

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

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

[] Changes made are as follows:

* * * * *

* SPECIAL NOTICE: *

* THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF DWELLING UNITS, OR *

* OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, *

* UNLESS THE PURCHASER IS PURCHASING AN EXISTING DWELLING, THERE IS NO *

* ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A DWELLING UNIT *

* ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL *

* BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO *

* RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE *

* COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A *

* DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY. *

* 1. This Public Report does not constitute an approval of the *

* project by the Real Estate Commission, or any other government *

* agency, nor that all County Codes, Ordinances and subdivision *

* requirements have been complied with. *

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

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

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

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

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

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

* each unit. *

* 3. Facilities and improvements normally associated with County *

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

* street lighting, electricity, upgraded water facilities, *

* improved access for owner and emergency traffic, drainage *

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

* services such as County street maintenance and trash collection *

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

* THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE *

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

* * * * *

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: NEAL ANDREW NORMAN Phone: (808) 826-9295
Name (Business)
P. O. Box 1122
Business Address
Hanalei, Hawaii 96714

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

N/A

Real Estate Broker: HANAIEI NORTSHORE Phone: (808) 826-9622
PROPERTIES, LTD. (Business)
Name
P. O. Box 607
Business Address
Hanalei, Hawaii 96714

Escrow: FIRST HAWAII TITLE CORPORATION Phone: (808) 521-3411
Name (Business)
201 Merchant Street, Suite 2000
Business Address
Honolulu, Hawaii 96813

General Contractor: Owner-Builder Phone: N/A
Name (Business)

Business Address

Condominium Managing Agent: Self-managed by the Association Phone: N/A
of Apartment Owners (Business)
Name

Business Address

Attorney for Developer: STEVEN R. LEE, ESQ. Phone: (808) 246-1101
Name (Business)
4473 Pahe'e Street, Suite L
Business Address
Lihue, Hawaii 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. 94-208165
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2173
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 94-208166
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>N/A</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 7, Kalihiwai Ridge II, File
Address: Plan No. 2053, Kalihiwai and Tax Map Key: (4) 5-2-22:7
Kilauea, Hanalei, Kauai, Hawaii (TMK)

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

Land Area: 10.955 [] square feet [X] acre(s) Zoning: Agricultural

-Lessor-

(Fee Owner):	NEAL ANDREW NORMAN	CURTIS WILLIAM SWINDAL	JANET DIANE MELLO
	P. O. Box 1122	1356 Chataugua Boulevard	P. O. Box 333
	Hanalei, Hawaii 96766	Pacific Palisades, California 90272	Hanalei, Hawaii 96714

Sublessor: _____
 Name _____
 Address _____

C. Buildings and Other Improvements:

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

2. Number of Buildings: 3 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	<u>3</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

7. Parking Stalls:

Total Parking Stalls: 0*

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

Each apartment will have the exclusive use of at least 0* parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

- Commercial parking garage permitted in condominium project.
- Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: _____

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

There are no violations. Violations will not be cured.

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

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

(For conversions of residential apartments in existence for at least five years): N/A

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in Exhibit E .

as follows:

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

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

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

[X] described in Exhibit E .

[X] as follows: The portion of the land set aside for the use of each owner of a unit, as set forth in Exhibit A, subject to the roadway and utility easement, if any. NOTE: Land areas referenced herein are not legally subdivided lots.

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

[X] described in Exhibits C & G .

[] as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated 1-20-95 and issued by TITLE GUARANTY OF HAWAII, INC. .

Blanket Liens:

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

[] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	If foreclosed, Buyer's deposit will be refunded and the sales contract between Seller and Buyer will be cancelled.
Co-Tenancy Agreement	If a co-tenant defaults, Buyer's deposit will be refunded and the sales contract between Seller and Buyer will be cancelled.

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:

Construction of the shade sheds is complete having passed final building inspection on November 10, 1994.

H. Project Phases:

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

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

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

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:

- None
- Sewer
- Electricity
- Television Cable
- Gas
- Other _____
- Water

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 November 29, 1994
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
 - Other Specimen Apartment Deed
-

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled 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, Conditions and Restrictions for Kalihiwai Ridge, as amended, a summary of which is attached hereto as Exhibit "I"; Waiver and Release

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. 3271 filed with the Real Estate Commission on 1-13-95.

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. If a residence is not already constructed, you will be required to comply with zoning codes to be allowed to construct a residence on your limited common element.

To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially Exhibit I, a summary of the recorded restrictive covenants for the Kalihiwai Ridge Subdivision, within which this project is located. Among other things, the restrictive covenants govern land use, building type, animals, cultivation of crops, maintenance, insurance requirements and provide for a subdivision owners association and environmental committee. You should also conduct your own investigations and ascertain the validity of information provided. Please remember that issuance of an effective date for 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 and the Bylaws ("condominium documents"). Except as limited specifically by the condominium documents, all uses permitted in the agricultural zone are permitted. Such uses include, but are not limited to, growing crops, raising animals, residence, diversified agriculture, forestry, orchards and nurseries and wildlife management. See Kauai County Comprehensive Zoning Ordinance, Article 8.7. for detailed information. In relation to specifically permitted uses of buildings and other improvements, structures shall only be occupied or used for agriculture, associated residential uses, and/or other uses permitted under the Kauai County Zoning Ordinances and the condominium documents. A farm dwelling may not be constructed unless a unit owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval.

A buyer should understand that development and use of the properties shall be in compliance 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 land use and zoning changes or insufficient utility capacities may thwart their expectations. Also, zoning and land use restrictions are subject to change and each purchaser should maintain awareness of such conditions.

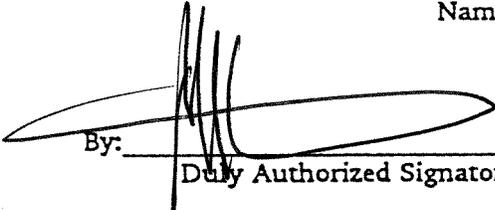
The Waiver and Release Agreement made by the owners in favor of the Department of Public Works, County of Kauai, sets forth the agreement of the owners that the issuance of building permits by the County of Kauai for the agricultural sheds will not be construed to guarantee that water or water services by the County of Kauai will be provided to the property at any time in the future.

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules, prospective purchasers are hereby advised that one of the developer/owners, Neal A. Norman (RS-40144), is a current and active Hawaii-licensed real estate salesperson, associated with Hanalei Northshore Properties, Ltd., the designated sales agent for the project.

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.

NEAL ANDREW NORMAN

Name of Developer

By:  _____
Duly Authorized Signatory

11-28-84
Date

NEAL ANDREW NORMAN, Developer

print name & title of person signing above

Distribution:

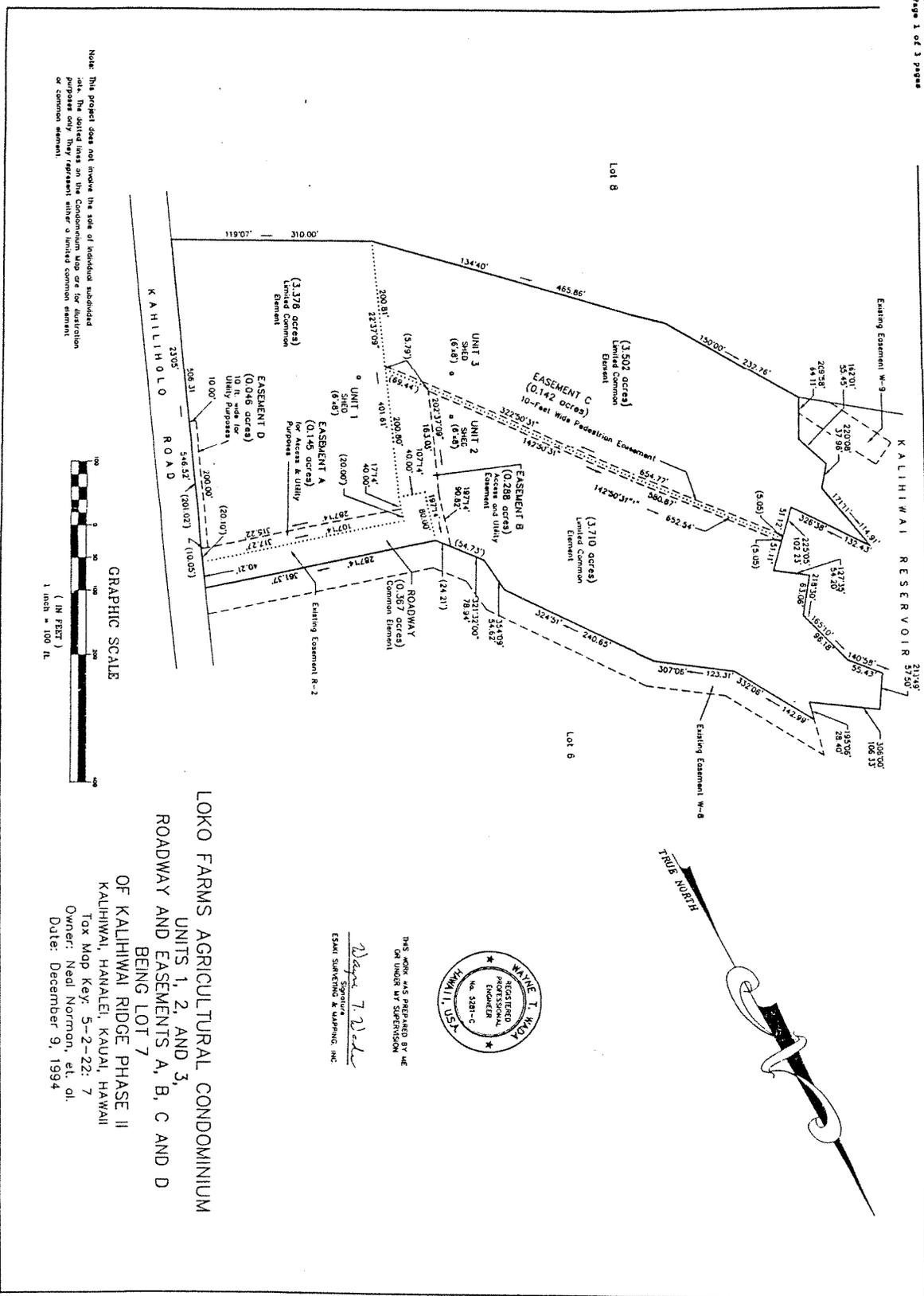
Department of Finance, COUNTY OF KAUAI
Planning Department, COUNTY OF KAUAI
Federal Housing Administration

EXHIBIT A

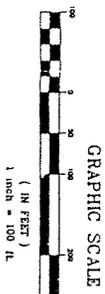
CONDOMINIUM MAP AND LIMITED COMMON ELEMENT LOCATIONS

Condominium Map for LOKO FARMS
Page 1 of 3 pages

31-210 DWG



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



LOKO FARMS AGRICULTURAL CONDOMINIUM
UNITS 1, 2, AND 3,
ROADWAY AND EASEMENTS A, B, C AND D
BEING LOT 7
OF KALIHUAI RIDGE PHASE II
KALIHUAI, HANAIEI, KAUAI, HAWAII

Tax Map Key: 5-2-22: 7
Owner: Neal Norman, et. al.
Date: December 9, 1994

Signature
Wayne T. Madson
ES&M SURVEYING & MAPPING, INC.

THIS MAP WAS PREPARED BY ME
OR UNDER MY SUPERVISION

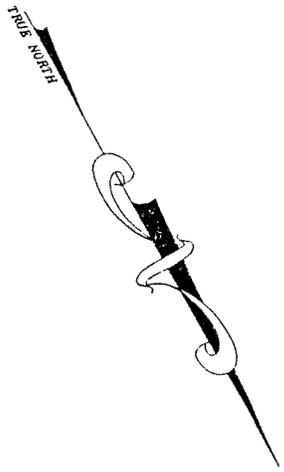


EXHIBIT B

SUMMARY OF SALES CONTRACT

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

1. The method of payment of the purchase price to the escrow agent, subject to other terms.
2. The closing date for the purchase.
3. Whether, at the time of execution of the contract, an effective date for a final public report has been issued.
4. The terms and conditions of the sale which include, among other provisions, the following:
 - (a) That Purchaser will receive a copy of the final public report for the project.
 - (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement.
 - (c) Seller has a right to extend the closing date by 31 days or by 31 days after the public report effective date is issued, whichever is later.
 - (d) After issuance of the Final Public Report effective date and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Purchaser shall not have the right to rescind the contract.
 - (e) Purchaser has received a copy of the Escrow Agreement for the Project.
 - (f) If Purchaser defaults, Seller may cancel the contract or bring legal action against Purchaser to force sale, obtain money damages, or retain Purchaser's deposit money held in escrow.
 - (g) The unit the Purchaser is purchasing will be shown on a condominium map prior to closing and will have the right to cancel if it is different from that shown on the Exhibit A.
 - (h) That a deed conveying clear title will be given at closing, subject to certain obligations.
 - (i) The Purchaser agrees to give future easements if reasonably required for the project.
 - (j) The Purchaser will accept the Unit "AS-IS", including, but not limited to, Purchaser assumes all risks regarding any potential hazardous materials on the condo property or property adjoining or in the vicinity, including liability for suits by third parties. Seller is, however, unaware of any such materials, chemicals or conditions on the property.

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

(l) 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

Qty.	Unit No.	Area of Limited Common Element* (Acres)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	% of Common Int.
1	1	3.376	0/0	0	48	33-1/3%
1	2	3.710	0/0	0	48	33-1/3%
1	3	3.502	0/0	0	48	33-1/3%

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

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

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between FIRST HAWAII TITLE CORPORATION (the "Escrow"), and NEAL ANDREW NORMAN, CURTIS WILLIAM SWINDAL and JANET DIANE MELLO (the "Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

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

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

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

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

5. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

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

END OF EXHIBIT D

EXHIBIT E

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (a) The land in fee simple;
- (b) The 0.367 acre common element roadway;

(c) All commonly used present or future ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, sewage, irrigation and telephone;

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

LIMITED COMMON ELEMENTS OF THE PROJECT

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

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
1	3.376 acres
2	3.710 acres
3	3.502 acres

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

END OF EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. DESIGNATION OF EASEMENT "R-2"

PURPOSE: Vehicular and pedestrian access
SHOWN: on File Plan No. 2053
4. The terms and provisions of that certain Agreement dated March 16, 1977, recorded in Liber 12110 at Page 330, by and between the State of Hawaii and C. Brewer and Company, Limited; re: use of the land for agricultural purposes.
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in the Kalihiwai Ridge Declaration dated October 3, 1988, recorded in Liber 22452 at Page 429, as now or hereafter amended and supplemented by Correction to Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge dated July 5, 1990, recorded as Document No. 90-104733, and by Annexing Declaration and Declaration of Restrictive Covenants dated November 7, 1991, recorded as Document No. 91-155979.
6. Unrecorded Kalihiwai Ridge Environmental Design Rules and Guidelines Pursuant to Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge dated October 12, 1988, as amended.
7. The terms and provisions of that certain Agreement to Incorporate Agricultural Restrictions Into Instruments of Conveyance dated November 7, 1991, between C. Brewer Properties, Inc. and the County of Kauai Planning Department, recorded as Document No. 91-155967.
8. Indemnity Agreement dated September 23, 1991, recorded as Document No. 91-164222, entered into by and between C. Brewer Properties, Inc., a Hawaii corporation, "Brewer", and the Department of Public Works of the County of Kauai, "County"; Re: Brewer will, and does hereby agree to, indemnify and hold the County harmless from any and all claims, actions, or judgments for damage to the property or injury or death to persons arising out of or resulting from the design, construction and diversion of waters caused by the drain system generally and specifically including but not limited to the

use of the water from the reservoir on Lot 3 for irrigation and agricultural pursuits on their respective lot within the Kalihiwai Ridge, Phase II Subdivision, where such damage, injury or death is adjudged or found to be the result of contamination of the reservoir from the subdivision roadways which have been dedicated by Brewer to the County, etc.

9. Right-of-Entry Agreement dated August 6, 1991, recorded as Document No. 91-166237, entered into by and between C. Brewer Properties, Inc., a Hawaii corporation, "Owner", and the Department of Water, County of Kauai, "Department"; re: granting a right-of-entry over and across the land described herein for the purposes of conducting all necessary inspections for and on behalf of the Department, and, if appropriate, for constructing, maintaining, conducting water meter readings on, and repairing any and all facilities and improvements for the conveyance of potable water to the lots which will result from Subdivision Application No. S-89-79.
10. Grant of Easement in favor of Kilauea Agronomics, Inc., dated November 7, 1991, recorded as Document No. 91-155975; granting an easement over said Easement "R-2" for roadway, vehicular and pedestrian access and underground utility purposes.
11. Grant of Easement in favor of Kilauea Irrigation Co., Inc., dated November 7, 1991, recorded as Document No. 91-155976; granting an easement over said Easement "R-2" for roadway, vehicular and pedestrian access and underground utility purposes.
12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Deed dated October 26, 1993, recorded as Document No. 93-194351.
13. MORTGAGE
MORTGAGOR: NEAL ANDREW NORMAN, an unmarried man, and CURTIS WILLIAM SWINDAL, a single man
MORTGAGEE: WESTERN FARM CREDIT BANK, a California corporation
DATED: November 1, 1993
RECORDED: Document No. 93-194352
CONSIDERATION: \$475,000.00
14. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Co-Tenancy Agreement dated November 12, 1993, but effective as of November 16, 1993, recorded as Document No. 93-194353.

The foregoing includes, but is not limited to, the right of first refusal.

Assignment and Assumption of Cotenancy Interest And Consent; Waiver of Right of First Refusal; Amendment to Cotenancy Agreement dated --- (acknowledged January 3, 1994, January 24, 1994 and February 18, 1994), recorded as Document No. 94-033290.

15. WAVER AND RELEASE

BY: NEAL A. NORMAN
DATED: August 29, 1994
RECORDED: 94-152980
RE: Water service.

16. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Declaration of Condominium Property Regime for "LOKO FARMS" dated June 8, 1994, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 94-208165, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 2173.)
17. The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in the By-Laws of the Association of Apartment Owners of said condominium project dated June 8, 1994, recorded in said Bureau of Conveyances as Document No. 94-208166, as the same may hereafter be amended.
18. Claims arising out of customarily and traditionally exercised for subsistence, cultural, religious, access or gathering purposes as provided for in the Hawaii Constitution or Sections 1-1 or 7-1 of the Hawaii Revised Statutes.

END OF EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR
LOKO FARMS

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

1. The Developer of the project is NEAL ANDREW NORMAN, P. O. Box 1122, Hanalei, Hawaii, 96714.

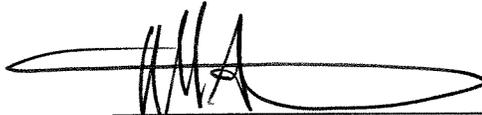
2. See Exhibit H for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles.

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

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

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

6. Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed for the above-referenced project. There are three units, each of which sustains a structure and each of which will burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 33-1/3% for each unit.



NEAL ANDREW NORMAN

Dated: 11-28-84

RECEIPT

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

Purchaser(s)

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
1	\$65.00	\$780.00
2	65.00	780.00
3	65.00	780.00

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

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

Maintenance, Repairs and Supplies

Building
Grounds

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

Insurance	\$150.00	\$1,800.00
Reserves(*) - Road Maintenance	45.00	540.00
Taxes and Government Assessments		
Audit Fees		
Other		
 TOTAL	 \$195.00	 \$2,340.00

I, NEAL ANDREW NORMAN, developer of the condominium project LOKO FARMS, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


NEAL ANDREW NORMAN

Date: 11-28-84

(*) Mandatory reserves in effect January 1, 1993

EXHIBIT I

SUMMARY OF DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR KALIHIWAI RIDGE

This Project is located on one of the lots of the Kalihiwai Ridge Subdivision. Lots in the subdivision are subject to a "Declaration of Protective Covenants, Conditions and Restrictions for Kalihiwai Ridge" (herein called the "Protective Covenants") dated October 3, 1988, recorded in the Bureau of Conveyances of the State of Hawaii on October 11, 1988 in Book 22452, Page 429.

This is a summary of the types of restrictions applicable to the subdivision as a whole, and to the Lot upon which this Project is located. This summary is not meant to completely recite the actual provisions of the Protective Covenants, nor to cover every issue in which a purchaser might have interest. A prospective purchaser is urged to obtain a full copy of the Protective Covenants from the Developer prior to entering into an agreement to purchase a unit in this Project.

ARTICLE II. CONTROL OF REAL PROPERTY USE.

Article II of the Protective Covenants has to do with the organization of the subdivision, including identifying the subdivision's developer and architects, the creation of an Association of Lot Owners, Bylaws, common area designations, Environmental Design Rules, limitation to single family residential and agricultural uses and explaining the underlying purpose controlling the use of the subdivision to enhance agricultural potential and orderly growth and development of the subdivision. Control of the subdivision by an architectural review committee includes control of structure siting, architectural style, agricultural development, drainage and landscaping. It is also necessary to receive environmental committee approval before any construction occurs.

ARTICLE III. THE ASSOCIATION.

This Article discusses the Lot Owner's Association, election of Boards of Directors, voting rights, notices regarding Association meetings and similar matters.

ARTICLE IV. CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION.

This Article deals with the right of the Association to govern the lots, enter onto lots to determine compliance with rules, and to manage and maintain Association property. It includes the right to incur expense on behalf of the Association and acquire and hold necessary personal property to perform its functions. Creator also has the power to implement rules and regulations to enhance the value of the property and prohibit noxious and offensive activities. Each owner is entitled to a copy of every rule and regulation passed. The Association also has the power to levy fines and collect them.

ARTICLE V. ASSESSMENTS.

Each lot owner, in this case the project itself, will be required to pay Association fees. Payment for such fees is contemplated in the Common Expenses to be assessed for the project. This Article also deals with the method of establishing a budget and assessments. Additional assessments may be made when the need arises.

ARTICLE VI. USE RIGHTS AND RESTRICTIONS.

No Lot owner will be allowed to engage in activities which would risk removal of liability insurance coverage, nor may they violate the law of the State of Hawaii or ordinances of the County of Kauai. This Article also prohibits subdivision of lots or consolidation of lots without the consent of the environmental committee in compliance with certain procedures.

Condominiums must have approval of the developer, C. Brewer Properties, Inc., under Article VI. No timesharing is permitted. There are specific limits on the nature and number of vehicles and other activities that would be deemed "unsightly", as well as preclusion of other activities such as unusual accumulations of trash, garbage, refuse, lumber and other bulky materials, including farm implements which are not consistent with the use of the land or not adequately screened from public view. There is also a limitation on excessive noise and light. Agricultural animals are limited to those approved by the environmental committee for the subdivision. Animals must be properly cared for, particularly livestock, poultry, fish and game.

This Article also limits the nature and size of signs. The Article precludes mining and drilling. Clearing and grading are subject to prior approval by the environmental committee and the County of Kauai. Cultivation of crops must be performed in a good, safe manner with environmental approval on methods used to control dust, insects, weeds, and drainage. Lot owners must protect against flooding and erosion and dangerous chemicals. They must also maintain their lots at all times so that they do not become overgrown and unsightly. Owners causing damage to Association property will be required to pay for it.

ARTICLE VII. REGULATION OF LAKE LOTS.

This Article deals with the regulation of the lots that surround the subdivision lake, including the operation of boats and the utilization of lots fronting the lake.

ARTICLE VIII. EASEMENTS.

Easements are to be granted through each lot for emergency repair and other items needful for the benefit of the subdivision.

ARTICLE IX. KALIHIWAI RIDGE ENVIRONMENTAL COMMITTEE.

This Article discusses the creation and maintenance of the environmental committee, including its initial members and

subsequent members. It outlines committee functions, including design review for all improvements to the subdivision lots and project limited common elements. This includes the requirement of the posting of improvement bonds in the amount of \$10,000.00 per Lot. The committee cannot assess a fee exceeding \$500.00 for the review of proposed plans. The committee can also adopt rules for its own procedures. Fines are discussed, including fines of over \$2,500.00 for engaging in construction without proper clearance and permission. These fines may be enforced as liens against individual lots for violative activity.

ARTICLE X. INSURANCE.

This Article outlines insurance requirements for the project, including minimum One Million Dollar liability coverage. Individual owners will be required to maintain insurance on their own lot.

ARTICLE XI. DESTRUCTION, CONDEMNATION AND RESTORATION OF KALIHIWAI RIDGE.

This Article deals with the condemnation of subdivision improvements by public authorities.

ARTICLE XII. EXPANSION OF KALIHIWAI RIDGE.

This Article addresses the Declarant's right to annex additional property, up to approximately three thousand acres of adjacent lands, to the Kalihiwai Subdivision and the means by which this may be accomplished.

ARTICLE XIII. ENFORCEMENT.

This Article discusses the method by which the rules of the subdivision may be enforced.

ARTICLE XIV. MISCELLANEOUS.

This Article has to do with many miscellaneous items. It includes the duration of the restrictive covenants, being initially for twenty years and an automatic extension for ten year terms unless and until seventy-five percent (75%) of the owners of lots vote to the contrary at least one year prior to the scheduled termination of the covenants. It also deals with amendments to the restrictive covenants requiring a two-thirds majority of the voting power of the Association. The amendment does not apply to the duration of the restrictive covenants, which can only be amended by one hundred percent (100%) vote. The same is true as to expansion of Kalihiwai Ridge. Other miscellaneous provisions are included, such as the means by which the restrictive covenants would be interpreted in a court of law, assignability of rights, severability of clauses that might be found illegal in similar matter.

END OF EXHIBIT I