

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Address PATRICK S. WHEAT 2724 Northshore Rd. Bellingham, WA 98226 BRUCE FEHRING P. O. Box 565 Kilauea, HI 96754 RICHARD MCINTYRE P. O. Box 561 Kilauea, HI 96754

Project Name(*): WAILAPA ROAD Address: 4230 Wailapa Road, Kilauea, Kauai, Hawaii

Registration No. 3567 (Partial Conversion) Effective date: August 1, 1996 Expiration date: September 1, 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: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[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 public report does not provide for the sale of Unit C, notwithstanding full disclosure of its improvements, status, size, etc. Unit C may not be offered for sale until such time as the developer complies with the provisions of that certain Stipulated Enforcement Order dated May 16, 1996, entered into with the County of Kauai for the removal or conversion of the temporary housing structure on Unit C. Further, the sale or offer of sale of Unit C is prohibited until the Real Estate Commission issues of an effective date for a supplementary public report disclosing such compliance. *

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

* * * * *

TABLE OF CONTENTS

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

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: PATRICK S. WHEAT Phone: (206) 766-8888
Name
2724 Northshore Road
Business Address
Bellingham, Washington 98226

BRUCE FEHRING Phone: (808) 828-2158
Name
P. O. Box 565
Business Address
Kilauea, Hawaii 96754

RICHARD MCINTYRE Phone: (808) 828-6765
Name
P. O. Box 561
Business Address
Kilauea, Hawaii 96754

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

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

General Contractor: Unit B DONALD G. MORSE DESILVA CONSTRUCTION, INC.
Name
P. O. Box 897 Name
6447 Kahuna Road
Business Address
Lawai, Hawaii 96765 Business Address
Kapaa, Hawaii 96746
Phone: (808) 332-9912 Phone: (808) 822-9061
(Business) (Business)

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

Attorney for Developer: STEVEN R. LEE, ESQ. Phone: (808) 246-1101
Name
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. 95-163284
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]: First Amendment to Declaration of Condominium Property Regime dated June 5, 1996, recorded as Document No. 96-084493. Second Amendment to Declaration of Condominium Property Regime dated July 15, 1996, recorded as Document No. 96-104654.

- 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. 2333
 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]: First Amendment to Declaration of Condominium Property Regime dated June 5, 1996, recorded as Document No. 96-084493. Second Amendment to Declaration of Condominium Property Regime dated July 15, 1996, recorded as Document No. 96-104654.

- 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. 95-163285
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

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

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

2. Developer:

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

For Subleaseholds:

Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 4230 Wailapa Road Tax Map Key: (4) 5-2-005-015
Kilauea, Kauai, Hawaii (TMK)

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

Land Area: 22.10* [] square feet [X] acre(s) Zoning: Agricultural

*This is the recorded area of the lot. However, one side of the property is bounded by Wailapa Stream and the area of the lot is determined by the center line of the stream. See Page 20a of this report for further information.

Fee Owner : PATRICK S. WHEAT
 DONNA RAE WHEAT
 2724 Northshore Road
 Bellingham, Washington 98226

BRUCE FEHRING
 CYNTHIA ANN FEHRING
 P. O. Box 565
 Kilauea, Hawaii 96754

RICHARD MCINTYRE
 JOCELYN MCINTYRE
 P. O. Box 561
 Kilauea, Hawaii 96754

C. Buildings and Other Improvements:

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

2. Number of Buildings: 8 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood
 Other Metal

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Determined By Zoning
<input type="checkbox"/> Residential	___	<input checked="" 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>2</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 checked="" type="checkbox"/> Other: <u>Sheds</u>	<u>3</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:

Pets: Pigs and dogs kept for breeding are not permitted.

Number of Occupants: _____
 Special use restrictions are as contained in the Declaration of

Other: Protective Covenants and House Rules, a summary of which is attached hereto as Exhibit I.

There are no special use restrictions.

6. Interior (fill in appropriate numbers): See page 11a for interior descriptions

Elevators: 0 Stairways: 0 Trash Chutes: 0

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

Total Apartments: 5

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

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

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

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by Kauai County Zoning Ordinances and recorded restrictions on the project, 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.

<u>Qty.</u>	<u>Apt. No.</u>	<u>No. Bdm./ Bath</u>	<u>Net Living Area (Sq.Ft.)</u>	<u>Lanai/ Patio (Sq.Ft.)</u>	<u>Other Areas (Sq.Ft.)</u>
1	A	0/0	0	0	64 - shed
1	B	0/0	0	0	64 - shed
		0/0	0	0	560 - utility building 228 - greenhouse 400 - carport
1	C	3/1	1150	926	28 - utility
		0/0	0	0	64 - shed
		0/0	0	0	1114 - equipment shed
1	D	0/0	0	0	64 - shed
1	E	0/1	0	0	1050-utility building 384-breezeway

7. Parking Stalls:

Total Parking Stalls: 2

	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	<u>TOTAL</u>	
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)					<u>2</u>
Guest Unassigned					
Extra for Purchase					
Other:					
Total Covered & Open	<u>2</u>	<u>0</u>	<u>0</u>		

Unit B has a two car carport. There are no designated parking stalls for the other units. *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 1* 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	X	_____	_____
Structures	X	_____	_____
Lot	X	_____	_____

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

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

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

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

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

described in Exhibit E .

as follows:

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

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

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

[X] described in Exhibit E.

[X] as follows: The portion of 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 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 12-19-95 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.

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

[] 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>
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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. The sheds on Units A, B, C and D were built in 1989. The farm utility building on Unit E was built in 1990. The farm equipment and materials shed on Unit C was built in 1992. The temporary residence on Unit C was built in 1994. Construction of the utility building and pool complex on Unit B was completed in 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):

One "guest house" may be constructed on this Project. The right to construct the guest house is assigned to the owner of Unit C. The owner of Unit C has the right to divide the unit and create an additional unit for the Project. In the event the unit is divided, the newly created guest house unit shall receive no less than 25% and no greater than 50% of the undivided interest appurtenant to Unit C. The total undivided interest of the Project shall not change as a result of the division. A prospective purchaser should 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 the Developer or the Developer's affiliate.
- self-managed by the Association of Apartment Owners other _____

B. Estimate of Initial Maintenance Fees: - There are no common expenses for this Project.

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

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

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

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:

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated December 15, 1995

Exhibit D contains a summary of the pertinent provisions of the escrow agreement.

[X] Other Specimen Apartment Deed; Specimen Owner-Occupant Affidavit; Specimen Owner-Occupant Reservation Agreement

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, as amended.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map, as amended.
 - 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 _____

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. 3567 filed with the Real Estate Commission on 6-10-96.

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. 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 Declaration of Condominium Property Regime, Bylaws, Declaration of Protective Covenants and House Rules (hereinafter "condominium documents") and the contents of this Report. Among other things, the condominium documents govern applications for building permits, agricultural activities, building materials, building setbacks, preservation of plantings, view corridors and animals. 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.

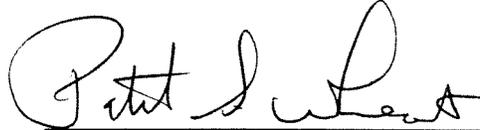
The County of Kauai Planning Department has advised that, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, authorization from at least 75% of the legal and equitable ownership of the entire project shall be required, consistent with the 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 property 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.

One side of this project is bounded by the Wailapa Stream and the area of the lot is determined by the center line of the stream, which moves from time to time, as influenced by rain and flooding. The area of the project based on current conditions is as set forth on the Condominium Map. Future changes in units fronting the stream may occur.

Pursuant to sections 16-99-3(g) and 16-99-11(d), Hawaii Administrative Rules, prospective purchasers are hereby advised that one of the developers/owners, Bruce Fehring (RB-16664), is a current and active Hawaii-licensed real estate broker, associated with Emerald Isle Properties, the designated sales agent for the project.

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.



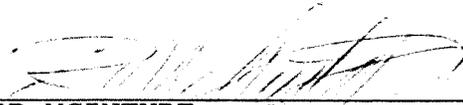
PATRICK S. WHEAT

Date: Nov. 29, 1995



BRUCE FEHRING

Date: 12/08/95



RICHARD MCINTYRE

Date: 12-8-95

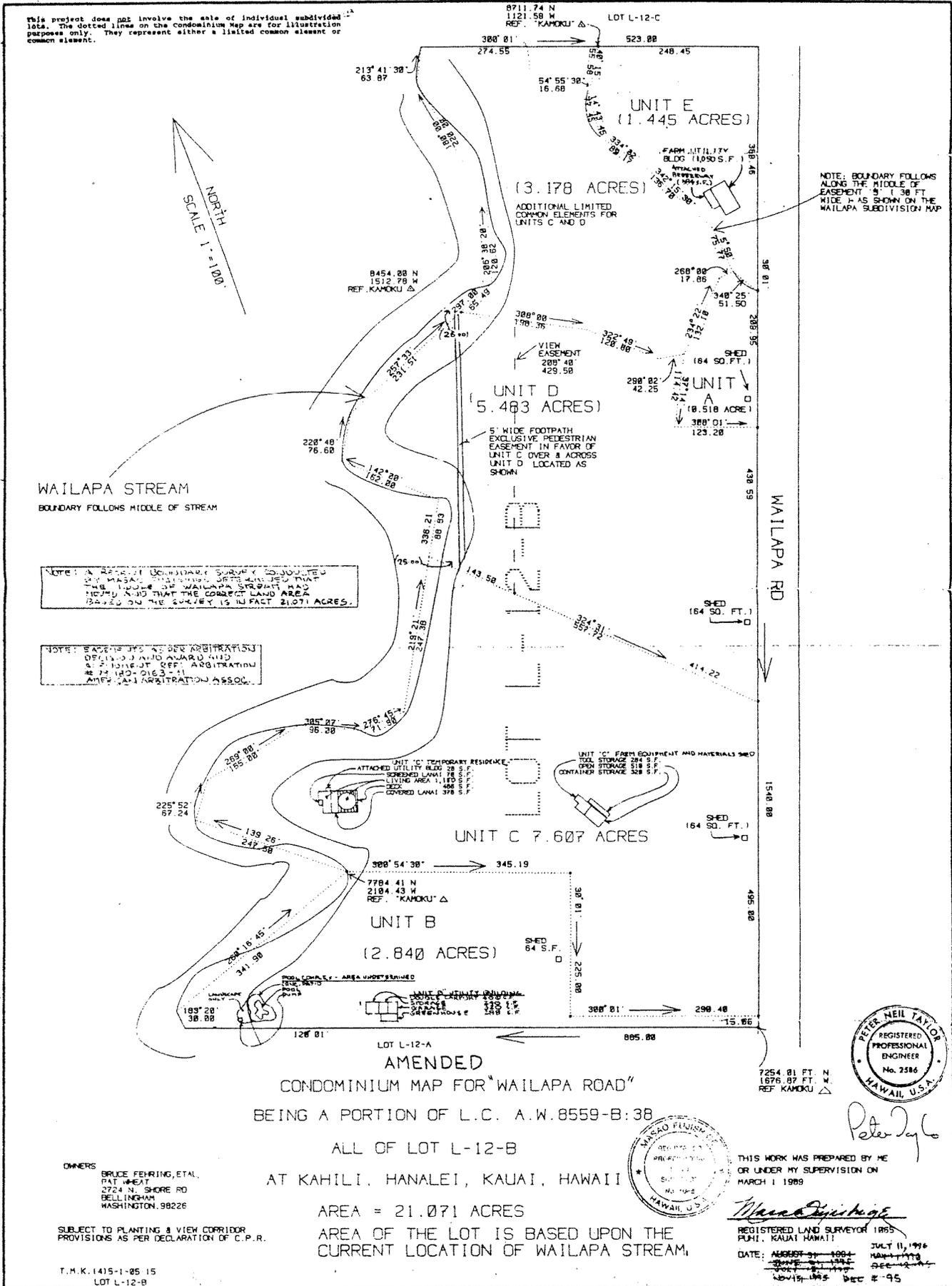
Distribution:

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

EXHIBIT A

CONDOMINIUM MAP AND LIMITED COMMON ELEMENT LOCATIONS

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.



OWNERS
 BRUCE FEHRING, ETAL.
 PAT HEAT
 2724 N. SHORE RD
 BELLINGHAM
 WASHINGTON, 98226

SUBJECT TO PLANTING & VIEW CORRIDOR PROVISIONS AS PER DECLARATION OF C.P.R.

T.M.K. 1415-1-05 15
 LOT L-12-B

THIS WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION ON MARCH 1 1989

EXHIBIT B

SUMMARY OF SALES CONTRACT

The WAILAPA ROAD 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. Other Area (Sq. Ft.)	% of Common Int.
1	A	0.518	0/0	0	64-shed	15%
1	B	2.840	0/0 0/0	0 0	64-shed 560-utility 228-greenhouse 400-carport	20%
1	C	7.607	3/1 0/0 0/0	1150 0 0	926-deck/ lanai 28-utility 64-shed 1114-equipment shed	25%
1	D	5.483	0/0	0	64-shed	25%
1	E	1.445	0/1	0	1050-utility 384-breezeway	15%

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 PATRICK SYDNEY WHEAT, DONNA RAE WHEAT, BRUCE FEHRING, CYNTHIA ANN FEHRING and RICHARD MCINTYRE (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 common access and utility element, if any;
- (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; and
- (d) any and all other future 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", are designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements are as follows:

1. That certain land area upon and around which Units A, B, C, D and E 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	0.518 acres	
B	2.840 acres	Note: Land areas herein described are not legally subdivided lots.
C	7.607 acres	
D	5.483 acres	
E	1.445 acres	

2. The 3.178 acre limited common element appurtenant to and for the exclusive use of the owners of Units C and D. The entitlement to use of this limited common element shall run with the ownership of Units C and D and is limited to the owners and their immediate families. Permission to use this limited common element does not automatically run to lessees and guests of those unit owners. The limited common element shall not be sold or otherwise treated separately without the agreement of the owners of both Units C and D.

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. Any variations in and along the boundaries of the land herein described running along Wailapa Stream, as may be caused by natural deviation of said stream.
4. "Restriction of the rights of all access of ingress or egress, into and from Kauai Belt Road (Federal Aid Secondary Project S-0560(8), over and across Courses 1, 3 to 7, inclusive, 9 to 11, inclusive, and 14, and access permitted over and across Courses 2, 8, 12 and 13 of the herein described parcel of land." as mentioned in

ASSUMPTION DEED

Dated: February 20, 1974
Book: 9765
Page: 323

5. 100 year flood building setback line, as shown on Subdivision Map prepared by Masao Fujishige, dated June 13, 1978.
6. The terms and provisions of that certain Agreement dated March 16, 1977, made by and between the State of Hawaii, by George R. Ariyoshi, its Governor, as "State" and C. Brewer and Company, Limited, a Hawaii corporation, as "Brewer", recorded in the Bureau of Conveyances of the State of Hawaii in Book 12110 at Page 330, to which reference is hereby made (also affects other property).
7. A Vehicular Access Easement "B", 30-feet wide, as mentioned in:

INSTRUMENT

Dated: February 25, 1981
Book: 15548
Page: 214

8. Electrical and telephone pole anchor easements, 10' x 5' wide, located adjacent to Road A, as mentioned in:

INSTRUMENT

Dated: February 25, 1981
Book: 15548
Page: 214

9. RIGHT OF ENTRY

In favor of: Citizens Utilities Company, a Delaware corporation
Dated: December 29, 1981
Book: 16438
Page: 568
Purpose: Easement for right-of-entry purposes over, under across and through the land herein described (also affects other property)

10. GRANT

In favor of: County of Kauai, a political subdivision of the State of Hawaii
Dated: December 13, 1978
Book: 16876
Page: 608
Purpose: Easement for public vehicular access and parking purposes over, under across and through the land herein described (also affects other property)

11. DECLARATION AND GRANT OF EASEMENT

Dated: June 9, 1983
Book: 17178
Page: 237
to which reference is hereby made.

12. The terms and provisions, including the failure to comply with the covenants, conditions and reservations, contained in Declaration of Condominium Property Regime for "WAILAPA ROAD" condominium project dated December 12, 1995, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-163284 as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 2333.)

The aforesaid Declaration and Condominium Map were amended by instruments dated June 5, 1996, recorded as Document No. 96-084493, and dated July 15, 1996, recorded as Document No. 96-104654.

EXHIBIT G

DISCLOSURE ABSTRACT FOR
WAILAPA ROAD

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

1. The Developers of the project are PATRICK S. WHEAT, 2724 Northshore Road, Bellingham, Washington, 98226, BRUCE FEHRING, P. O. Box 565, Kilauea, Hawaii, 96754, and RICHARD MCINTYRE, P. O. Box 561, Kilauea, Hawaii, 96754.

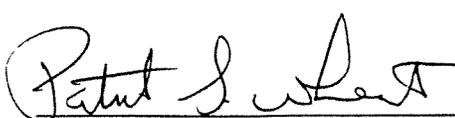
2. See Exhibit H for the projected annual maintenance fees. The Developers hereby certify that the estimations have been based on generally accepted accounting principles.

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 five units, each of which sustains structures and each of which will burden the common elements. Since the sizes of the limited common elements appurtenant to the units vary, it was decided to attribute a larger common interest to those units with the largest limited common elements and a smaller common interest to those units with smaller common elements. Therefore, the common interest attributable to Units C and E is 25% each, Unit B is 20% and Units A and D are 15% each.

 PATRICK S. WHEAT	 BRUCE FEHRING	 RICHARD MCINTYRE
Nov. 29, 1995 Date	12/08/95 Date	12-8-95 Date

RECEIPT

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

Purchaser(s)

EXHIBIT H

LETTERS FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

MARYANNE W. KUSAKA
MAYOR



DEE M. CROWELL
PLANNING DIRECTOR

IAN K. COSTA
DEPUTY PLANNING DIRECTOR

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

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

May 16, 1996

COPY

Benedyne Stone
Real Estate Commission
250 S. King Street, Suite 702
Honolulu, Hawaii 96813

Subject: Certification of Inspection of Existing Building
Wailapa Road Condominium Project
TMK: 5-1-05: 15, Wailapa Road, Kilauea

This letter is to inform you that Mr. Bruce Fehring, owner of the subject property, has resolved the Zoning Violation on the property through a Stipulated Enforcement Order with the County of Kauai for the Temporary Housing Structure on Unit "C" as mentioned in our previous letter to the Real Estate Commission dated February 14, 1996. Through the Order, the County and Mr. Fehring has stipulated to the following conditions to address the violation on the subject property:

1. Mr. Fehring shall either remove the temporary housing structure on Unit "C" or shall modify the structure, in accordance with County requirements, into a permanent structures within 18 months from the date of the order; and
2. Based on the foregoing agreement, the County shall withhold any further enforcement/violation proceedings for the temporary housing structure on Unit "C".

Be further advised that based on an inspection of the subject property on May 15, 1996, the Planning Department finds that there are no Zoning Violations (based on the requirements of the Comprehensive Zoning Ordinance of the County of Kauai) on the remaining proposed "CPR" Units (Units A, B, D, and E) on the subject property.

Page 2
Benedyne Stone
May 16, 1996

Should you have any questions, please contact Ross Fernandez of my staff at 241-6677.



DEE M. CROWELL
Planning Director

cc: Bruce Fehring

MARYANNE W. KUSAKA
MAYOR



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

DEE M. CROWELL
PLANNING DIRECTOR
IAN K. COSTA
DEPUTY PLANNING DIRECTOR
TELEPHONE (808) 241-6677
FAX (808) 241-6699

June 25, 1996

CERTIFIED MAIL

Benedyne Stone
Real Estate Commission
250 S. King Street, Suite 702
Honolulu, Hawaii 96813

Subject: Certification of Inspection of Existing Building
Wailapa Road Condominium Project
TMK: 5-1-05: 15, Wailapa Road, Kilauea

We have been informed by Mr. Bruce Fehring, applicant of the subject Condominium Project, that the Real Estate Commission has not received the Planning Department's letter (Certification of Inspection) to the Real Estate Commission dated May 16, 1996. It is also our understanding that the Real Estate Commission will not accept a copy of the May 16, 1996 letter and a new letter must be issued. Based on this request we provide the following re-issued letter for the subject matter.

This letter is to inform you that Mr. Bruce Fehring, owner of the subject property, has resolved the Zoning Violation on the property through a Stipulated Enforcement Order with the County of Kauai for the Temporary Housing Structure on Unit "C" as mentioned in our previous letter to the Real Estate Commission dated February 14, 1996. Through the Order, the County and Mr. Fehring has stipulated to the following conditions to address the violation on the subject property:

1. Mr. Fehring shall either remove the temporary housing structure on Unit "C" or shall modify the structure, in accordance with County requirements, into a permanent structures within 18 months from the date of the order; and
2. Based on the foregoing agreement, the County shall withhold any further enforcement/violation proceedings for the temporary housing structure on Unit "C".

Page 2
Benedyne Stone
June 25, 1996

Be further advised that based on an inspection of the subject property on May 15, 1996, the Planning Department finds that there are no Zoning Violations (based on the requirements of the Comprehensive Zoning Ordinance of the County of Kauai) on the remaining proposed "CPR" Units (Units A, B, D, and E) on the subject property.

Should you have any questions, please contact Ross Fernandez of my staff at 241-6677.



DEE M. CROWELL
Planning Director

END OF EXHIBIT H

EXHIBIT I

SUMMARY OF PROTECTIVE COVENANTS AND HOUSE RULES FOR WAILAPA ROAD

This is a summary of the recorded Declaration of Protective Covenants and House Rules ("House Rules") for the condominium Project. This is not meant to completely recite the actual provisions of the House Rules, nor to cover every issue in which a purchaser might have interest. The prospective purchaser is urged to obtain a full copy of the House Rules from the condominium Developer prior to entering into an agreement to purchase a unit in this Project.

Building Permits. The County will likely inspect the area before issuing a building permit to ascertain that farming activities are taking place on the unit of the owner seeking to build.

Water and Utilities. Each unit owner will be required to connect water, electricity and telephone to his/her improvements at his/her own cost and expense.

Cesspools. Each unit will be required to have its own wastewater disposal system located within its own limited common element area.

Farming. Units in the Project must engage in agricultural activity as a condition precedent to the ability to build or occupy a "Farm Dwelling". Farming materials and equipment shall be kept in good order and repair.

Construction. There are limits on materials and types of construction.

Pets and Farm Animals/Noise in General. There are restrictions on types and numbers of animals as well as the levels of noise and dust permissible within the Project.

Noxious Activities. There are restrictions regarding the spraying of chemicals and pesticides.

Repeal or Modification. These Covenants may be modified by an affirmative vote of the holders of 80% of the common interests in the Project.

Arbitration. Disputes concerning any unit owner, the Association, its Board, Managing Agent or the condominium documents shall be submitted to arbitration.

END OF EXHIBIT I