that title to the land is subject to the following encumbrances:

1. Real Property Taxes have been fully paid up to and including June 30, 1993. Tax Key: 5-1-06-03 (4) Area Assessed: 10.007 acres.

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

3. Agreement dated March 16, 1977, recorded on April 5, 1977 in the Bureau of Conveyances of the State of Hawaii in Book 12110,Page 330, made by and between STATE OF HAWAII and C. BREWER AND COMPANY. Re: Use of land for agricultural purposes.

4. Reservation in favor of State of Hawaii of vehicle access into and from Kauai Belt Road.

5. Exception and Reservation as contained in the following: Deed dated April 26, 1989, recorded April 28, 1989, in Book 23119, Page 472, to which reference is hereby made.

6. Right-of-Entry in favor of The County of Kauai, through Board of Water Supply dated June 28, 1990, recorded December 18, 1990, as Document No. 90-192766 for water facility purpose.

7. Building setback line and drainageway, as shown on survey map prepared by Dennis M. Esaki, Registered Professional Surveyor, dated December 6, 1990.

8. Department of Water restrictions, as shown on survey map prepared by Dennis M. Esaki, Registered Professional Surveyor, dated December 6, 1990.

9. Agreement to Release Rights to Three-Phase Power Installation dated December 13, 1990, recorded on February 21, 1991 in said Bureau of Conveyances as Document No. 91-022854.

10. Declaration of Covenants, Conditions and Restrictions dated February 20, 1991, recorded February 25, 1991 as Document No. 91-024029, to which reference is hereby made.

11. Reservation and Covenants contained in that certain Warranty Deed dated July 30, 1991, recorded on August 15, 1991 in said Bureau of Conveyances as Document No. 91-110497.

12. Mortgage by and between H. Stanley Jones and Roberta Jones, husband and wife, Thomas Alexander Hitch and Margaret Naomi Hitch, husband and wife, Barry Scott Hopefl and Sally Hoepfl, husband and wife, as Mortgagor, and Violet M. Trobough, Trustee of the Violet M. Trobough Inter Vivos Trust dated September 18, 1979, as Mortgagee, recorded August 15, 1991, as Document No. 91-110499.

13. Farm Dwelling Agreement by and between H. Stanley Jones and Roberta Jones, Barry S. Hoepfl and Sally Hoepfl, Margaret Hitch, "Applicants", and The County of Kauai Planning Department, "Department" dated December 19, 1991, recorded January 23, 1992, as Document No. 92-009912.

14. Grant in favor of Citizens Utilities Company, a Delaware corporation, and GTE Hawaiian Telephone Company Incorporated, a Hawaii corporation dated May 5, 1992, recorded July 15, 1992, as Document No. 92-114012, granting an easement for utility purposes.

15. Conveyance of Water Facility dated July 7, 1992, recorded on July 17, 1992 in the Bureau of Conveyances of the State of Hawaii as Document No. 92-115501.

19. The covenants, agreements, obligations, conditions, easements and other provisions set forth in Declaration of Condominium Property Regime of "The White Owl Ranch" dated February 17, 1993, recorded April 6, 1993, in the Bureau of Conveyances of the State of Hawaii as Document No. 93-054060. Condominium Map No. 1843, to which reference is hereby made.

20. By-Laws of the Association of Apartment Owners of The White Owl Ranch dated February 17, 1993, recorded on April 6, 1993 in said Bureau of Conveyances as Document No. 93-054061, to which reference is hereby made.

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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"

THE WHITE OWL RANCH

REGISTRATION NO. 2876

DISCLOSURE STATEMENT AS OF DECEMBER 31, 1992

1. Name of Project: THE WHITE OWL RANCH

2. Address: Lot 3, Waipake Subdivision, Unit I, Hanalei, Kauai, Hawaii

3. Names, Addresses and telephone number of Developers: Barry Scott Hoepfl and Sally Hoepfl, P. O. Box 46, Anahola, Kauai, Hawaii 96703, Telephone No. (808) 822-7388; H. Stanley Jones and Roberta E. Jones, 11717 Palm Avenue, Bakersfield, California 93312, Telephone No. (805) 589-8301; THOMAS A. HITCH and MARGARET N. HITCH, P. O. Box 19, Kilauea, Hawaii 96754, Telephone No. (808) 828-1982; and VIOLET M. TROBOUGH, Trustee of the VIOLET M. TROBOUGH INTER VIVOS TRUST AGREEMENT dated September 18, 1979 as modified by amendment dated September 13, 1988 by Fourth Amendment to Declaration of Trust dated September 18, 1979, 210 E. Acacia Avenue, El Segundo, California 90245, Telephone No. (805) 589-8301

4. Project Manager or Agent: Sally Hoepfl

5. Address: 4-356A Kuhio Highway, Kapaa, Kauai, Hawaii 96746

6. Telephone Number (808) 822-5850

7. Maintenance Fees: None at present. In the future as the need and necessity arises for maintenance fees it shall be based upon generally accepted accounting principles.

8. Commencement of Maintenance Fees: At such time that the Association decides to assess maintenance fees.

9. Warranties: The Project is a fee simple condominium project and there are no warranties.

10. Project: The Project consists of 4 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: El Segundo, California, 12/29/—, 1992.

Violet M. Trobough

VIOLET M. TROBOUGH, Trustee of the VIOLET M. TROBOUGH INTER VIVOS TRUST AGREEMENT dated September 18, 1979 as modified by amendment dated September 13, 1988 by Fourth Amendment to Declaration of Trust dated September 18, 1979

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EXHIBIT "F"

BUILDING AND HOUSE RULES
THE WHITE OWL RANCH

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 WHITE OWL RANCH** Condominium, 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.

c. The "lot" refers to Lot 3 of the Waipake Subdivision, Unit I, situate at Waipake, Hanalei, Kauai, Hawaii, and described in Warranty Deed dated July 30, 1991, recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 91-110497. The condominium unit described in the Declaration of Condominium Property Regime established for said Lot 3 shall be referred to as an "apartment" or "unit" in the project.

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 Ordinance No. 317 approved on June 27, 1977 is required to be observed in the construction of a single family dwelling as well as the following:

a. No building shall exceed two (2) stories in height.

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

c. 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. 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.

4. General Appearance.

a. 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.

b. Mailboxes and Street Address. Mailboxes and street address shall be in an Area that is set aside for each apartment at the driveway entrance.

5. Water and Utilities. The water, cable, electricity and telephone lines will be drawn from the street to each Apartment abutting the street at their own cost and expense.

6. Sewage Disposal. There are no sewer lines and sanitary sewer system. Each owner shall have to install his own septic tank and/or cavitette to be located within his own Area. A cesspool will be permitted only if the State Board of Health and/or the County of Kauai permits it.

7. Setbacks. Any dwelling and/or structure placed in an Area by an owner will observe a minimum 25-foot setback from the perimeter boundaries of each Area.

8. Use Restrictions. The use restrictions as to agricultural use, design, review and development standards are set forth in the Declaration of Covenants, Conditions and Restrictions for the Waipake Subdivision, Unit I, recorded as Document No. 91-024029 in the Bureau of Conveyances, State of Hawaii, referred to as "CC&R"s, the Declaration, By Laws and these Building and House Rules. In the event of conflict as to any of the foregoing the first listed shall prevail over the next succeeding use restrictions in descending order as set forth above.

9. Building Permit and Construction. The following shall be observed to secure the Association's approval to obtain the building permit, the construction of the improvements and the amendment of the Declaration of Condominium Property Regime.

a. The plans shall conform to the Building Code of the County of Kauai.

b. The plans are to be submitted to the County of Kauai for the issuance of the building permit.

c. Upon the completion of the dwelling a Notice of Completion shall be published in the Garden Isle for two (2) successive weeks at least seven (7) days apart and the Notice of Completion filed with the Clerk of the Fifth Circuit Court.

d. The plans as drawn should meet the requirements of a Condominium Map. The plan should show a site plan indicating where the dwelling will be located in the unit's limited common element land area. There should be a floor plan indicating the living/dining room, bedrooms, kitchen, bathrooms, lanai, etc. and the total net living area. The plans should show the elevations of the dwelling. The project and the architect's or engineer's stamp should be stamped on the plans.

e. An architect or engineer's certificate should be executed reflecting the "as built" condition of the dwelling.

f. The owner should have prepared at his own cost the amendment to the Declaration reflecting the change in description of the apartment and the amendment to the Condominium Map.

g. The amendment to the Declaration should then be filed for record in the Registrar of Conveyances, State of Hawaii.

Adopted at Kilauea, Kauai, Hawaii, this 31st day of December, 1992.

Barry Scott Hoepfl

BARRY SCOTT HOEPFL

Sally Hoepfl

SALLY HOEPFL

H. STANLEY JONES

ROBERTA E. JONES

THOMAS A. HITCH

MARGARET N. HITCH

Violet M. Trobough

VIOLET M. TROBOUGH, Trustee of the VIOLET M. TROBOUGH INTER VIVOS TRUST AGREEMENT dated September 18, 1979 as modified by amendment dated September 13, 1988 by Fourth Amendment to Declaration of Trust dated September 18, 1979

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EXHIBIT "G"

SUMMARY OF DECLARATION OF COVENANTS

WAIPAKE SUBDIVISION UNIT I

The Summary of Declaration of Covenants, Conditions and Restrictions for the Waipake Subdivision Unit I dated February 20, 1991, filed in the Bureau of Conveyances, State of Hawaii, as Document No. 91-024029 is applicable to the Project. The reading of the Declaration is important and various requirements have to be met before any construction and development of any improvements can be undertaken.

1. There are Lots 1 through 14 in Waipake Subdivision Unit I of which Lot 3 is the Project and therefore affected by this Declaration.

2. Before any improvements can be commenced, the plans and specifications have to be reviewed and approved by a Design Review Consultant appointed by the Declarant (Loka Partners II, Subdivider) and thereafter the Homeowners Association for the lots in the Subdivision Unit I of which the project is a part of.

3. The Consultant will conduct a design review in accordance with standards established and in compliance with public regulatory requirements. The standards to include among other things setback, height, roof materials, reflective materials, minimum size of unit, construction schedule and height limitation.

4. There are restrictions as to temporary structures, overhead utility lines, screening of transmission and receiving facilities.

5. There are restrictions on use of property such as noxious or offensive activities, unsightliness, noise, bright exterior lighting, number of animals and aquatic life kept and maintained and governmental health requirements that have to be observed.

6. Prior to the commencement of site improvements grading permits need to be obtained from the County of Kauai and appropriate steps taken to provide lateral support to adjoining lot owners, controlling dust during grading or grubbing and observance of run off and drainage control ordinances.

7. The lots to be maintained and landscaped and the sign requirements as set forth in the Declaration have to be observed.

8. There is a list of prohibited uses and activities which unless 75% of the lot owners of the subdivision and the governmental authority agrees such use and activity is prohibited.

9. There are State Land Use Restrictions for "agricultural activities" and "dwellings" that have to be observed as contained in Section 205-4.5, Hawaii Revised Statutes.

10. There is an agreement with Citizen Utilities Company in which Citizen is released from its refusal or failure to supply three phase electrical power to the subdivision lots.

11. The restrictive covenants to continue to December 31, 2015 with earlier termination dates for governmental and Citizen Utility Company release as to Three-Phase Power Installation.

12. For breach of covenants enforcement can be by injunctive relief or other legal remedies by Declarant, a lot owner in Subdivision Unit I or the County of Kauai and if successful entitled to recover its attorney's fees and cost of enforcement.

13. There are easements, reservations and restrictions set forth for the various Lots 1 through 13 in the Subdivision Unit I of which this Project is Lot 3 and Lot 3 is required to observe such easements, reservations and restrictions as set forth in the Declaration. These relate to flood zone, run off, drainage, roadway, pedestrian and vehicular access and utilities.

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