

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer G. PHIL WILLIAMS and JULIE K. WILLIAMS
Address 101 Bullet Lane, #202, Louisville, Kentucky 40222

Project Name(*): KAPINAO
Address: Lot 11, Kilauea Agricultural Subdivision, Parcel 7
F.P. No. 1647, East Waiakalua, Hanalei, Kauai, Hawaii

Registration No. 3484 Effective date: April 12, 1996
Expiration date: May 12, 1997

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

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

And Supersedes all prior public reports
 Must be read together with _____
 This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[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. *

* 4. This condominium project has a heiau. *

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: G. PHIL WILLIAMS
JULIE K. WILLIAMS Phone: (502) 426-2797
Name (Business)
101 Bullet Lane, #202
Business Address
Louisville, Kentucky 40222

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

N/A

Real Estate Broker: EMERALD ISLE PROPERTIES Phone: (808) 828-1111
Name (Business)
P. O. Box 712
Business Address
Kilauea, Hawaii 96754

Escrow: FIRST HAWAII TITLE CORPORATION Phone: (808) 826-6812
Name Hanalei Branch Office (Business)
P. O. Box 507
Business Address
Hanalei, Hawaii 96714

General Contractor: STEPHEN H. FOX Phone: (808) 822-1107
Name (Business)
6600 Puupilo Road
Business Address
Kapaa, Hawaii 96746

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

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. 95-164031
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. 2334
- 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. 95-164032
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]:

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

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 11, Kilauea Agricultural Subdivision,
Address: Parcel 7, File Plan No. 1647, Tax Map Key: (4) 5-1-005-051
East Waiakalua, Hanalei, Kauai, (TMK)
Hawaii

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

Land Area: 26.303 [] square feet [X] acre(s) Zoning: Agricultural

Fee Owner : G. PHIL WILLIAMS
JULIE K. WILLIAMS
 Name
101 Bullet Lane, #202
 Address
Louisville, Kentucky 40222

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 type="checkbox"/> Agricultural	___	<input 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 checked="" type="checkbox"/> Other: <u>Storage 3 Sheds</u>	___	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

Animals kept on a lot, whether for economic or personal use, shall

[X] Pets: be kept only in a density compatible with neighboring lots and shall be cared for with practices of good animal husbandry.

[] Number of Occupants: _____
 Special use restrictions are as contained in that certain First
 [X] Other: Amendment to Declaration of Protective Covenants, Conditions and Restrictions for Kilauea Farms, a summary of which is attached hereto as Exhibit J.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>	<u>Storage Shed (sf)</u>
<u>A</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>0</u>	<u>32</u>
<u>B</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>0</u>	<u>32</u>
<u>C</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>0</u>	<u>32</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Apartments: 3

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

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

Boundaries of Each Apartment: Per Article II of the Declaration of Condominium Property Regime, the boundaries of each apartment shall be the outer surface of the entire building. Wires or conduits, pipes or any utility lines running over, under or through any apartment which are utilized for or serve more than one unit shall not be deemed as part of the apartment, the same being deemed common elements.

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by Kauai County Zoning Ordinances and recorded restrictions on the project, if any. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime and the Condominium Map (Exhibit A) will be required to disclose actual improvements as a matter of public record.

7. Parking Stalls:

Total Parking Stalls: 0*

	<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	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	_____	_____	_____	_____	_____	_____	_____

*There are no designated parking stalls. However, there is ample area within each unit's limited common element for parking.

*Each ^{residential} apartment will have the exclusive use of at least one 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>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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

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

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

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

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

described in Exhibit 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.

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

described in Exhibit E.

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:

described in Exhibits C and 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 12-20-95 and issued by FIRST HAWAII TITLE CORPORATION.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	If foreclosed, buyer's deposit will be refunded, less escrow cancellation fee, 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 is complete. Units A, B and C (storage sheds) received final building inspection on November 22, 1995.

H. Project Phases:

The developer [X] 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):

The developer has reserved the right to separate a 1.311 acre limited common element from Unit B and create an additional unit for the Project. In the event the limited common element is separated and residential use does not occur on the newly created unit (which use is not presently contemplated), it shall receive 1% of the common interest of the Project. This will be derived from taking 1% of the common interest appurtenant to Unit B. The undivided interests of the Project shall not change as a result of the separation. A prospective purchaser is encouraged to refer to the Declaration of Condominium Property Regime for further information.

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
- 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

Specimen Sales Contract

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

Escrow Agreement dated November 14, 1995

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. (None.)
- 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: First Amendment to Declaration of Protective Covenants, Conditions and Restrictions for Kilauea Farms.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 3484 filed with the Real Estate Commission on 1/17/96.

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. Therefore, units purchased are not subdivided lots. If a residence is not already built, you will be required to comply with zoning codes to be allowed to construct a residence on your limited common element. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially Exhibit J, a summary of the recorded restrictive covenants for Kilauea Farms, the subdivision within which this project is located. Among other things, the Restrictive Covenants govern land use, building type and materials, animals, cultivation of crops and maintenance of your property. You should also conduct your own investigations and ascertain the validity of information provided.

County of Kauai ordinances require, in order to process the necessary permits for construction and for processing of a farm dwelling agreement on agriculturally zoned parcels, authorization from at least 75% of the legal and equitable ownership of the entire project shall be required, consistent with the Declaration of Condominium Property Regime and the Bylaws. Except as limited specifically by the project documents of record, all uses permitted in the Agricultural Zone are permitted. Such uses include, but are not limited to growing crops, raising animals, residence, diversified agriculture, forestry, orchards and nurseries and wildlife management. See Kauai County Comprehensive Zoning Ordinance, Article 8.7. In relation to specifically permitted uses of buildings and other improvements, structures shall only be occupied or used for agriculture, associated residential uses, and/or other uses permitted by law and the recorded project documents. A farm dwelling may not be constructed unless the unit owner demonstrates to the County his ability to derive income from his property and, after one residence is completed on the project, agricultural use must be established and verified prior to any building permit approval.

A buyer should understand that development and use of the property shall be in compliance with all County Codes and Ordinances. If County of Kauai facilities are not already in place, the prospective purchaser is advised that owners in the project will not necessarily receive the same County benefits as owners of approved subdivided lots; owners who develop their properties later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations. Zoning and land use restrictions are subject to change and each purchaser should maintain awareness of such conditions.

The developer makes the following additional disclosures: (1) portions of the property upon which this project is located have the State of Hawaii Land Use District classification of "Conservation", and no improvements of any kind may be placed in the Conservation District without receipt of written permission from the Department of Land and Natural Resources of the State of Hawaii; (2) this

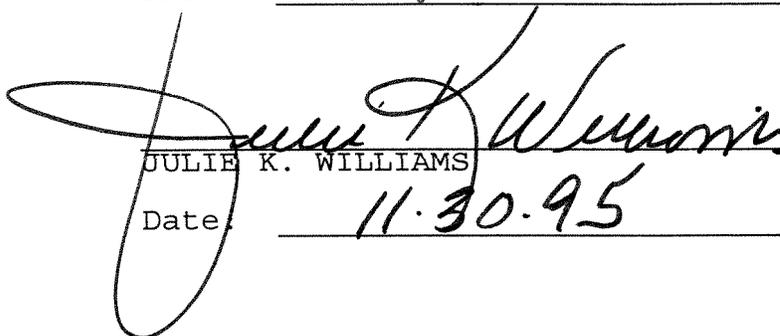
project is also located in a "Shoreline Management Area", as defined by state law and Kauai county ordinances, and all construction may be regulated under applicable provisions of such law and ordinances; (3) one guest house may be constructed on this project with the right to construct the guest house being assigned to the owner of Unit B; and (4) the Kapinao Heiau, as shown on the condominium map and as delineated on File Plan No. 1647, is located in the 1.311 acre additional limited common element appurtenant to Unit B. Prospective purchasers are encouraged to review the Declaration of Condominium Property Regime for more information with regard to the foregoing.

D. The developers hereby certify that all the information contained in this Report, the Exhibits attached to this Report and all documents to be furnished by the developers to buyers concerning the project have been reviewed by the developers and are, to the best of developers' knowledge, information and belief, true, correct and complete.



G. PHIL WILLIAMS

Date: 11-30-95



JULIE K. WILLIAMS

Date: 11.30.95

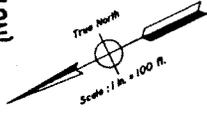
Distribution:

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

EXHIBIT A

CONDOMINIUM MAP AND LIMITED COMMON ELEMENT LOCATIONS

(NOT TO SCALE)



NOTE: Elevation 34' M.S. Elevation 34' M.S. (at 100' R.)

- GENERAL NOTES
1. The vertical dimensions are in feet.
 2. The horizontal dimensions are in feet.
 3. The horizontal dimensions are in feet.
 4. The vertical dimensions are in feet.
 5. This survey shall be subject to the provisions of the Hawaiian Land Use Law, Act No. 211, as amended, and the provisions of the Hawaiian Land Use Law, Act No. 211, as amended, and the provisions of the Hawaiian Land Use Law, Act No. 211, as amended.

KAPINAO CONDOMINIUM MAP
SHOWING
UNITS A THRU C, INCLUSIVE
AND COMMON ELEMENT ROADWAY
ALL BEING LOT 11
OF KILAUEA AGRICULTURAL SUBDIVISION
FILE PLAN 1674
AT EAST WAIKALUA, HAWAII, KAUAI, HAWAII

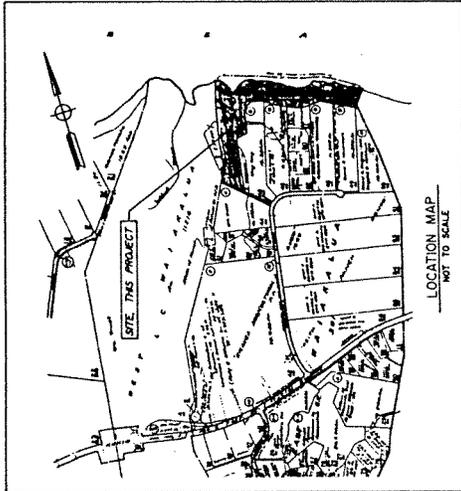
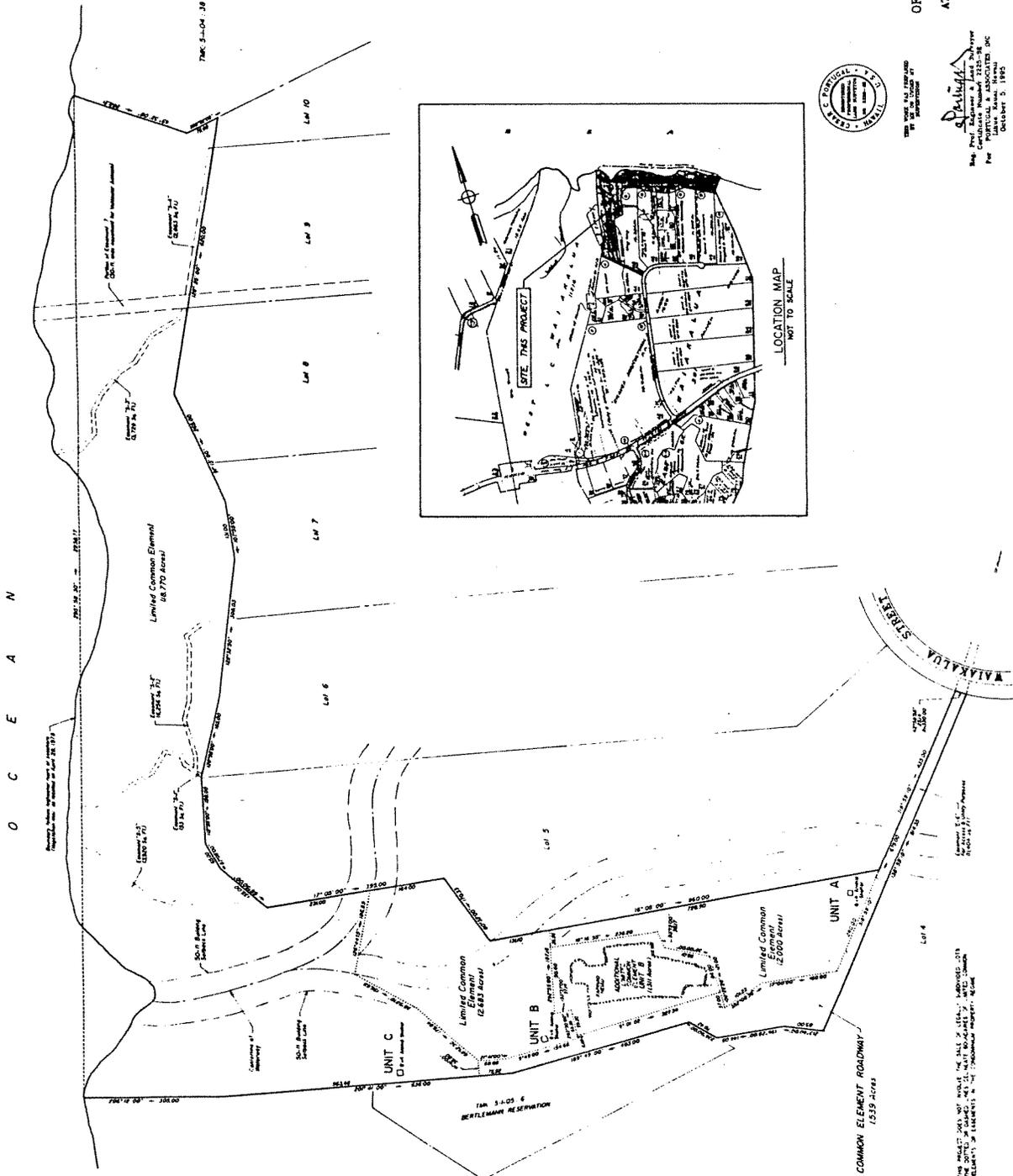
Tax Map Key: 5-1-0151

Owners: G. Pali & Julie K. Williams



THE WORK WAS PREPARED BY ME OR UNDER MY CLOSE PERSONAL SUPERVISION AT THE PLACE AND DATE INDICATED HEREON.

Map Prepared by G. Pali & Julie K. Williams
Professional Engineer License No. 10000
October 5, 1974



Tax Map Key: 5-1-0151
Per L.C. No. 1176, App. 1 to Kalaheo

NOTE: THE PROJECT SHALL BE SUBJECT TO THE PROVISIONS OF THE HAWAIIAN LAND USE LAW, ACT NO. 211, AS AMENDED, AND THE PROVISIONS OF THE HAWAIIAN LAND USE LAW, ACT NO. 211, AS AMENDED, AND THE PROVISIONS OF THE HAWAIIAN LAND USE LAW, ACT NO. 211, AS AMENDED.

EXHIBIT B

SUMMARY OF SALES CONTRACT

The KAPINAO 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". 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. Shed Area (Sq. Ft.)	% of Common Int.
1	A	2.000	0/0	0	32	33%
1	B	2.683 1.311	0/0	0	32	34%
1	C	18.770	0/0	0	32	33%

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 G. PHIL WILLIAMS and JULIE K. WILLIAMS (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 1.539 acre common element roadway shown on the condominium map;

(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, referred to as the "limited common elements", have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such 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 are:

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

<u>Unit Number</u>	<u>Area of Limited Common Element*</u>
A	2.000 acres
B	2.683 acres
B	1.311 acres (heiau)
C	18.770 acres

2. The 1.311 acre additional limited common element is appurtenant to and for the exclusive use of the owners of Unit B. The entitlement to use of this limited common element shall run with the ownership of Unit B.

*Note: Land areas referenced herein 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. Shoreline setbacks: "Shoreline setbacks established pursuant to the laws of the State of Hawaii, or any political subdivision thereof, and any ordinances, rules or regulations adopted or promulgated by any governmental authority pursuant to such laws."
4. Seaward boundary: "Determination of the seaward boundary of the land described herein pursuant to the laws of the State of Hawaii."

5. AGREEMENT

By and
Between: STATE OF HAWAII, by George R. Ariyoshi, its
Governor, "State", and C. BREWER AND COMPANY,
LIMITED, a Hawaii corporation
Dated: March 16, 1977
Recorded: April 5, 1977
Book: 12110
Page: 330

6. A 50-foot Building Setback Line affecting Lot 11, as delineated on File Plan 1647.
7. Centerline of Waterway affecting Lot 11, as delineated on File Plan No. 1647.
8. Easement "7" (30-feet wide), for vehicular access purposes affecting Lot 11, as delineated on File Plan No. 1647.
9. The Kapinao Heiau located on Lot 11, as delineated on File Plan No. 1647.

10. AGREEMENT TO INCORPORATE AGRICULTURAL RESTRICTIONS INTO INSTRUMENTS OF CONVEYANCE

By and
Between: HAWAIIANA INVESTMENT CO., INC., a Hawaii
corporation, "Subdividers", and the COUNTY OF KAUAI
PLANNING DEPARTMENT, "Department"
Dated: June 30, 1980
Recorded: October 16, 1980
Book: 15060
Page: 392

11. DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR KILAUEA FARMS

Dated: February 23, 1981
Recorded: February 24, 1981
Book: 15368
Page: 13
to which reference is hereby made.

Said Declaration was amended by the following:

<u>Book</u>	<u>Page</u>	<u>Dated</u>	<u>Recorded</u>
15586	649	06/01/81	06/02/81
18684	779	03/12/85	06/04/85
19600	001	06/18/86	06/19/86
19416	466	02/20/86	04/11/86

Said Declaration was amended and restated by instrument dated July 3, 1989, and recorded as Document No. 90-064533. For summary, see Exhibit J.

12. Covenants, conditions, restrictions and reservations as contained in the following:

DEED

Dated: January 18, 1982
Recorded: January 29, 1982
Book: 16130
Page: 583
to which reference is hereby made.

13. RIGHT-OF-ENTRY

In favor of: CITIZENS UTILITIES COMPANY, a Delaware corporation,
and HAWAIIAN TELEPHONE COMPANY, a Hawaii
corporation
Dated: September 9, 1982
Recorded: November 30, 1983
Book: 17486
Page: 553
Purpose: Granting a right-of-entry for utility purposes

14. ACCESS EASEMENT

In favor of: HAWAIIANA INVESTMENT CO., INC., a Hawaii
corporation
Dated: May 9, 1985
Recorded: May 10, 1985
Book: 18631
Page: 788
Purpose: Granting a perpetual non-exclusive easement for
pedestrian access purposes over, under, across,
upon and through Easement S-1 (8-foot wide for

beach access purposes) and Easement S-2 (8-foot wide for beach access purposes) appurtenant to Lot 6

15. ACCESS EASEMENT

In favor of: HAWAIIANA INVESTMENT CO., INC., a Hawaii corporation
Dated: May 9, 1985
Recorded: May 10, 1985
Book: 18632
Page: 8
Purpose: Granting a perpetual non-exclusive easement for pedestrian access purposes over, under, across, upon and through Easement S-2 (8-foot wide for beach access purposes) appurtenant to Lot 7

16. ACCESS EASEMENT

In favor of: HAWAIIANA INVESTMENT CO., INC., a Hawaii corporation
Dated: May 9, 1985
Recorded: May 10, 1985
Book: 18632
Page: 20
Purpose: Granting a perpetual non-exclusive easement for pedestrian access purposes over, under, across, upon and through Easement S-3 (8-foot wide for beach access purposes) appurtenant to Lot 9

17. ACCESS EASEMENT

In favor of: HAWAIIANA INVESTMENT CO., INC., a Hawaii corporation
Dated: May 9, 1985
Recorded: May 10, 1985
Book: 18632
Page: 32
Purpose: Granting a perpetual non-exclusive easement for pedestrian access purposes over, under, across, upon and through Easement S-3 (8-foot wide for beach access purposes) appurtenant to Lot 8

18. ACCESS EASEMENT

In favor of: HAWAIIANA INVESTMENT CO., INC., a Hawaii corporation
Dated: May 9, 1985
Recorded: May 10, 1985
Book: 18632
Page: 44
Purpose: Granting a perpetual non-exclusive easement for pedestrian access purposes over, under, across,

upon and through Easement S-3 (8-feet wide for beach access purposes) and Easement S-4 (8-feet wide for beach access purposes) appurtenant to Lot 10

19. GRANT OF EASEMENT

In favor of: COUNTY OF KAUAI, a political subdivision of the State of Hawaii
Dated: February 3, 1986
Recorded: April 8, 1986
Book: 19408
Page: 248
Purpose: Granting an easement for vehicle access purposes over, under, across, along and through Easement 7

20. ACCESS EASEMENT

In favor of: C. BREWER PROPERTIES, INC., a Hawaii corporation
Dated: September 17, 1987
Recorded: September 18, 1987
Book: 21140
Page: 700
Purpose: Granting a perpetual non-exclusive easement for pedestrian access purposes over, under, across and through Easement S-5 (8-feet wide) appurtenant to Lot 5

21. ACCESS EASEMENT

In favor of: CITIZENS UTILITIES COMPANY, a Delaware corporation, and HAWAIIAN TELEPHONE COMPANY, a Hawaii corporation
Dated: December 24, 1987
Recorded: March 3, 1988
Book: 21690
Page: 177
Purpose: Granting an easement for utility purposes over Easement "E-6"

22. DEED OF EASEMENT

In favor of: RICHARD L. KEITH and ELAINE M. KEITH, husband and wife, as Tenants by the Entirety
Dated: October 17, 1988
Recorded: October 21, 1988
Book: 22486
Page: 40
Purpose: Granting a perpetual non-exclusive easement for pedestrian access purposes over Easement S-3 (8-feet wide for beach access purposes) appurtenant to Lot 1

23. MORTGAGE

Mortgagor: G. PHILLIP WILLIAMS (aka G. Phil Williams) and JULIE
K. WILLIAMS, husband and wife
Mortgagee: PNC BANK, KENTUCKY, INC., a Kentucky corporation
Dated: December 22, 1994
Recorded: February 3, 1995
Document No.: 95-016113
Amount: \$1,120,000.00

24. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "KAPINAO"

Dated: November 6, 1995
Recorded: December 19, 1995
Document No.: 95-164031

Condominium Map No. 2334, to which reference is hereby made.

25. BY-LAWS OF KAPINAO dated November 6, 1995, recorded on December 19, 1995, in the Bureau of Conveyances of the State of Hawaii as Document No. 95-164032, to which reference is hereby made.

END OF EXHIBIT F

EXHIBIT G

DISCLOSURE ABSTRACT FOR
KAPINAO

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

1. The Developers of the project are G. PHIL WILLIAMS and JULIE K. WILLIAMS, 101 Bullet Lane, #202, Louisville, Kentucky, 40222.

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

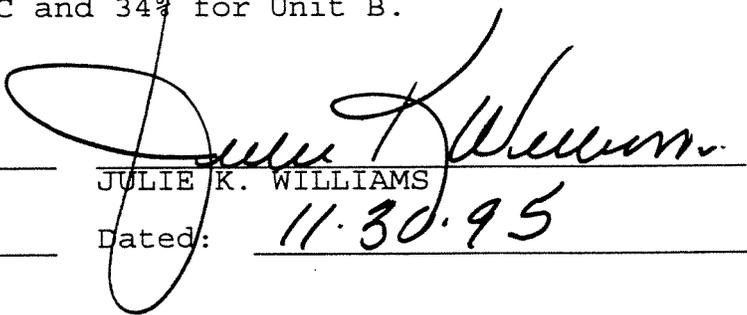
3. No warranty will apply to any individual agricultural units. There are pre-existing structures on the property and no warranty will be made regarding the agricultural buildings.

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. However, since Unit B has an additional exclusive appurtenant limited common element it was decided to attribute a slightly larger common interest to Unit B. Therefore, the assessment of undivided interest both for common expense and for voting is 33% for Units A and C and 34% for Unit B.


G. PHIL WILLIAMS


JULIE K. WILLIAMS

Dated: 11-30-95

Dated: 11.30.95

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>
A	\$74.25	\$891.00
B	76.50	918.00
C	74.25	891.00

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 \$125.00 \$1,500.00

Reserves(*) - Roadway/Entry improvements \$100.00 \$1,200.00

Taxes and Government Assessments

Audit Fees

Other

TOTAL \$225.00 \$2,700.00

We, G. PHIL WILLIAMS and JULIE K. WILLIAMS, developers of the condominium project KAPINAO, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



G. PHIL WILLIAMS



JULIE K. WILLIAMS

Dated: 11-30-95

Dated: 11-30-95

(*) Mandatory reserves in effect January 1, 1993.

EXHIBIT I

LETTER(S) FROM COUNTY OF KAUAI PLANNING DEPARTMENT

PLANNING DEPARTMENT
4444 Rice Street, Suite 473, Bldg. A,
Lihue, Hawaii 96766

M E M O R A N D U M

DATE: January 2, 1996

TO: R. Victoria Shiroma, Condominium Program Specialist
Real Estate Commission, Real Estate Branch
250 South King Street, Suite 702
Honolulu, Hawaii 96813

FROM: *DC* Dee M. Crowell, Planning Director *DC*

Subject: Certification Of Existing Buildings For
PROJECT NAME: KAPINAO CONDOMINIUM
TAX MAP KEY: 5-1-05:51

The developer of the above-mentioned condominium project has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai (Section 514A-40 (b)(1), HRS). Subject to the disclosures and waiver (item "e" below) specified herein, we certify the following:

- a. The amount of limited common elements proposed corresponds the allowable unit density permitted by the CZO.
- b. We certify that the existing buildings on the proposed project referred to as Unit A, Unit B and Unit C are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the condition of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by this department.
- c. There was no variances issued for this property.
- d. This parcel does not contain any outstanding legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.
- e. WAIVER
The foregoing certification is not a warranty as to any compliance with all applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulation of condominiums under Subsection 514A-40(b)(1), Hawaii Revised Statutes.

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January 2, 1995

If you have any questions, please contact Alvin Fukushima of my staff at 241-6264.

cc: STEVEN R. LEE

END OF EXHIBIT I

EXHIBIT J

SUMMARY OF FIRST AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR KILAUEA FARMS

These are what the Developer deems to be significant parts of the recorded Declaration of Protective Covenants, Conditions and Restrictions for Kilauea Farms, as amended, (the "covenants") constituting use restrictions on all Kilauea Farms lots. This project is located on one lot of the Kilauea Farms Subdivision, situate at East Waiakalua, Hanalei, Kauai, Hawaii (the "covenants"). All lot owners together form an "Association", which insures that the covenants may be enforced and honored. Others parts of the covenants may be of concern to individual owners. A full copy of the covenants may be obtained from the developer. A prospective purchaser is urged to read a full copy prior to entering into an agreement to purchase.

4.1 Maintenance of Association Property.

The Association shall be obligated to provide for the care of Association property. Association obligations shall include keeping property in attractive and sanitary condition as well as making necessary and desirable improvements to Association property.

4.5, Paragraph 3:

The Association has the right to enforce rules and regulations under the Covenants, or any amendments to said document, by imposing a reasonable fine or by suspension of voting privileges, for a time not to exceed 30 days.

5.1 Assessments.

Each lot owner (in this case, the condominium project) pays amounts based on a "point" system for points assigned to each lot, which amounts are called "Assessments".

The Board shall have the power and authority to determine all matters in connection with assessments, including authority to determine where, when and how assessments should be paid and each owner shall comply.

5.3 Supplementary Assessments.

The Association may levy supplementary assessments, payable over such period as the Association may determine, for the purpose of defraying any expenses and to cover the deficiency in the event the amount received by the Association from regular assessments is less than the amount determined and assessed by the Association.

6.6 No Unsightliness.

No unsightliness shall be permitted on any lot. All unsightly structures, objects and equipment shall be enclosed within an approved structure or screened from view so as not to be visible from neighboring property. All equipment or machinery exceeding one-half ton shall be kept in an enclosed structure or screened from view, except when in use. Service areas, storage and compost piles, solar dryers, shall be screened from view. Pipes, drainage ways, wires, antennae visual signals, meters tanks, and disposal systems shall be kept and maintained in a structure or below ground. No bulk materials, plant waste, trash, scrap, or refuse shall accumulate on

any lot unless screened from view. Trailers, vehicles or boats not in good operating condition shall be housed or screened from view. No garage or accessory building shall be used for other than parking vehicles, machinery, and tools. No carpenter shops, hobby shops or power equipment shall be utilized therein except as specifically permitted.

6.7 Noise.

No sound devices, except security or civil defense devices, shall be used on any lot. Any approved device exceeding normal conditions shall be subject to limitation.

6.8 Light.

No unreasonably bright light (or one emitting unreasonable glare) shall be permitted. All exterior lighting shall conform to the rules and regulations of the Kilauea Farms Environmental Committee. All light fixtures visible from neighboring lots must be approved by the Kilauea Farms Environmental Committee.

6.11 Temporary Structures.

No temporary buildings shall be permitted to remain on any lot.

6.12 Animals.

All animals kept on a lot, whether for economic or personal use, shall be kept only in a density compatible with neighboring lots and shall be cared for with practices of good animal husbandry, including prompt removal of waste, control pests, maintaining adequate fencing, and control of noxious odors. Storage of food supplies shall be done as to prevent the scattering of materials by the wind.

6.13 Signs.

No signs shall be erected or maintained except such signs as may be required by legal proceedings; signs necessary to identify the ownership of the lot and its address; signs necessary to give direction, advise of rules or caution or warn of danger; signs necessary for job identification (one per contractor). No sign shall be directly illuminated higher than six feet above the ground elevation.

6.15 Clearing and Grading.

The clearing and grading of any lot shall be performed only in strict accordance with plans and specifications therefor, which have been approved by Kilauea Farms Environmental Committee; no wanton cutting or desecration of existing trees will be permitted.

6.16 Construction Period.

During the course of construction, with the understanding that all construction shall be performed in strict diligence, the provisions and conditions contained in the covenants shall be waived to the extent necessary to permit such construction. All such construction activities shall be conducted within the rules and regulations of the Kilauea Farms Environmental Committee.

6.17 Flooding and Erosion.

No owner shall permit the construction of any improvement which will interfere with the normal flow of storm waters or cause unnatural runoff damaging his or neighboring lots. This is not to prohibit the construction of storm drains so long as they comply with Committee specifications.

6.19 Owner Caused Damage.

In the event there is loss, or owner (or owner's guests) cause damage to Association property, such owner shall be responsible, unless fully covered by insurance. Any such funds may be required to be secured by a lien on said owner's lot.

7.3 Regulation of Boating.

The operation of all boats located within the Lake Lot shall be subject to the following restrictions:

1. Vessels in excess of 18 feet in length are prohibited.
2. Vessels powered by combustion engines are prohibited.
3. Vessels shall not exceed speeds of 5 miles per hour.
4. No vessel shall remain on the Lake overnight, unless it remains anchored at a facility specifically engineered for such purpose.

7.4 No Dumping or Littering.

No plant waste or refuse except approved, authorized fill shall be deposited into the Lake Lot.

7.5 Introduction of Species of Animals.

No fish or game shall be introduced to the Lake Lot without the permission and the recommendation of the Kilauea Farms Environmental Committee.

7.6 Improvements.

No improvements may be constructed except in strict accordance and with the approval of specific plans by the Committee. Such improvements, other than mooring facilities, generally shall be permitted only within the boundaries of the lot to which they are appurtenant.

7.7 Maintenance.

Lake Lot owners are responsible for the maintenance of their lot and any area to the water's edge and shall see that all debris is removed promptly, kept free from weeds and shall maintain all improvements. If any owner fails to maintain his lot, the Association may maintain it for him and an assessment may be imposed by the Association.

7.8 Indemnity.

Owners use the Lake Lot at their sole risk and will hold the Association harmless from any claims in connection with such owner's use.

8.1 Easements in Lots for Repair and Maintenance

The Association shall have an easement for access through each lot for making (but are not obligated to make) emergency repairs as to prevent damage to Association property.

9.1 Creation.

The Kilauea Farms Environmental Committee has been created and shall consist of three members with an alternate member who shall act only in the absence of a member.

9.6 Review of Plans.

The Committee may specify the procedures for approval of plans, provided that the Committee's approval or disapproval of such plans shall be given in writing within sixty days after submission and after the owner's compliance with the requirements. If the Committee disapproves of any such plans, it shall send notice of its disapproval to the persons applying for approval and shall also return the cash bond or security. If notice of disapproval is not so sent within said sixty days, the plans shall be deemed to have been approved by the Committee.

9.8 Requirements for Plans.

All plans and specifications for any new improvement shall be prepared by an architect and submitted to the Committee for its approval. The plans and specifications for any alteration to the exterior of any existing building need not be prepared by an architect. After approval of any plans, the Committee shall provide the owner with a statement of approval. Approval by the Committee shall not warrant or imply legality, safety, etc., and each owner shall be responsible for his own compliance with all restrictive covenants, rules, regulations and ordinances. Each owner shall also be solely responsible for obtaining any necessary general plan amendments and for the satisfaction of any charges that may be imposed in connection with such regulation requirements.

9.9 Standards of Review.

The Committee shall consider the suitability of the proposed building or other improvement for the area in which it will be located. The Committee shall require the overall visual character to be one of natural materials and forms compatible with those occurring in the natural landscape.

9.10 Rule-Making Authority.

The Committee shall adopt rules and regulations, without limitation, regulating construction and implementing provisions of the covenants pertaining to design, building materials, aesthetic requirements and other improvements.

12.1 Duration of Declaration.

Each of the provisions contained in the covenants runs with the land and will continue and remain in full force and effect for a period of twenty years from adoption.

12.2 Amendment.

Any provision contained in the covenants may be amended or changed by the recording of a written instrument specifying the amendment executed by Members who hold not less than 66.6 percent of the voting power of the Association.

12.4 Enforcement and Remedies.

In addition to any other remedies provided, all covenants shall be enforceable by the Association, by the Kilauea Farms Environmental Committee or by the subdivision developer, or by any Owner, in a proceeding for a prohibitive or mandatory injunction or in a suit or action to recover damages. If court proceedings are instituted, the prevailing party shall be entitled to recover from the losing party all costs and expenses in connection therewith, including reasonable attorney's fees.

END EXHIBIT J