

CONDOMINIUM PUBLIC REPORT

Prepared & WILLIAM H. WALLACE and LAURIE J. WALLACE
Issued by: Developer CHARLES P. STACK and KATHERINE E. STACK
Address c/o 5569 Wailaau Road, Koloa, Hawaii 96756

Project Name(*): WAIHOHONU FARMS
Address 5575 Wailaau Road, Koloa, Kauai, Hawaii 96756

Registration No. 4220 (Partial Conversion)

Effective date: September 7, 1999
Expiration date: October 7, 2000

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 governmental 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 six 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)

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 expire on _____

(*) Exactly as named in the Declaration
FORM: RECO-30 286/986/189/1190/892/0197/1098

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - disclosure covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL NOTICE:

THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF RESIDENTIAL DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING RESIDENTIAL DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE ALSO IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCIES TO DETERMINE WHETHER THE PURCHASER MAY BUILD A RESIDENTIAL DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

1. Units 2 and 3 are shed structures.
2. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances and subdivisions requirements have necessarily been complied with.
3. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediate adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.
4. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FORGOING.

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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. The 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 of 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 spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: WILLIAM H. WALLACE and LAURIE J. WALLACE Phone: (808) 246-9043
Name (Business)
5569 Wailaau Road
Business Address
Koloa, Kauai, Hawaii 96756

Developer: CHARLES P. STACK and KATHERINE E. STACK Phone: (808)
Name (Business)
1918 Hoone Road
Business Address
Koloa, Kauai, Hawaii 96756

Real Estate Broker: None Selected- See Page 20 Phone: _____
Name (Business)

Business Address

Escrow: FIRST HAWAII TITLE CORPORATION Phone: (808) 245-1608
Name (Business)
3016 Umi Street, Suite 208
Business Address
Lihue, Kauai, Hawaii 96766

General Contractor: Ted L. Burkhart, dba BCO Construction (for Units 2 & 3 sheds) Phone: (808) 742-1690
Name (Business)
P.O. Box 409
Business Address
Lawai, Kauai 96756

Condominium Managing Agent: Self-Managed by Association of Unit Owners Phone: _____
Name (Business)

Business Address

Attorney for Developer: MICHAEL H. SAKAI Phone: (808) 531-4171
Name (Business)
201 Merchant Street, Suite 902
Business Address
Honolulu, Hawaii 96813-1369

**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. 99-112331
Book _____ Page _____
 Filed - Land Court: Document No. 2560028

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. 2922
 Filed - Land Court Condo Map No. 1299

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 manners which affect how the condominium project will be governed.

The Bylaws for this condominium re:

- Proposed
 Recorded - Bureau of Conveyances: Document No. 99-112332
Book _____ Page _____
 Filed - Land Court: Document No. 2560029

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

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

*The percentage 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:

William Heintz Wallace and Laurie Jean Wallace have the right to determine which of its 1 or 2 may have a dwelling. See paragraph 7.0(a) of the Declaration of Condominium Property Regime. Unit 1 has a dwelling that is 60 to 70 years old.

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-Automatically 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-Automatically 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 period 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 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: 5575 Wailaau Road, Koloa, Kauai, Hawaii Tax Map Key: (4)2-8-02-01 (por.) and 13 (por.)
 Address TMK is expected to change because County may assign new tax map key number for each unit.

Land Area: 11.524 square feet acre(s) Zoning: Agriculture & Open

Lessor
 (Fee Owner): WILLIAM H. WALLACE and LAURIE J. WALLACE
 Name
5569 Wailaau Road
 Business Address
Koloa, Kauai, Hawaii 96756

CHARLES P. STACK and KATHERINE E. STACK
 Name
1918 Hoone Road
 Business Address
Koloa, Kauai, Hawaii 96756

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: three Floors Per Building one

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Allied building materials

4. Permitted Uses by Zoning:

	No of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input type="checkbox"/> Residential	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	___	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural/residential	<u>1</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: Shed	<u>2</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

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: No more than 3 domestic animals allowed without Board approval

Number of Occupants: _____

Other: See Declaration of Restrictive Covenants (Exhibit F)

There are no special use restrictions.

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>Net Area (sf)</u>	<u>Identify</u>
<u>Unit 1</u>	<u>1</u>	<u>2/1</u>	<u>629</u>	<u>310</u>	<u>396</u>	<u>deck</u>
_____	_____	_____	_____	_____	<u>42</u>	<u>carport</u>
_____	_____	_____	_____	_____	<u>25</u>	<u>utility room</u>
<u>Unit 2</u>	<u>1</u>	<u>0/0</u>	_____	_____	<u>25</u>	<u>shed</u>
<u>Unit 3</u>	<u>1</u>	<u>0/0</u>	_____	_____	<u>25</u>	<u>shed</u>

Total Apartments: 3

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

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

Boundaries of Each Apartment:

The boundary of each unit is the exterior finished surfaces of the units' perimeter walls, roofs, foundations, windows and frames, doors, beams, post entries and cesspools, if any.

Permitted Alterations to Apartments:

Each unit owner may alter the structure and any other improvements located within their unit's limited common land area as provided in paragraphs 7.0 and 15.0 of the Declaration of Condominium Property Regime. There are significant restrictions and limitations on the construction of improvements, including that the Project may be limited to only two (2) dwellings. The third structure may be limited to a "Guest" house. See Paragraph 7.0 of the Declaration of Condominium Property Regime. Prospective purchasers should consult with a design professional and/or the appropriate governmental officials to determine what type of improvement may be built.

7. Parking Stalls:

Total Parking Stalls: 6 Two parking stalls each for Units 2 and 3 will be accommodated within their respective limited common land areas.

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>TOTAL</u>
Assigned (for each unit)	2 (Unit 1 carport)		2 (Units 2 and 3)*		_____	_____	<u>6</u>
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	<u>6</u>		<u>0</u>		<u>0</u>		<u>6</u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

*Parking for units 2 and 3 are within the boundary of the units limited common land area.

Commercial parking garage permitted in condominium project.

Exhibit _____ contain additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational 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. Conditions and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

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

Unit 1 which was constructed around 1920 based on a report prepared by Agor Architecture dated April 21, 1999 is in good condition (the inspection was only of visible components and no invasive examination was made).

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 B .

as follows:

2. Limited Common Elements: 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 B*.

as follows:

*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 Exhibit ____.

as follows:

Unit 1 -	33 1/3%
Unit 2 -	33 1/3%
Unit 3 -	<u>33 1/3%</u>
Total	100%

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 C describes the encumbrances against the title contained in the title report dated July 14, 1999 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 specific 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.

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

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

Type of Lien

Effect on Buyer's Interest and Deposit if Developer Defaults
or Lien is Foreclosed Prior to Conveyance

NONE

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. There are no warranties, express or implied.

2. Appliances:

None. There are no appliances included with any of the units unless specifically referred to in a sales contract. Any appliances will be transferred and sold without any warranties, express or implied.

G. Status of Construction and Estimated Completion Date:

Based on information provided to the Developer, Unit 1 was constructed around 1920, although the County of Kauai has indicated a completion date of 1932. Units 2 and 3 (agricultural sheds) were constructed in 1999.

H. Project Phases:

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

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

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 D contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated April 19, 1999

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

Other _____

B. Buyer's Right to Cancel Sales Contract:

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

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any 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 a 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 as 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 Report 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 Declaration of Restrictive Covenants (see Exhibit F)

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, Hawaii 96809, at a nominal cost.

This Public Report is part of Registration No. 4220 filed with the Real Estate Commission on August 5, 1999.

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

NOT A SUBDIVISION. This is a condominium project which should not be confused with a subdivision. A purchaser of an apartment unit will be conveyed an apartment unit together with an "undivided" percentage interest in the common elements of the project. The entire parcel of land upon which the project is situated is designated as a common element. That portion of the common element which each purchaser has the exclusive right to use is called a limited common element or area, but is not a separate, legally subdivided lot.

MAINTENANCE FEES. All costs of every kind pertaining to each apartment and its respective limited common element, including but not limited to, cost of landscaping, maintenance, repair, replacement and improvement shall be borne entirely by the respective apartment owner. The cost of maintaining the driveway will be a common expense, however there should be a minimal amount of maintenance required for it.

Section 514A-86, Hawaii Revised Statutes, requires the Association of Unit Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses.

RESERVES. Developer discloses that no reserve study was done in accordance with Section 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. No reserves are necessary because there are no common elements that require any type of replacement or major repair other than the common unimproved driveway easement (the driveway is a dirt path and there are no plans to improve it). The Developer believes that there will be very little or nominal repairs needed for the unimproved driveway easement.

DECLARATION OF RESTRICTIVE COVENANTS. This Project is subject to the Declaration of Restrictive Covenants dated October 9, 1998, filed in the Office of the Assistant Registrar of the Land Court as Document No. 2497101 and also recorded in the Bureau of Conveyances, State of Hawaii, as Document No. 98-164505 which is attached hereto as Exhibit F. Purchasers are encouraged to review the Declaration of Restrictive Covenants to determine the effect, if any, that those covenants have on a unit or the Project.

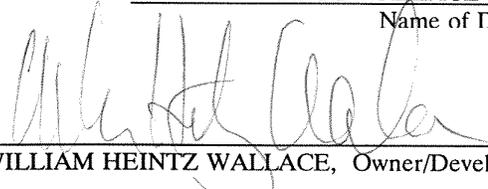
REAL ESTATE BROKER. This public report shall not bind a purchaser to the sale of any condominium unit until: (1) the Developer first submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker; and (2) gives a copy of said disclosure abstract to the purchaser together with a copy of the Public Report. If the Developer, as the owner, chooses to represent himself in the sale of any condominium unit, said abstract need not be given to the purchaser, as all necessary disclosures are covered in this report.

LIMITATION OF TWO DWELLINGS. The Project may only have two (2) dwellings, therefore, prospective purchasers need to determine whether a dwelling can be built and what type of restrictions may be applicable to the construction of such a dwelling. If a unit is improved and a prospective purchasers wishes to construct a "Guest House" type structure, there are significant restrictions on this type of improvement. Prospective purchasers should familiarize themselves with all applicable restrictions.

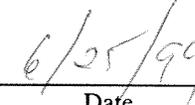
D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information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

WILLIAM HEINTZ WALLACE and LAURIE JEAN WALLACE

Name of Developer



WILLIAM HEINTZ WALLACE, Owner/Developer



Date



LAURIE JEAN WALLACE, Owner/Developer



Date

Distribution:

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

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

CHARLES PATRICK STACK and KATHERINE ELIZABETH STACK
Name of Developer

Charles Patrick Stack
CHARLES PATRICK STACK, Owner/Developer

6/25/99
Date

Katherine E. Stack
KATHERINE STACK, Owner/Developer

6/25/99
Date

Distribution:

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

EXHIBIT "A"

Description of Apartments

The Project consists of the following three (3) apartments:

a. Unit 1. Unit 1 consist of one freehold estate consisting of one existing residential structure without a basement constructed principally of wood, glass, with corrugated metal roofing. This dwelling consist of a two car carport, living room, kitchen, two bedrooms, one bathroom, a utility room, and two decks. The net living area of the dwelling is approximately 629 square feet. The carport is approximately 396 square feet, the deck contains a total of approximately 310 square feet and the utility room is approximately 42 square feet. The land area surrounding and under Unit 1 as delineated and described in the Condominium Map is a limited common element for Unit 1 and is for the exclusive use of Unit 1.

b. Unit 2. Unit 2 consist of one freehold estate consisting of one existing storage structure without a basement constructed principally of wood with mineral paper roofing. The net area of the structure is approximately 25 square feet. The land area surrounding and under Unit 2 as delineated and described in the Condominium Map is a limited common element for Unit 2 and is for the exclusive use of Unit 2. There is space for parking at least two vehicles within the limited common element land area.

c. Unit 3. Unit 3 consist of one freehold estate consisting of one existing storage structure without a basement constructed principally of wood with mineral paper roofing. The net area of the structure is approximately 25 square feet. The land area surrounding and under Unit 3 as delineated and described in the Condominium Map is a limited common element for Unit 3 and is for the exclusive use of Unit 3. There is space for parking at least two vehicles within the limited common element land area.

EXHIBIT "B"

Common Elements

The common elements for the Project are:

- a. The land in fee simple.
- b. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage, hot and cold water and like utilities.
- c. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project including the easements described in Paragraph 6.0 of the Declaration of Condominium Property Regime

Limited Common Elements

The limited common elements for the Project are:

- a. Unit 1. The land area surrounding and under Unit 1 is a limited common element of Unit 1 and is for the exclusive use of Unit 1 and consists of approximately 3.252 acres without deduction of the areas of any easements within such limited common land area.
- b. Unit 2. The land area surrounding and under Unit 2 is a limited common element of Unit 2 and is for the exclusive use of Unit 2 and consists of approximately 2.690 acres without deduction of the areas of any easements within such limited common land area.
- c. Unit 3. The land area surrounding and under Unit 3 is a limited common element of Unit 3 and is for the exclusive use of Unit 3 and consists of approximately 5.582 acres without deduction of the areas of any easements within such limited common land area.

The limited common land areas of each unit shall be subject to the easements described in Paragraph 6.0 of the Declaration of Property Regime for the Project and as described in the Condominium Map.

The limited common element land area described above does not represent a legally subdivided lot. The dotted lines on the condominium map represents the approximate location of the limited common element land area assigned to each unit.

EXHIBIT "C"

Encumbrances Against Title

1. -AS TO PARCEL FIRST:-

(a) Reservation in favor of the State of Hawaii of all mineral and metallic mines.

(b) Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Waiver and Release dated May 24, 1988, recorded in Book 21985 at Page 722.

(c) Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in that certain Deed dated September 20, 1995, and recorded in said Bureau as Document No. 95-130739.

(d) Grant to Citizens Utilities Company and GTE Hawaiian Telephone Company Incorporated dated September 13, 1996, and recorded in said Bureau as Document No. 97-004474, granting a perpetual right and easement for utility purposes over Easement "E-1" as shown on the map attached thereto.

(e) Setback (7 feet wide) for future road widening purposes, as shown on subdivision map prepared by Ronald J. Wagner, Licensed Professional Land Surveyor with Wagner Engineering Services, Inc., dated May 4, 1998, revised on September 2, 1998.

(f) Setback for building and drainageway purposes as shown on Subdivision Map prepared by Ronald J. Wagner, Licensed Professional Land Surveyor with Wagner Engineering Services, Inc., dated May 4, 1998, revised on September 2, 1998.

(g) Designation of Easement "W-1" (6 feet wide) for waterline purposes as shown on Subdivision Map prepared by Ronald J. Wagner with Wagner Engineering Services, Inc., dated May 4, 1998, revised September 2, 1998.

(h) Right of the State of Hawaii to the free flowage of the stream and surface waters (normal and storm) now, hereafter or henceforth flowing in and through all gulches, in and bordering upon the land(s) described herein.

(i) Location of the boundary of the Waihohonu Stream and the effect, if any, upon the area of the land described herein.

2. -AS TO PARCEL SECOND:-

(a) Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Water System Facilities Agreement For Wailaau Road Subdivision dated October 25, 1984, filed as Land Court Document No. 1275823, and also recorded in said Bureau in Book 18370 at Page 214, by and between Grove Farm Company, Incorporated, a Hawaii corporation, and the County of Kauai, a political subdivision of the State of Hawaii.

3. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.

4. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Declaration of Restrictive Covenants dated October 9, 1998, filed in said Office, as Document No. 2497101 and also recorded in said Bureau, as Document No. 98-164505.

5. Co-Tenancy Agreement by and between William Heintz Wallace and Laurie Jean Wallace, husband and wife, "Wallace" and Charles Patrick Stack and Katherine Elizabeth Stack, husband and wife, "Stack", dated October 23, 1998, filed in said Office, as Document No. 2497103, and also recorded in said Bureau, as Document No. 98-164507.

6. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the Declaration of Condominium Property Regime of "Waihohonu Farms", dated June 10, 1999, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 2560028 and also recorded in the Bureau of Conveyances, State of Hawaii as Document No. 99-112331, and Condominium Map No. 1299 and Condominium File Plan No. 2922 to which reference is hereby made.

7. By-Laws of the Association of Unit Owners of "Waihohonu Farms" dated June 10, 1999, filed in said Office, as Document No. 2560029 and also recorded in said Bureau, as Document No. 99-112332.

8. For real property taxes, your attention is directed to the Director of Finance, County of Kauai.

EXHIBIT "D"

Summary of Sales Contract

The Sales Contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.

2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.

3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, By-Laws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:

a. substantially and materially impairs the use and enjoyment of the apartment;

b. substantially and materially alters the arrangement of the rooms or usable space of an apartment or building;

c. renders unenforceable a purchasers' loan commitment;

d. increases the purchaser's share of common expenses or maintenance fees;

e. reduces the obligations of Developer of common expenses on unsold apartments.

5. Provides that the Developer is selling the apartments in "AS-IS WHERE-IS" condition. This means that the Developer is not making any warranties or representations with respect to the apartments and Project.

6. Provides that the Developer has up to 12 months after the effective date of the Final Public Report to construct the improvements (the sheds).

7. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.

8. Provides that the closing cost shall be paid as follows:

a. By purchaser: title insurance, drafting of any note and mortgage, purchaser notary fees, recording fees, one half of escrow fees, and also a start fee for common expenses, if any.

b. By Developer: drafting of apartment deed and Developer notary fees, conveyance taxes, preliminary title report, and one half of escrow fees.

9. Provides the following remedies, in the event of default under the Sales Contract:

by purchaser:

- a. Developer may bring an action against purchaser for breach of contract;
- b. Developer may retain initial deposit;
- c. Purchaser shall be responsible for expenses incurred.

by Developer:

- a. Purchaser may bring an action against Developer for breach of Contract;
- b. Purchaser may bring an action compelling Developer to perform under contract;
- c. Developer shall be responsible for expenses incurred.

Any awards to the prevailing party in any action are subordinate to escrow's expenses.

10. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer.

The Sales Contract contains various other provisions which purchaser should become acquainted with.

EXHIBIT "E"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is FIRST HAWAII TITLE CORPORATION. Under the Escrow Agreement dated April 19, 1999, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The apartment deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Final Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or sent by telegram to Developer before (1) the apartment unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) if the Developer exercises any right to cancel the transaction which it may have reserved.

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

EXHIBIT "F"

Declaration of Restrictive Covenants

:
 :
 :
 :
 : Certified to be a true and correct copy of the original
 : recorded on 11/2/98 at 8:01 AM in the
 : Office of the Assistant Registrar of the Land Court or
 : Document No. 2497101 / Transfer Certificate of
 : Title No. _____ and/or in the Bureau of
 : Conveyances as Document No. 98-164505
 : By: J. Young
 : FIRST HAWAII TITLE CORPORATION
 :
 :
 :
 :
 :

LAND COURT SYSTEM REGULAR SYSTEM
 After Recordation, Return by: Mail () Pickup ()
FIRST HAWAII TITLE CORPORATION
 Lihue Business Plaza
 3016 Umi Street, Suite 208
 Lihue, Kauai, HI 96766

This Document Contains 11 Pages

TYPE OF DOCUMENT:

DECLARATION OF RESTRICTIVE COVENANTS

PARTIES TO DOCUMENT:

DECLARANT: GROVE FARM COMPANY, INCORPORATED, a Hawaii
 corporation
 P. O. Box 2069 Puhi Rural Branch
 Lihue, Kauai, Hawaii 96766-7069

TAX MAP KEY FOR PROPERTY:

(4) 2-8-02-01 and (4) 2-8-02-13

DECLARATION OF RESTRICTIVE COVENANTS

KNOW ALL PEOPLE BY THESE PRESENTS THAT:

WHEREAS, GROVE FARM COMPANY, INCORPORATED, a Hawaii corporation, whose mailing address is P. O. Box 2069 Puhi Rural Branch, Lihue, Kauai, Hawaii 96766-7069, (hereinafter referred to as the "Declarant"), is the owner of those certain parcels of real property described as follows:

(a) Parcel 1, Tax Map Key 2-8-02, being a portion of the lands described in and covered by Royal Patent Grant 1754, Part 2 to R. W. Wood and situate on the north side of Wailaau Road at Koloa, (Kona), Kauai, Hawaii; and

(b) Lot 29-B-2-B, area .125 acre, more or less, as shown on Map 92, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 956 of Bishop Trust Company, Limited, Trustee for Eric A. And Augustus F. Knudsen, being the land described in Transfer Certificate of Title No. 224,138.

and

WHEREAS, the purpose of this Declaration of Restrictive Covenants is to satisfy certain conditions established by the Planning Department of the County of Kauai, as said conditions are dated in its Tentative Approval of Declarant's Application for "Consolidation of Parcel 1, Tax Map Key 2-8-02 and Lot 29-B-2-B, Land Court App. 956 (Map 92) and Resubdivision into "Lot A" and "Remainder Parcel 1," at Koloa, Kona, Kauai, Hawaii," said Consolidation and Resubdivision being more particularly shown on the map attached hereto as Exhibit "A" and made a part hereof.

NOW, THEREFORE, Declarant hereby declares that the lot hereinafter described shall be held, sold, conveyed, encumbered, leased, occupied, and improved subject to the limitations, restrictions, covenants, and conditions set forth in this Declaration of Restrictive Covenants, hereinafter referred to as this "Declaration", all of which are established and declared and agreed to be for the purpose of enhancing and protecting the habitability, value, and use of the land. These limitations, restrictions, covenants, and conditions shall run with the land and shall be binding upon all persons, firms, or corporations having or who acquire any right, title or interest in or to the land, herein referred to as "Owner" or "Owners" and shall inure to the benefit of the Declarant, each Owner, and the residents on said land.

1. This Declaration and the restrictive covenants herein contained shall apply to Lot A of that certain Consolidation and Resubdivision located in Koloa, Kona, Kauai, Hawaii

(hereinafter this lot is referred to as the "Lot") which Lot is more particularly described in Exhibit "B" hereto, and which Lot is comprised of the aforesaid Lot 29-B-2-B, Land Court Application No. 956, and a portion of the aforesaid Parcel One. Only to the extent specifically stated herein shall this Declaration and the restrictive covenants herein contained also apply to Remainder Parcel 1, as shown on Exhibit "A."

2. Lot A shall be subject to a seven (7) foot wide future road widening reserve along Wailaau Road, as shown on the map attached hereto as Exhibit "A." There shall be no new structures permitted within the reserve, and any new structures shall be set back from the reserve.

3. Lot A shall be subject to Easement "W-1" for waterline purposes as shown on the map attached hereto as Exhibit "A."

4. Uses on Lot A and Remainder Parcel 1 shall be limited to those listed as permissible uses within the "A" Agricultural District in the State Land Use Commission Rules and Regulations from time to time, as long as the Property remains in the State Agricultural District. On the date of execution of this Declaration said uses are the following:

(1) Cultivation of crops, including but not limited to flowers, vegetables, foliage, fruits, forage and timber;

(2) Game and fish propagation;

(3) Raising of livestock, including but not limited to poultry, bees, fish, or other animal or aquatic life that are propagated for economic or personal use;

(4) Farm dwellings, employee housing, farm buildings, or activity or uses related to farming and animal husbandry; Farm dwelling as used in this paragraph means a single-family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State, or where agricultural activity provides income to the family occupying the dwelling;

(5) Public institutions and buildings which are necessary for agricultural practices;

(6) Public and private open area types of recreational uses including day camps, picnic grounds, parks, and riding stables, but not including dragstrips, airports, drive-in theaters, golf courses, golf driving ranges, country clubs, and overnight camps;

(7) Public, private and quasi-public utility lines and roadways, transformer stations, communications equipment buildings, solid waste transfer stations, major water storage tanks, and appurtenant small buildings such as booster pumping stations, but not

including offices or yards for equipment, material, vehicle storage, repair or maintenance, or treatment plants, or corporation yards, or other like structures;

(8) Retention, restoration, rehabilitation, or improvement of buildings or sites of historic or scenic interest;

(9) Roadside stands for the sale of agricultural products grown on the premises;

(10) Buildings and uses, including but not limited to mills, storage, and processing facilities, maintenance facilities, and vehicle and equipment storage areas that are normally considered directly accessory to the above-mentioned uses and are permitted under section 205-2(d);

(11) Agricultural parks; or

(12) Wind energy facilities, including the appurtenances associated with the production and transmission of wind generated energy; provided that such facilities and appurtenances are compatible with agriculture uses and cause minimal adverse impact on agricultural land.

Uses not expressly permitted above shall be prohibited, except the uses permitted as provided in Hawaii Revised Statutes § 205-6 and § 205-8, and construction of single-family dwellings on lots existing before June 4, 1976.

5. Prior to any new structure being built on Lot A or on Remainder Parcel 1, a flood study shall be required to be submitted to the County of Kauai and the Owner shall comply with all provisions imposed by the County of Kauai Department of Public Works regarding the function and capacity of Waihohonu Stream.

6. Water service to Lot A and to Remainder Parcel 1 is not available from the Department of Water, County of Kauai.

7. The type of wastewater systems permitted within Lot A and Remainder Parcel 1, for residences constructed after Final Consolidation and Resubdivision Approval is obtained by Declarant, shall meet the minimum applicable requirements of Chapter 62, Wastewater Systems, Title 11, Administrative Rules, State of Hawaii.

8. The covenants, conditions, easements, restrictions and obligations conferred or imposed pursuant to Paragraphs 1 through 7 above shall inure to the benefit of, and/or be binding upon, the owners of Lot A and Remainder Parcel 1, as the case may be, and the Declarant, together with their respective estates, heirs, personal representatives, successors, assigns, successors in interest, or any person or entity claiming through them.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed this 9th day of October, 1998.

DECLARANT:

GROVE FARM COMPANY, INCORPORATED

By *Hugh W. Klebahn*
Hugh W. Klebahn
Its Chairman and Chief Executive Officer

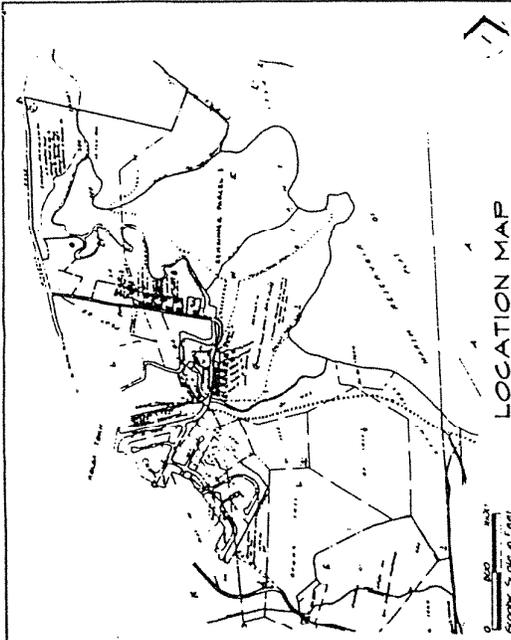
By *Sandra L. Day*
Sandra L. Day
Its Treasurer

STATE OF HAWAII)
) SS:
COUNTY OF KAUAI)

On this 9th day of October, 1998, before me appeared Hugh W. Klebahn and Sandra L. Day, to me personally known, who, being by me duly sworn, did say that they are the Chairman and Chief Executive Officer and Treasurer, respectively, of GROVE FARM COMPANY, INCORPORATED, a Hawaii corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Officers acknowledged said instrument to be the free act and deed of said corporation.

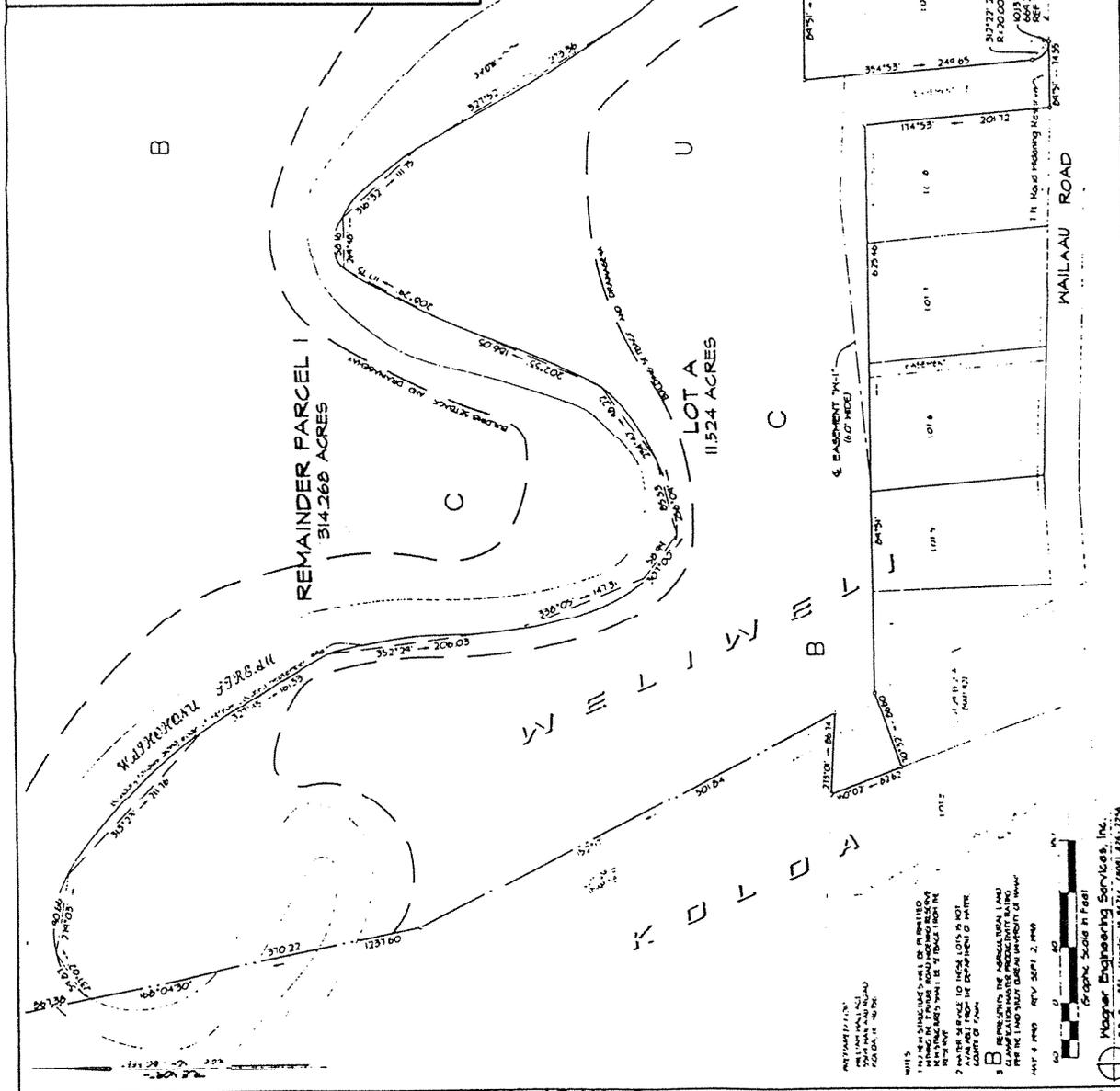
Remedios A. Chinen
Remedios A. Chinen *L.S.*
Notary Public, State of Hawaii

My commission expires: 12/26/99



THE MAP IS PREPARED BY THE ENGINEER
 AND IS SUBJECT TO THE REVISIONS
 LISTED ON SHEET 2 OF 2

MAP SHOWING
 THE CONSOLIDATION OF
 PARCEL I, TAX MAP KEY 2-B-02 and
 LOT 24-B-2-B, Ld. Ct. App. 456 (Map 42)
 AND RESUBDIVISION INTO
 LOT A AND REMAINDER PARCEL I
 AND DESIGNATION OF EASEMENT "M-1"
 BEING A PORTION OF GRANT 154, PART 2 TO R.W. WOOD
 AT KOLOA, KONA, KAUAI, HAWAII



- 1. THIS MAP IS PREPARED BY THE ENGINEER AND IS SUBJECT TO THE REVISIONS LISTED ON SHEET 2 OF 2.
- 2. WATER IS SHOWN TO INDICATE THAT THERE IS NOT A DRAINAGE FROM THE DEVELOPMENT TO WATER COURSE.
- 3. BOUNDARIES ARE BASED ON THE SURVEY OF THE LAND SHOWING THE BOUNDARIES OF THE PARCEL I AND LOT A.
- 4. THE MAP IS PREPARED BY THE ENGINEER AND IS SUBJECT TO THE REVISIONS LISTED ON SHEET 2 OF 2.

Graphic Scale in Feet
 0 50 100
 Magner Engineering Services, Inc.
 P.O. Box 851, Hanalei, HI 96721 (808) 874-7254

EXHIBIT A

EXHIBIT "B"

FIRST:

All of that certain parcel of land (being portion of the land(s) described in and covered by Royal Patent Grant Number 1754, Part 2 to R. W. Wood) situate, lying and being at Koloa, Island and County of Kauai, State of Hawaii, being LOT A, being a portion of Parcel 1, Tax Map Key 2-8-02, and the whole of Lot 29-B-2-B, Land Court Application 956 (Map 92), and thus bounded and described as per survey of Ronald J. Wagner, Licensed Professional Land Surveyor, dated May 4, 1998, to-wit:

Beginning at the south corner of this parcel of land at the southwest corner of Lot 9-A on the north side of Wailaau Road, the coordinates of which referred to Government Survey Triangulation Station "LAAUKAHI" being 10,137.29 feet south and 669.27 feet west and running by azimuths measured clockwise from true South:

1. 89° 51' 74.55 feet along Wailaau Road;
2. 174° 53' 201.72 feet along Lot 8;
3. 89° 51' 625.46 feet along Lots 8, 7, 6, 5 and 4;
4. 70° 32' 86.60 feet along Lot 29-B-2-A, L. Ct. App. 956 (Map 92);
5. 160° 02' 82.62 feet along Lot 3, being a portion of R. P. 8358, L. C. Aw. 3123 to George Moore;
6. 273° 01' 86.74 feet along Lot 29-B-1, Ld. Ct. App. 956 (Map 58);
7. 152° 17' 501.84 feet along Lot 29-B-1, Ld. Ct. App. 956 (Map 58);
8. 168° 04' 30" 370.22 feet along Lot 29-B-1, Ld. Ct. App. 956 (Map 58);

Thence along the remainder of Parcel 1, Tax Map Key 2-8-02, along the south bank of Waihohonu Stream for the next sixteen (16) courses, the direct azimuths and distances between points on said south bank being:

9. 237° 02' 59.87 feet;
10. 279° 03' 90.66 feet;

- | | | |
|-----|---|--------------------------------|
| 11. | 313° 23' | 211.76 feet; |
| 12. | 327° 45' | 161.53 feet |
| 13. | 352° 29' | 206.03 feet; |
| 14. | 338° 05' | 147.31 feet; |
| 15. | 307° 00' | 58.99 feet; |
| 16. | 256° 09' | 85.53 feet; |
| 17. | 234° 40' | 98.22 feet; |
| 18. | 202° 55' | 186.05 feet; |
| 19. | 208° 29' | 117.75 feet; |
| 20. | 269° 48' | 58.16 feet; |
| 21. | 316° 32' | 111.75 feet; |
| 22. | 327° 52' | 273.36 feet; |
| 23. | 319° 30' | 226.01 feet; |
| 24. | 338° 00' | 298.51 feet; |
| 25. | 89° 51' | 155.10 feet along Wailaau Road |
| 26. | 179° 51' | 266.98 feet along Lot 9-A; |
| 27. | 89° 51' | 175.02 feet along Lot 9-A; |
| 28. | 354° 53' | 249.65 feet along Lot 9-A; |
| 29. | Thence along Lot 9-A on a curve to the left with a radius of 20.00 feet, the chord azimuth and distance being: 312° 22' 27.03 feet; | |
- to the point of beginning and containing an area of
11.524 acres, more or less.

Saving and excepting therefrom, Lot 29-B-2B, area .125 acres, more or less, as shown on Map 92, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 956 of Bishop Trust Company, Limited, Trustee for Eric A. and Augustus F. Knudsen, leaving a net area of 11.399 acres, more or less.

SECOND:

All of that certain parcel of land situate at Koloa, Island and County of Kauai, State of Hawaii, described as follows:

Lot 29-B-2-B, area .125 acres, more or less, as shown on Map 92, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 956 of Bishop Trust Company, Limited, Trustee for Eric A. and Augustus F. Knudsen.

-Access Note:-

Lot 29-B-2-B shall have access to Wailaau Road over, on and across Lot 29-B-2-A, as set forth by Land Court Order No. 71371, filed October 4, 1984.

Being the land(s) described in Transfer Certificate of Title No. 224,138 issued to GROVE FARM COMPANY, INCORPORATED, a Hawaii corporation.

Said above described parcels of land having been acquired as follows:

1. By GROVE FARM COMPANY, INCORPORATED, a Hawaii corporation, by Quitclaim Deed of Yasuo Matsumoto, Trustee of the Yasuo Matsumoto Revocable Trust, dated October 6, 1995, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-145208; and

2. By GROVE FARM COMPANY, INCORPORATED, a Hawaii corporation, by Deed of First Hawaiian Bank, a Hawaii corporation, and Valdemar L'Orange Knudsen, as Trustees under that certain Deed of Trust made by Eric A. Knudsen dated April 30, 1922, as amended, and Bishop Trust Company, Limited, a Hawaii corporation, as Trustee under Deed of Trust made by Augustus F. Knudsen dated December 22, 1924, as amended, dated March 12, 1980, filed as Land Court Document No. 1012394.

SUBJECT, HOWEVER, to the following:

1. -AS TO PARCEL FIRST:-

(a) Reservation in favor of the State of Hawaii of all mineral and metallic mines.

(b) Setback (7 feet wide) for future road widening purposes, as shown on subdivision map prepared by Ronald J. Wagner, Licensed Professional Land Surveyor with Wagner Engineering Services, Inc., dated May 4, 1998, revised on September 2, 1998.

(c) Waiver and Release dated May 24, 1988, by Grove Farm Company, Incorporated with the Department of Public Works of the County of Kauai, recorded in Liber 21985 at Page 722.

(d) The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Deed dated September 20, 1995, and recorded in said Bureau as Document No. 95-130739.

(e) Grant to Citizens Utilities Company and GTE Hawaiian Telephone Company Incorporated dated September 13, 1996, and recorded in said Bureau as Document No. 97-004474, granting a perpetual right and easement for utility purposes over Easement "E-1" as shown on the map attached thereto.

(f) Setback for building and drainageway purposes as shown on Subdivision Map prepared by Ronald J. Wagner, Licensed Professional Land Surveyor with Wagner Engineering Services, Inc., dated May 4, 1998, revised on September 2, 1998.

(g) Designation of Easement "W-1" (6 feet wide) for waterline purposes as shown on Subdivision Map prepared by Ronald J. Wagner with Wagner Engineering Services, Inc., dated May 4, 1998, revised September 2, 1998.

(h) Right of the State of Hawaii to the free flowage of the stream and surface waters (normal and storm) now, hereafter or henceforth flowing in and through all gulches, in and bordering upon the land(s) described herein.

(i) Location of the boundary of the Waihohonu Stream and the effect, if any, upon the area of the land described herein.

2. -AS TO PARCEL SECOND:-

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Water System Facilities Agreement For Wailaau Road Subdivision dated October 25, 1984, filed as Land Court Document No. 1275823, and also recorded in said Bureau in Liber 18370 at Page 214, by and between Grove Farm Company, Incorporated, a Hawaii corporation, and the County of Kauai, a political subdivision of the State of Hawaii.

3. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.

EXHIBIT "G"

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

COPY

M E M O R A N D U M

DATE: June 2, 1999

TO: Senior Condominium Specialist
Real Estate Commission
P&VLD/DCCA
250 South King Street, Suite 702
Honolulu, Hawaii 96813

FROM: Dee M. Crowell *W* Planning Director

Subject: Certification of Inspection of Existing Buildings for

PROJECT NAME: WAIHOHONU FARMS CONDOMINIUM
TAX MAP KEY: (4) 2-8-02:13

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 "g" below) specified herein, we certify the following:

- a. The developer has contracted architect Ron Agor to certify that the existing buildings on the proposed project 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 conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by this department.
- b. There were no variances approved for the subject property or any structures located on this parcel.
- c. The parcel does not contain any outstanding legal nonconforming structures or uses as a result of the adoption or amendment of any ordinances or codes.

Senior Condominium Specialist

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- d. The subject property is situated in the agriculture and open districts.
- e. The residential Structure on this parcel was constructed in 1932.
- f. The non-residential structures were issued building permits on May 21, 1999.
- g. 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 a-40 (b)(1), Hawaii revised Statutes.

If you have any questions, please contact Alvin Fukushima of my staff at 241-6697.

cc: Michael H. Sakai