

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by:

Developer Benjamin F. Garfinkle
Address P. O. Box 38, Kilauea, HI 96754

Project Name(*): HALE MAHI'AI
Address: Lot 4, Kilauea Agricultural Subdivision, Parcel 7

Registration No. 4332 Effective date: Kauai, Hawaii
February 23, 2000
Expiration date: March 23, 2001

Preparation of this Report:

(Conversion)

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

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

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

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

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

Type of Report:

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

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

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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.

No prior reports have been issued by the developer.

Changes made are as follows:

SPECIAL NOTICE:

This is a CONDOMINIUM PROJECT, not a subdivision. 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. There are presently NO RESIDENTIAL STRUCTURES on Units 1, 2 and 3 of the property. The only buildings on Units 1, 2 and 3 are shade structures, each of which may be defined as an "apartment" under the condominium property act.
2. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission, or any other governmental agency, nor does it imply that all County codes, ordinances and subdivision requirements have been complied with.
3. 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.
4. 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. At present there is no public or private water system serving this project. Until there is a water system, those desiring to construct improvements which utilize water will be required to use a catchment system.

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

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: Benjamin F. Garfinkle Phone: (808) 828-1913
Name* (Business)
P. O. Box 38
Business Address
Kilauea, HI 96754

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership(LLP); or manager and members of a Limited Liability Company(LLC)(attach separate sheet if necessary):

n/a

Real Estate Broker*: Hanalei North Shore Properties, / Ltd. Phone: (808) 826-9622
Name (Business)
P. O. Box 607
Business Address
Hanalei, HI 96714

Escrow: First Hawaii Title Corporation Phone: (808) 826-6812
Name (Business)
5-5190 Kuhio Hwy. Ste. B-6
Business Address
Hanalei, HI 96714

General Contractor*: James B. Jones Phone: (808) 826-4407
Name (Business)
P. O. Box 595
Business Address
Hanalei, HI 96714

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 (Business)
4473 Pahee Street, Suite L
Business Address
Lihue, Hawaii 96766

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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. 99-031054

Book _____ Page _____

Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed

Recorded - Bureau of Conveyances Condo Map No. 2860

Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed

Recorded - Bureau of Conveyances: Document No. 99-031055

Book _____ Page _____

Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. **Developer:**

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

- 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 Sub-leasehold:

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: Lot 4, Kilauea Tax Map Key (TMK): (4) 5-1-5-44
Agricultural Subdivision, Parcel 7, Kauai, Hawaii

Address TMK is expected to change because each unit may obtain a street address from the Department of Public Works, County of Kauai

Land Area: 10.148 square feet acre(s) Zoning: Agriculture/Open

Fee Owner: Benjamin F. Garfinkle
 Name
P. O. Box 38
 Address
Kilauea, HI 96754

and Rosa Silver
 41 W. 16th Street
 New York, NY 10011

Lessor: n/a
 Name
 Address

Peter Day
 P.O. Box 824
 Holualoa, HI 96725

C. Buildings and Other Improvements:

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

2. Number of Buildings: 3 Floors Per Building 1

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other: Iron fence posts and shade cloth

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input type="checkbox"/> Residential	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	—	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	—	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Agricultural	—	<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>Shade</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:

Household pets may be kept consistent with any applicable law or

Pets: restrictive covenants applicable to the project so long as they do not become a nuisance to the other owners.

Number of Occupants: _____

Declaration of Protective Covenants, Conditions and Restrictions

Other: for Kilauea Farms, a summary of which is attached hereto as

There are no special use restrictions.

Exhibit "I."

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Barh	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Units 1-3	3	0	0	20	Shade structures
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 3

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

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

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

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by County of Kauai 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 will be required to disclose actual improvements as a matter of public record.

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

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

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

described in Exhibit E .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit E.

as follows:

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 C.

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 November 23, 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 specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	If foreclosed, Buyer's deposit shall be refunded (less any escrow cancellation fee) and the sales contract between Seller and Buyer shall be cancelled.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements: None

2. Appliances: None

G. Status of Construction and Date of Completion or Estimated Date of Completion:

The shade structures are completed and received final building approval on December 14, 1998.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

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

- not affiliated with the Developer
 self-managed by the Association of Apartment Owners
- the Developer or the Developer's affiliate.
 Other: _____

- B. **Estimate of Initial Maintenance Fees:**

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

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

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

- C. **Utility Charges for Apartments:**

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

- None
 Gas
 Water
 Other _____
- Electricity (_____ Common Elements only _____ Common Elements & Apartments)
 Sewer (_____ Common Elements only _____ Common Elements & Apartments)
 Television Cable

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

[] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated July 29, 1999

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

[X] Other Specimen Apartment Deed

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued 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, as amended.
- D) House Rules, if any.
- 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 Declaration; Deed

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. 4332 filed with the Real Estate Commission on January 6, 2000

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. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially Exhibit I, a summary of the recorded restrictive covenants for the subdivision within which this project is located. Among other things, the restrictive covenants govern land use, building type and materials, possession of animals, and cultivation of crops. You should also conduct your own investigations and ascertain the validity of information provided.

Except where residential use is prohibited by the Declaration, it is anticipated that the initial improvements on each unit will be replaced by or supplemented with a farm dwelling. The prospective purchaser shall have the right to build such farm dwelling at purchaser's expense. The purchaser shall also, in such event, file the "as-built" certificate within thirty days of completion of the farm dwelling in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the farm dwelling. The County of Kauai Planning Department requires, 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, consistent with the Declaration and the Bylaws ("condominium documents"). In most cases 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.

Except as limited specifically by the condominium documents and subdivision restrictive covenants (if any), all uses permitted in the agricultural and open zones are permitted. Uses in one zone are not the same as in the other, and the prospective purchaser should consult the appropriate county agency for information on uses and construction in the respective zones.

A buyer should understand that all development and use of the property shall be in compliance with 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 limited common element later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations.

This project is entitled to one guest house. The right to construct the guest house is assigned to Unit 3. A prospective purchaser should refer to the Declaration of Condominium Property Regime for further information.

- 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.

Benjamin F. Garfinkle

Printed Name of Developer

By: 
 Duly Authorized Signatory²

December 14, 1999

Date

Benjamin F. Garfinkle

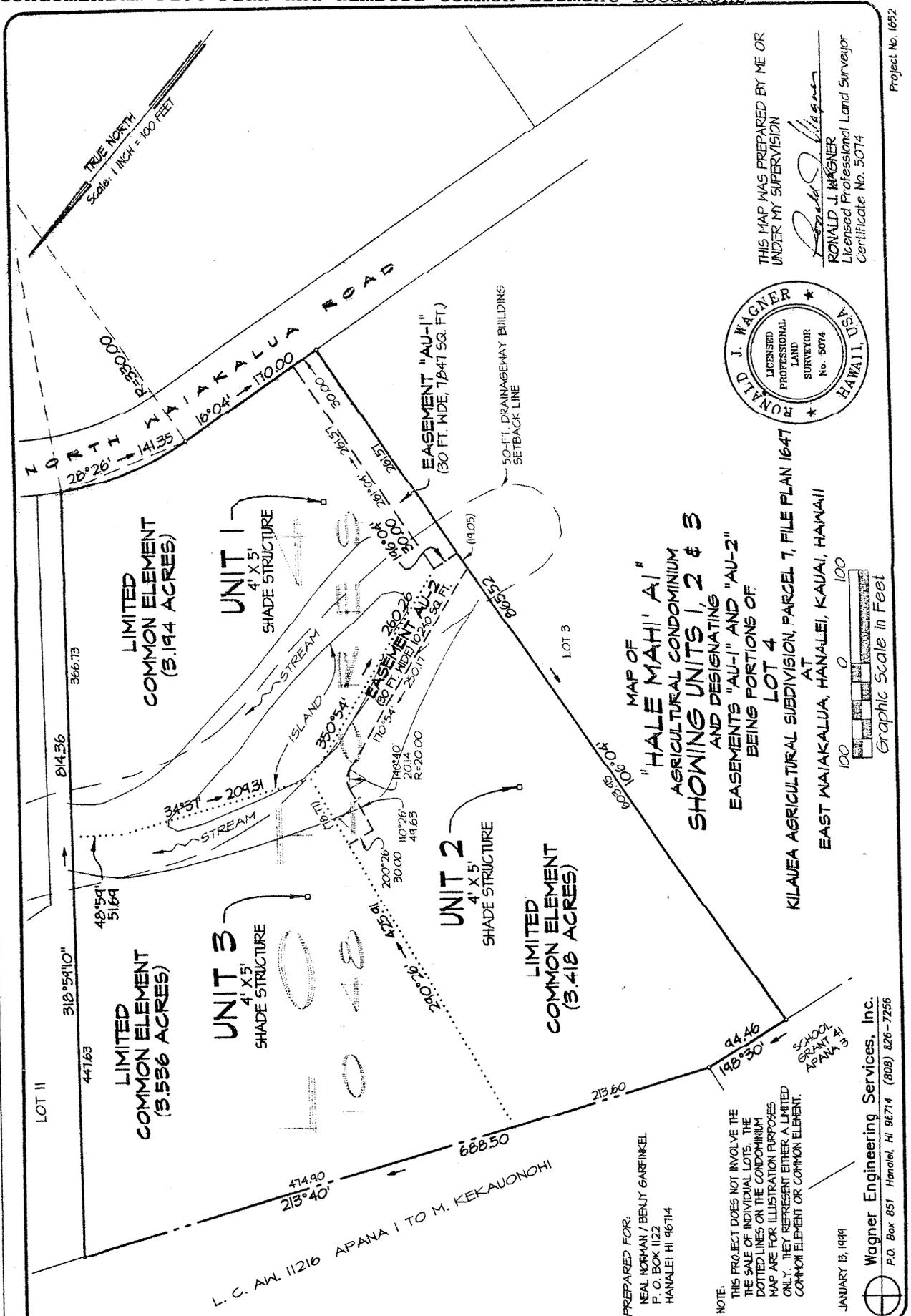
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai
 Planning Department, County of Kauai

²Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.

EXHIBIT "A"
Condominium Plot Plan and Limited Common Element Locations



THIS MAP WAS PREPARED BY ME OR UNDER MY SUPERVISION
Ronald J. Wagner
RONALD J. WAGNER
 Licensed Professional Land Surveyor
 Certificate No. 5074

Project No. 1652

PREPARED FOR:
 NEAL NORMAN / BENLY GARFINKEL
 P. O. BOX 1122
 HANAIEI HI 96714

NOTE:
 THIS PROJECT DOES NOT INVOLVE THE SALE OF INDIVIDUAL LOTS. THE DOTTED LINES ON THE CONDOMINIUM MAP ARE FOR ILLUSTRATION PURPOSES ONLY. THEY REPRESENT EITHER A LIMITED COMMON ELEMENT OR COMMON ELEMENT.

JANUARY 13, 1999

Wagner Engineering Services, Inc.
 P.O. Box 851 Hanalei, HI 96714 (808) 826-7256

TWK (4) 5-1-05:44

MAP OF
"HALE MAHI' AI"
 AGRICULTURAL CONDOMINIUM
 SHOWING UNITS 1, 2 & 3
 AND DESIGNATING
 EASEMENTS "AU-1" AND "AU-2"
 BEING PORTIONS OF
 LOT 4
 KILAUEA AGRICULTURAL SUBDIVISION, PARCEL 7, FILE PLAN 1647
 AT
 EAST WAIAKALUA, HANAIEI, KAUAI, HAWAII

Graphic Scale in Feet
 0 100

EXHIBIT B

SUMMARY OF SALES CONTRACT

The HALE MAHI`AI 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, and Purchaser is subject to all of 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.
 - (f) The unit the Purchaser is purchasing is shown on the condominium map; Purchaser will have the right to cancel if the Unit is different from that shown on Exhibit A.
 - (g) That a deed conveying clear title will be given at closing, subject to certain obligations.
 - (h) The Purchaser agrees to give future easements if reasonably required for the project.
 - (i) Except for unexpired builder's statutory warranties and assignable appliance warranties, 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 conditions on the property.
 - (j) The payment of commissions, if any, is set out in the contract.
 - (k) Time is of the essence of the obligations of Purchaser under the contract.
 - (l) If Purchaser has defaults, Seller may cancel the contract or bring legal action against Purchaser to force sale, or obtain money damages.

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.

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Unit No.	Area of Limited Common Element* (Acres)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	% of Common Int.
1	1	3.194	0	0	20	33 1/3%
1	2	3.418	0	0	20	33 1/3%
1	3	3.536	0	0	20	33 1/3%

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. Units A and B will each burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 33 1/3% for each unit.

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 the unit, alter or add to it in any manner deemed 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 BENJAMIN F. GARFINKLE (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 easement AU-1, shown on the condominium map and/or described below;
- (c) all commonly used present or future wires, pipes and other central installations for common services, if any, including power, light, sewage, irrigation, telephone, cable television, fiber-optic cable and any other utilities provided by any public utility or similar provider of a generally available service in the nature of a utility; 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," have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit is that certain land area upon and around which 1, 2, 3 are located, shown and designated on the Condominium Map and the table below.

<u>Unit Number</u>	<u>Area of Limited Common Element*</u>
1	3.194 acres
2	3.418 acres
3	3.536 acres

The other provisions of Articles IV and V notwithstanding, any bridge and culvert improvements or utility improvements serving Units 2 or 3, located on or under common or limited common elements and primarily for the benefit of Units 2 and 3 shall be deemed limited common elements of the Project. Unit 1 shall not participate in future construction, repair or maintenance of the bridge and culvert improvements.

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

END OF EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. A 50-FOOT BUILDING SETBACK LINE as shown on File Plan No. 1647.
4. Easements "E-4" and "E-5" for anchor purposes and Easement "E-12" for overhead electrical purposes, together with the rights of reasonable access thereto for the exercise of said easement rights, with the right to grant said easements to Kauai Electric, Division of Citizens Utilities Company and/or GTE Hawaiian Telephone Company Incorporated or to any other public or private utility.
5. AGREEMENT TO INCORPORATE AGRICULTURAL RESTRICTIONS INTO INSTRUMENTS OF CONVEYANCE

By and Between: Hawaiiana Hawaiiana Investment
 Co., Inc., a Hawaii corporation and the
 County of Kauai Planning Department

Dated: June 30, 1980
Book: 15060
Page: 392

6. The terms, provisions, covenants, easements and reservations as contained in the following:

DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR KILAUEA FARMS

Dated: February 23, 1981
Book: 15368
Page: 13

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3604(c) of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

7. DECLARATION OF ANNEXATION

Dated: June 1, 1981
Book: 15586
Page: 649
to which reference is hereby made

The foregoing Declaration was amended by the following:

<u>Document No.</u>	<u>Dated</u>
90-064533	07/03/89

8. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following:

DEED

Dated: January 18, 1982
Book: 16131
Page: 101
but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3604(c) of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

9. WAIVER AND RELEASE

Dated: September 11, 1998
Document No. 98-138420

10. WAIVER AND RELEASE

Dated: September 11, 1998
Document No. 98-138422

11. The terms, provisions, covenants, easements and reservations as contained in the following:

APARTMENT DEED (ORIGINAL)

Dated: March 18, 1999
Document No. 99-065472
but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt from Chapter 42, Section 3604(c) of the United States

Code or (b) relates to handicap but does not discriminate against handicapped persons.

12. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF HALE MAHI AHI CONDOMINIUM PROJECT

Dated : January 14, 1999
Document No. : 99-031054
Map : 2860

13. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS

Dated : January 14, 1999
Document No. : 99-031055

End of EXHIBIT F

EXHIBIT G

**DISCLOSURE ABSTRACT FOR
HALE MAHI`AI**

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

1. The Developer of the project is BENJAMIN F. GARFINKLE, P. O. Box 38, Kilauea, Hawaii, 96754.

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

3. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition.

4. All of the apartments of the project are to be used for agricultural purposes only and permitted residential use within the agricultural zone. No unit will be used for hotel use; these are condominium units in which residential use is permitted, but hotel use is not. No commercial uses except as permitted by Kauai County ordinances are allowed.

4. This project is listed for sale with Hanalei North Shore Properties, Ltd., whose address is P. O. Box 607, Hanalei, HI 96714. The agent is Neal Norman and the telephone number is 826-9622.

5. There are no common expenses because there are **no depreciable common elements in the Project**. The Developer has not conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Developer


Benjamin F. Garfinkle

12/14/99
Date

RECEIPT

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

Purchaser(s): _____

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees: None

Developer advises there are no current fees. There are no depreciable common elements at this time.

END OF EXHIBIT H

EXHIBIT I

SUMMARY OF COVENANTS, CONDITIONS AND
RESERVATIONS FOR THE KILAUEA GARDENS SUBDIVISION

The sale of all lots in the KILAUEA GARDENS SUBDIVISION shall be subject to the following conditions, covenants and restrictions:

a. The conditions stated in the tentative subdivision approval letter dated March 24, 1977, issued by the County of Kauai Planning Department, regarding: facilities reserve charges; Department of Water approval of water system facilities; subdivision map revisions; uses within the conservation district being subject to the approval of the Department of Land and Natural Resources; the applicant conducting percolation tests at strategic sites; the dedication of road widening reserves; payment of park fees; compliance with Act 199 regarding B class soils; file copies of easements with the Planning Department; applicants preparation road, drainage, water and utilities improvement plans; inform potential purchasers of conditions and restrictions affecting the land; applicant to meet all conditions of SMA permit approval; and provide the lots with easements for irrigation facilities. All of the foregoing were complied with as a prerequisite to final subdivision approval.

b. The Agreement to Incorporate Agricultural Restrictions into Instruments of Conveyances referenced in Exhibit F hereto.

c. The conditions stated in the application for final subdivision approval letter dated February 28, 1978, written by Clinton I. Shiraishi, attorney for the applicants. The letter confirms compliance with the aforementioned tentative subdivision approval letter.

d. All construction for residential uses shall be of new masonry or lumber material free of dry rot and termites. No second hand material can be used. No existing dwelling may be moved from a different location to a subdivision lot. There are restrictions on the types of roofing permitted.

e. No structure of a temporary character shall be used on any lot at any time as a residence.

f. The front setback for buildings shall be a minimum of 50 feet from the boundary line.

g. The side setbacks for buildings shall be a minimum of 30 feet from the boundary line.

h. Animals, such as horses and cows, and poultry may be raised on the property. However, no pigs shall be permitted on any part of the property.

i. No deed, mortgage, or lease shall be made or delivered by the Grantee conveying, mortgaging or leasing the premises without containing or be subject to the restrictive terms, covenants and conditions.

j. Easements for the installation and maintenance of utilities, irrigation and drainage facilities are reserved to the subdivision applicant as shown on the final map of the Kilauea Gardens Subdivision.

k. These covenants and restrictions shall run with the land, and jurisdiction may be taken in equity at suit of the subdivision applicant, its successors or assigns, or of any other Buyer-Grantee of any of said lots within said subdivision.

END OF EXHIBIT I

EXHIBIT J

MEMORANDUM FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

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

M E M O R A N D U M

DATE: January 5, 2000

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

FROM: Dee M. Crowell, Planning Director 

Subject: Certification of Inspection of Existing Buildings for
PROJECT NAME: HALE MAHI`AI CONDOMINIUM PROJECT
TAX MAP KEY: (4) 5-1-05:44

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

- a. The developer has contracted engineer Ronald J. Wagner to certify that the existing buildings on the proposed project referred to as Hale Mahi`Ai Condominium, is 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.
- c. The parcel does not contain any outstanding legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.
- d. This parcel is currently situated in the agriculture and Open districts.

Senior Condominium Specialist
Real Estate Commission
Page 2
January 5, 2000

- e. WAIVER
The foregoing certification is not a warranty as to any compliance with all applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulation of condominiums under Subsection 514A-40 (b)(1), Hawaii revised Statutes.

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

cc: Steven R. Lee

END OF EXHIBIT J