

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer CARMEN NAKASONE and GERALD T. NAKASONE
Address 6837 Olohena Road, Kapaa, Hawaii 96746

Project Name (*): MAHAMOKU CONDOMINIUM
Address: LOT 1 OF PUKALANI SUBDIVISION, KAPAA HOMESTEADS, SECOND SERIES, WAIPOULI, KAWAIHAU, ISLAND OF KAUAI, STATE OF HAWAII
Registration No. 4516 (Partial Conversion)
Effective date: July 26, 2001
Expiration date: August 26, 2002

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
SUPPLEMENTARY: (pink) This report updates information contained in the:
And [] Supersedes all prior public reports.

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report 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 ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO 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 on the property.

1. There are presently ONE RESIDENTIAL STRUCTURE AND TWO AGRICULTURAL SHEDS ON THIS PROPERTY, each of which may be defined as an "apartment", under the condominium property act.
2. This public report does not constitute an approval of the project by the Real Estate Commission or any other government agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
3. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

SPECIAL ATTENTION (CONCLUDED):

4. Facilities and improvements normally associated with County-approved subdivision, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc. may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.
5. THE DEVELOPER/OWNERS DO NOT INTEND TO SELL EITHER UNIT A OR C AT THIS TIME. UNTIL ONE OF THESE UNITS IS SOLD, THE DEVLEOPER/OWNER WILL HAVE MAJORITY VOTE WITH REGARDS TO THIS PROJECT.

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

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Carmen Nakasone Gerald T. Nakasone Phone: (808) 822-6913
Name* 6837 Oloheua Road c/68 Kurt Bosshard (Business)
Business Address Kapaa, Hawaii 96766 Lihue, Hawaii 96766

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*: Alexandria Hinnebusch dba
A. Gabriel Hinnebusch Realty (for Unit B Phone: (808) 822-3323
Name only see page 20a) (Business)
6472 Kaahale Street
Business Address Kapaa, Hawaii 96746

Escrow: Security Title Corporation Phone: (808) 245-6975
Name 4370 Kukui Grove Street, Ste. 203 (Business)
Business Address Lihue, Hawaii 96766

General Contractor*: William J. Sanchez Phone: (808) 822-4848
Name 873-A Kamalu Road (Business)
Business Address Kapaa, Hawaii 96746

Condominium Managing Agent*: Self Managed by the Association of Phone: _____
Name Apartment Owners (Business)
Business Address _____

Attorney for Developer: Patrick J. Childs Phone: (808) 245-2863
Name 4365 Kukui Grove Street, Ste. 104 (Business)
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. 2000-120523
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

First Amendment to the Declaration of Mahamoku Condominium - Doc. # 2001-090023
Dated May 17th, 2001

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. 3154
 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. 2000-120524
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]:

First Amendment to the By-laws of Apartment Owners of Mahamoku Condominium
dated April 11, 2001 and recorded as Doc. #2001-090024

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>100%</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:

The Developer may amend the Declaration (and, when applicable, any exhibits to the Declaration and the Condominium Map) (a) as may be provided in the Declaration and (b) to file the "as built" statement required by Section 514A-12 of the Act (i) so long as such verified statement is a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment, fully and accurately depict the layout, location, apartment numbers and the dimensions of the apartments as built, or (ii) so long as the plans filed therewith involve only minor changes to the layout, location or dimensions on the apartments, as built, or any change in any apartment number.

[] 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 1 of Pukalani _____ Tax Map Key (TMK): (4) 4-04-002-091
Subdivision, Kapaa Homesteads Second Series, Waipouli, Kauai, Hawaii

[] Address [] TMK is expected to change because _____

Land Area: 5.166 [] square feet [x] acre(s) Zoning: Agricultural

Fee Owner: Carmen Nakasone
Name
6837 Olohena Road
Address
Kapaa, Hawaii 96746

Gerald T. Nakasone
c/o Kurt Bosshard
3144 Elua Street
Lihue, Hawaii 96766

Lessor: N/A
Name
Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 3 Floors Per Building: 1

Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood
 Other _____

4. **Uses Permitted by Zoning:**

		<u>No. of</u>	<u>Use Permitted By Zoning</u>	
		<u>Apts.</u>		
<input type="checkbox"/>	Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/>	Agricultural	<u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/>	Other	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

Pets: Bylaws Article V, Section 3 (h)

Number of Occupants: _____

Other: Farm Dwelling Agreement

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Apt. A	1	1/2	1204.5	_____	_____
Apt. B & C	2	--	--	20	shade house
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

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:

Perimeter wall to perimeter wall, floor to exterior of roof.

Permitted Alterations to Apartments:

Any alterations permitted by law.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 0*

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

* Units A,B & C have ample space for parking within their respective limited common element land area.

Each apartment will have the exclusive use of at least 1* parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

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 _____

(Date)

On Limited Common Element A: a garage, storage room, laundry and bath addition was added to the farm dwelling subsequently the garage was enclosed and converted into a living room without approved permits. It is the developers intent not to sell Unit A or C.

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

See Exhibit F as to Unit A.

11. Conformance to Present Zoning Code

a.] No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

[X] described in Exhibit A .

[] 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 A.

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 _____.

as follows:

Apartment A common interest	33 1/3%
Apartment B common interest	33 1/3%
Apartment C common interest	33 1/3%

- 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 B describes the encumbrances against the title contained in the title report dated June 7, 2001 and issued by SECURITY 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>
MORTGAGES	THE UNDERLYING MORTGAGE IS SUPERIOR TO AND TAKES PRECEDENCE OVER THE SALES CONTRACT. IF THE DEVELOPER DEFAULTS BUYER SHALL LOSE HIS OPTION TO CONSUMMATE HIS PURCHASE OF THE PROPERTY AND BUYER'S MONEY SHALL BE REFUNDED, LESS ESCROW CANCELLATION FEE.

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:**

APARTMENT A WAS COMPLETED in 1998.

SHADE HOUSES ON APARTMENT B AND C WERE COMPLETED IN FEBRUARY 24, 2000.

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):

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 August 16, 2000
Exhibit _____ 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 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 of Restrictive Covenants; Farm Dwelling Agreement dated 1-6-88; Waiver and Release dated 8-2-89.

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. 4516 filed with the Real Estate Commission on October 27, 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

1. This project is subject to the terms and provisions of the subdivision association "Konohiki-Plantation II and Puka Lani Subdivision Water System Owners Association, Inc., for the purpose of paying any and all costs incurred with the operation and maintenance of the hydro pneumatic system. No individual water service of the Department of Water will be approved "as set forth in the Subdivision Map of Puka Lani Subdivision approved August 12, 1987, by the Planning commission of the County of Kauai. See Exhibit K for a copy of this documents.
2. This project is subject to the terms, covenants, conditions, reservations and restrictions contained in the Declaration of Covenants, dated August 27, 1987, recorded in the Bureau of Conveyances in Book 21082, Page 346. See Exhibit H for a copy of this document.
3. This project is subject to the terms and provisions, including the failure to comply with any covenants, conditions, restrictions, reservations or obligations of that certain Farm Dwelling Agreement dated January 6, 1988, made by and between Gerald T. Nakasone and Carmen Nakasone and County of Kauai Planning Department, recorded in the Bureau of Conveyances of the State of Hawaii in Book 21564 page 356. See Exhibit G for a copy of this document.
4. The condominium interest created hereby is on agriculturally zoned land and, as such, is subject to all restrictions associated therewith. This is not residentially-zoned property and the Developer does not warrant that any residence will be permitted by the County of Kauai within any specific limited common element. Agricultural properties are subject to density requirements that may change. Any such change will effect the number of allowable units that may be placed on the underlying land. **No residential purposes shall be allowed on Unit C.** See Declaration of Mahamoku Condominium Property Regime, Page 4 (iii).
5. Unit B of this project is subject to Easement "E-1", being a perpetual non-exclusive easement for utility purposes in favor of Citizens Utility Company and GTE Hawaiian Telephone Company Incorporated, a Hawaii corporation as shown as Easement "E-1" on the condominium map, dated April 28, 1988 and recorded with the Bureau of Conveyance of the state of Hawaii in Liber 221156 on Page 519. See Exhibit J for a copy of this document.
6. Units A & B of this project are subject to the covenants, conditions, restrictions, reservations or obligations of that certain Waiver and Release dated August 2, 1989 made by Gerald and Carmen Nakasone, in favor of the County of Kauai recorded as Document No. 89-118139. See Exhibit I for a copy of this agreement.
7. 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 owner. Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners 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 additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Developer estimates such annual premium expense to be about \$600.00 per unit. This estimate was prepared in accordance with generally accepted accounting principles.

8. It is the Developers' intent not to sell Units A and C.

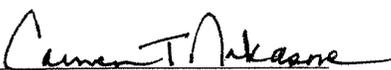
9. Disclosure re: Selection of Real Estate Broker

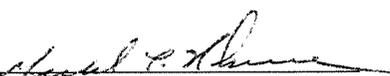
This Public Report shall not bind a purchaser to the sale of any condominium unit until the Developer submits to the Real Estate Commission a duly executed disclosure abstract identifying the designated sales agent, a copy of which shall be attached to this Public Report, and a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, as applicable. If the Developers, as the owners, will represent themselves, the disclosure abstract shall so state.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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.

Carmen Nakasone
Printed Name of Developer

Gerald T. Nakasone
Printed Name of Developer

By: 
Duly Authorized Signatory

By: 
Duly Authorized Signatory

Carmen Nakasone, Developer
Printed Name & Title of signatory

Gerald T. Nakasone, Developer
Printed Name and Title of Signatory

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

****Must 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'

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

1. Common Elements. The common elements of the Project consist only of the following:

(i) All the land in fee simple, subject to the division of the same as limited common elements pursuant to Paragraph 6 herein;

(ii) The limited common elements hereinafter described, subject to the provisions set forth in Paragraph 6 of the Declaration of Mahamoku Condominium Property Regime.

(iii) All pipes, wires, conduits, or other utility or service lines, drainage ditches or appurtenant drainage structures retaining walls (if any) and yard fences, which are located outside the apartments and which are utilized for or serve more than one apartment.

2. Limited Common Elements. The limited common elements of the Project consist only of the following:

(i) That portion of the Land which is designated as Limited Common Element A, being 1.00 acre in area, on the Condominium Map, is reserved for the exclusive use of Apartment A for the support of the building and other improvements comprising Apartment A, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(ii) That portion of the Land which is designated as Limited Common Element B, being 3.958 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment B for the support of the building and other improvements comprising Apartment B, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes.

(iii) That portion of the Land which is designated as Limited Common Element C, being 0.208 acres in area, on the Condominium Map, is reserved for the exclusive use of Apartment C for the support of the building and other improvements comprising Apartment C, or attendant thereto, and for parking, yard, driveway, agricultural and residential purposes. No residential purposes shall be allowed on Apartment C.

(iv) Each apartment owner, at his expense, shall maintain the limited common elements appurtenant to his apartment in good order and in a neat and attractive condition. All limited common elements costs and expenses shall be borne by the apartment owners in the following equitable manner: All limited common elements costs and expenses, including, but not limited to, maintenance, repair, replacement, additions and

improvements of or to the limited common elements, shall be borne by and charged to the owner of the apartment to which the limited common element is appurtenant.

NOTICE: This is not a subdivision. The Limited Common Elements that are reserved for the exclusive use of individual units are not subdivided parcels. As such they do not fall within the ordinances of the County of Kauai as the same pertain to subdivision nor do they derive any benefits therefrom.

EXHIBIT 'B'

ENCUMBRANCES AGAINST TITLE

1. TAXES Tax Map Key: KAUAI (4) 4-4-002-091

For Real Property Taxes that may be due or owing, reference is made to the Director of Finance, County of Kauai.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. "All existing and future lot owners will be required to join the proposed "Subdivision Association" for the purpose of paying any and all costs incurred with the operation and maintenance of the hydro pneumatic system including payment for the water as registered by a master meter provided by the Department of Water and any costs for the hydro pneumatic system replacement should the need arise. Water service by the Department of Water will be available at the subdivision association's master meter only. NO individual water service by the Department of Water will be approved as set forth in the Subdivision Map of Puka Lani Subdivision approved August 12, 1987, by the Planning Commission of the County of Kauai.
4. Covenants, conditions, restrictions, reservations, agreement, obligations and other provisions as contained in:

DECLARATION OF RESTRICTIVE COVENANTS

Dated: August 27, 1987
Book: 21082
Page: 346

To which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c)

7. The terms and provisions, including the failure to comply with any covenants, conditions, restrictions, reservations or obligations of that certain Farm Dwelling Agreement dated January 6, 1988, made by and between Gerald T. Nakasone and Carmen Nakasone and County of Kauai Planning Department, recorded in the Bureau of Conveyances of the State of Hawaii in Book 21564 Page 356, to which reference is hereby made.

8. GRANT

In Favor of: CITIZENS UTILITY COMPANY, a Delaware corporation and
GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED,
a Hawaii corporation
Dated: April 28, 1988
Book: 22156
Page: 519
Purpose: Easement for utility purposes over, under, across and through
Utility Easement "E-1"

9. The terms and provisions of that certain Waiver and Release dated August 2, 1989, recorded in said Bureau of Conveyances in Book 23494 Page 799, to which reference is hereby made. (Re-Water Services)

10. MORTGAGE

Mortgagor: Gerald T. Nakasone and Carmen Nakasone, husband and wife
Mortgagee: Bank of Hawaii, a Hawaii corporation
Dated: April 26, 1994
Recorded: May 18, 1994
Document No: 94-082600
To Secure: \$165,000.00
And any additional advances and other amounts secured thereby,
all according to the terms of that certain promissory note of said
mortgagor(s) therein referred to

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

DECLARATION OF "MAHAMOKU" CONDOMINIUM PROPERTY REGIME

Dated: June 5, 2000
Document No. 2000-120523

Condominium Map No. 3154, to which reference is hereby made.

The condominium project has the following units:

Apartment A	Undivided Interest in Common Elements – 33 1/3%
Apartment B	Undivided Interest in Common Elements – 33 1/3%
Apartment C	Undivided Interest in Common Elements – 33 1/3%

12. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF
‘MAHAMOKU’

Dated: June 5, 2000
Document No. 2000-120524

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
A	\$ 50 .00 \$ 600 .00
B	\$ 50 .00 \$ 600 .00
C	\$ 50 .00 \$ 600 .00

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

Developer discloses no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules.

EXHIBIT "D"

SUMMARY OF SALES CONTRACT:

The Seller intends to use the Hawaii Association of Realtors' form of Deposit Receipt, Offer and Acceptance ("DROA") as the sales contract for the sale of apartments in the Project. The sales contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Buyer will agree to buy an apartment.

Among other things, the sales contract and addendum:

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

2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sales contract is closed or cancelled.

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

4. Provides the following remedies, in the event of default under the sales contract:

by Buyer:

- a. Seller may bring an action against Buyer for breach of contract;
- b. Seller may retain Buyer's initial deposit;
- c. Buyer shall be responsible for expenses incurred.

By Seller:

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

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

5. Allocation of payment of closing costs.

EXHIBIT "E"

SUMMARY OF ESCROW AGREEMENT:

An escrow Agreement allows the Condominium Buyers' money to be held by a neutral party, the Escrow Agent, until the Seller can deliver good and marketable title to the Condominium. The Escrow Agreement for this project provides for, among other things:

1. That SECURITY TITLE CORPORATION is the Escrow Agent.
2. That, upon execution of a Sales Contract, the Developer shall deliver all money received over to the Escrow Agent.
3. That there shall be no disbursement of the purchaser's deposit until: [a] Escrow receives a copy of "Receipt for Public Report(s) and Notice of Right to Cancel", in the form specified by Section 514A-62 of the Condominium Act for the Final and any Supplementary Public Reports, executed by the purchaser; [b] Escrow has received a certification that the requirements of Section 514A-39 and 514A-63 have been met and [c] until the purchaser's apartment deed is filed in the Bureau of Conveyances of the State of Hawaii.
4. That the Buyer shall receive all public documents relating to the project.
5. That a Buyer's money shall be returned to him under the following conditions: [a] Escrow receives a written request from the Developer and purchaser for the return of purchaser's funds or [b] Developer and purchaser notify Escrow of a rescission or [c] Developer and purchaser notify Escrow that the conditions for a refund under Sections 514A-62 and 514A-63 of the Condominium Act have been met.
6. That, upon the Seller providing good title to the Condominium, the Buyer's money shall be turned over to the Seller.
7. That the Escrow Agent will record with the State of Hawaii all documents requiring such.
8. That, if the Buyer is unable to perform and has money on deposit in escrow, these monies will be turned over to the Seller.

EXHIBIT F

MARC VENTURA, AIA
4463 PAHE'E STREET, SUITE 208
LIHUE, HI 96766

ARCHITECT'S CERTIFICATION

The undersigned, being a licensed Architect within the State of Hawaii, and bearing Registration Number 7489, has inspected **Unit 'A' of the Mahamoku Condominium** located at 6837 Olohena Road, Tax Map Key 4-4-02:Portion 91.

The inspection included the exterior roof, foundation, walls, visible electrical, and plumbing systems, and I find as follows:

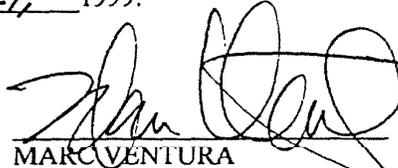
1. The systems and components, including visible structural, electrical, and plumbing appears to be in satisfactory condition for the stated age thereof and appear to be in good sound condition.
2. Without conducting invasive examinations of covered structural, electrical, and plumbing components, the apartments appear to be constructed in conformity with the County of Kauai Zoning Ordinances, Building Code, and Rules and Regulations applicable to the construction at the time of construction thereof for the residence
3. The apparent useful life of the residence, provided that proper maintenance is applied to the residence, is as follows:

50 years

4. There are no non-conforming uses existing on the property and no variances from any zoning or building codes have been granted for structures or uses on the property.

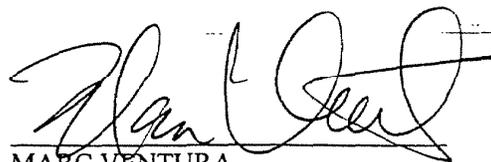
THIS IS NOT A WARRANTY OF COMPLIANCE WITH ALL CODES, RULES, AND REGULATIONS, ONLY A WARRANTY THAT INSPECTION WAS MADE AND NO APPARENT VIOLATIONS APPEAR TO EXIST. NO RIGHT SHALL ACCRUE TO ANY THIRD PARTY FOR SUBSEQUENT DISCOVERY OF ANY PROBLEMS WITH CODE COMPLIANCE OR FOR FUTURE CHANGES IN SUCH CODES.

DATED: Lihue, Kauai Hawaii SEPT. 21, 1999.


MARC VENTURA
Registered Professional Architect
No. 7489

STATE OF HAWAII)
)s.s.
COUNTY OF KAUAI)

MARC VENTURA, being first duly sworn, deposes and says: That he is Registered Professional Architect No. 7489 in the State of Hawaii, has read the foregoing Certificate, knows the contents thereof and the same is true.



MARC VENTURA
Registered Professional Architect
No. 7489

Subscribed and sworn to before me
this 21st day of September, 1999.



NOTARY PUBLIC, STATE OF HAWAII

Lisa Fernandez
My commission expires: 8-11-2002

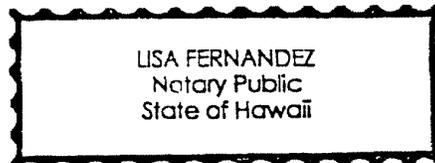


EXHIBIT G

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECEIVED FOR RECORD

RECORDATION REQUESTED BY:
PLANNING DEPARTMENT, COUNTY OF KAUAI

88-10977

1988 JAN 25 PM 2:09
21564 356

AFTER RECORDATION, RETURN TO:
County of Kauai
Planning Department
4280 Rice Street
Lihue, Kauai, Hawaii 96766

Cartella
REGISTRAR

RETURN BY: Mail (x) Pickup ()

FARM DWELLING AGREEMENT

THIS AGREEMENT made and entered into as of the 6th
day of January, 1988, by and between Gerald T. Nakasone
and Carmen Nakasone,

whose residence and mailing address is 780 Kamalu Road
Kapaa, Kauai HI 96746,

hereinafter called the "APPLICANT(S)", and the COUNTY OF KAUAI
Planning Department, whose business and mailing address is
4280 Rice Street, Lihue, Hawaii 96766, hereinafter called the
"DEPARTMENT",

W I T N E S S E I H :

WHEREAS, the APPLICANTS warrant and represent that they
are the ***owners*** of that certain
parcel of land, Tax Map Key No. 4-4-02: dor 91 Lot 1, more
particularly described in Exhibit "A" attached hereto and made
a part hereof; and

WHEREAS, that certain parcel of land is classified
Agriculture by the State Land Use Commission and is zoned
Agriculture by the County of Kauai; and

WHEREAS, Chapter 205, Hawaii Revised Statutes, and the
State Land Use District Regulations only permit "farm
dwellings" within the State Agriculture Land Use District
unless otherwise relieved from the restriction by a special
permit obtained pursuant to Chapter 205, Section 6, Hawaii
Revised Statutes; and

WHEREAS, a "farm dwelling" is defined by Chapter 205,
Hawaii Revised Statutes, and the State Land Use District
Regulations as "a single family dwelling located on and used in
connection with a farm where agricultural activity provides
income to the family occupying the dwelling"; and

WHEREAS, a "family" as used in the definition of a "farm dwelling" is defined by the State Land Use District Regulations as "an individual or two or more persons related by blood, marriage or adoption or a group comprising not more than five persons, not related by blood, marriage or by adoption"; and

WHEREAS, the APPLICANTS acknowledge that a violation of Chapter 205, Hawaii Revised Statutes, and the State Land Use Agriculture District restriction is subject to a citation and fine of not more than \$5,000 pursuant to Chapter 205, Section 13, Hawaii Revised Statutes, as amended; and

WHEREAS, the APPLICANTS also acknowledge that failure to abide by this agreement may result in the removal of the prohibited structure at the owner's expense; and

WHEREAS, the DEPARTMENT is charged with the enforcement of the restriction by Chapter 205, Hawaii Revised Statutes;

NOW THEREFORE, for and in consideration of the terms, covenants and conditions hereinafter contained, the parties hereby mutually agree as follows:

1. That the dwelling permitted to be constructed on the parcel of land described in Exhibit "A" classified Agriculture by the State Land Use Commission shall be a "farm dwelling" as defined by Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations, as recited herein; and
2. That the dwelling shall only be occupied by a "family", as defined by the State Land Use District Regulations and as recited herein, who derive income from the agricultural activity on the parcel; and
3. That the APPLICANTS and all present and future owners, lessees and occupants of said land grant the DEPARTMENT the right of entry at the request of the DEPARTMENT to inspect the premises to assure compliance with the provisions of this agreement; and
4. That this agreement shall be a covenant running with the land and be binding on the APPLICANTS, and all present and future owners, lessees and occupants of said land and anyone claiming under said APPLICANTS, their heirs, executors, administrators, successors and assigns, as owners or occupants thereof or otherwise; and
5. That this agreement shall remain in effect so long as the land retains its Agriculture District classification under the State Land Use Commission and the pertinent restrictive provisions of Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations remain in effect; and
6. That the APPLICANTS expressly set forth the provisions of this agreement in any subsequent conveyance, deed, lease or rental agreement to said property executed by them, so as to give effect to said covenant; and
7. That this agreement shall be recorded with the State of Hawaii Bureau of Conveyances, fees to be paid by the APPLICANTS.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the 6th day of January, 1988.

APPROVED:

[Signature]
Planning Director

[Signature]

APPROVED AS TO FORM AND LEGALITY:

Carmen Nakasone
Applicants

[Signature]
Dep. County Attorney

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this 6TH day of JANUARY, 1988, before me personally appeared GERALD T. NAKASONE AND CARMEN NAKASONE

to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

[Signature]
Notary Public, Fifth Judicial Circuit
State of Hawaii

My commission expires: 3/16/91

21564 359

LOT 1

LAND SITUATED AT HAIPOULI, KAWAIHAU, KAUAI, HAWAII

Being a Portion of Grant 9165

Being also a Portion of Lot 163, Kapaa Homesteads, Second Series

Beginning at a pipe at the Northeast corner of this parcel of land on the South side of Road Widening Lot 7, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 7,538.75 feet North and 9,173.83 feet West, thence running by azimuths measured clockwise from true South:

1.	27° 17'	498.52	feet along Lot 2;
2.	147° 56'	96.13	feet along State Land (Executive Order 1389);
3.	111° 06'	551.70	feet along State Land (Executive Order 1389);
4.	155° 16'	325.98	feet along State Land (Executive Order 1389);
5.	297° 17'	832.00	feet along Road Widening Lot 7 to the point of beginning and containing an area of 5.166 acres.

EXHIBIT H

STC 1498

Recordation requested by:

SECURITY TITLE CORPORATION

After recordation, return to:

SECURITY TITLE CORPORATION
4370 Kuku'i Grove Circle, Suite 100
Honolulu, Hawaii 96816

Return by Mail Pickup

87-133516

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

37 SEP 7 8:01

21082 346
DEPARTMENT OF LAND AND NATURAL RESOURCES

DECLARATION OF RESTRICTIVE COVENANTS

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, DENNIS M. ESAKI, husband of Hisako Esaki, as to an undivided one-half (1/2) interest; CLYDE T. KODANI, husband of Helena Kodani, as to an undivided one-fourth (1/4) interest; and IAN KAGIMOTO, husband of Alma Y. Kagimoto, as to an undivided one-fourth (1/4) interest, hereinafter called the "Declarant," are the owners of Puka Lani Subdivision, Wailua Homesteads, and more particularly identified as Kauai Tax Map Key: 4:4-4-2-91; and

WHEREAS, the Declarant has caused the above-described real property to be subdivided into Lots 1 - 6 and Roadway Lot 7, which subdivision was approved by the Planning Commission of the County of Kauai on August 12, 1987, as evidenced by the map of said subdivision attached hereto as Exhibit "A" and made a part hereof; and

WHEREAS, the aforesaid Lots 1 - 6 are more fully described in Exhibits "B" - "G" attached hereto and made a part hereof; and

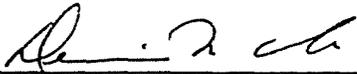
WHEREAS, the Declarant desires to declare certain restrictive covenants regarding the use and improvement of said Lots 1 - 6.

NOW, THEREFORE, the Declarant does hereby declare the restrictive covenants and conditions stated in Exhibit "H" attached hereto and incorporated herein by reference on the

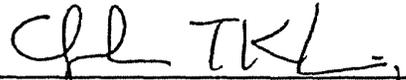
aforesaid property, said covenants and conditions to run with title to each of said Lots.

The said restrictive covenants and conditions shall be binding upon and shall inure to the benefit of the Declarant and their respective heirs, successors and assigns.

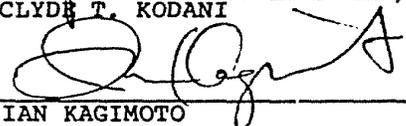
DATED: Lihue, Kauai, Hawaii, this ____ day of AUG 27 1987, 1987.



DENNIS M. ESAKI



CLYDE T. KODANI

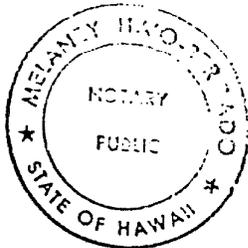


IAN KAGIMOTO

DECLARANT

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this _____ day of AUG 27 1987, 1987, before me appeared DENNIS M. ESAKI, who satisfactorily proved to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.



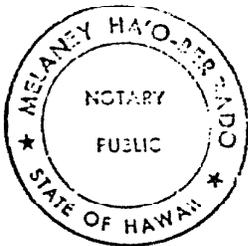
Melaney Ha'o-Bergado
Notary Public, Fifth Judicial
Circuit, State of Hawaii

My commission expires: _____

MELANEY HA'O-BERGADO
Notary Public, State of Hawaii
My commission expires January 20, 1990

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this _____ day of AUG 27 1987, 1987, before me appeared CLYDE T. KODANI, who satisfactorily proved to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.



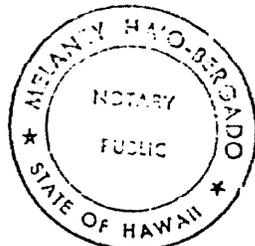
Melaney Ha'o-Bergado
Notary Public, Fifth Judicial
Circuit, State of Hawaii

My commission expires: _____

MELANEY HA'O-BERGADO
Notary Public, State of Hawaii
My commission expires January 20, 1990

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this _____ day of AUG 27 1987, 1987, before me appeared IAN KAGIMOTO, who satisfactorily proved to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.



Melaney Ha'o-Bergado
Notary Public, Fifth Judicial
Circuit, State of Hawaii

My commission expires: _____

MELANEY HA'O-BERGADO
Notary Public, State of Hawaii
My commission expires January 20, 1990

LOT 1

LAND SITUATED AT WAIPOULI, KAWAIHAU, KAUAI, HAWAII

Being a Portion of Grant 9165

Being also a Portion of Lot 163, Kapaa Homesteads, Second Series

Beginning at a pipe at the Northeast corner of this parcel of land on the South side of Road Widening Lot 7, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 7,538.75 feet North and 9,175.83 feet West, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|--------|--|
| 1. | 27° 17' | 498.52 | feet along Lot 2; |
| 2. | 147° 56' | 96.13 | feet along State Land
(Executive Order 1389); |
| 3. | 144° 06' | 551.70 | feet along State Land
(Executive Order 1389); |
| 4. | 155° 16' | 325.98 | feet along State Land
(Executive Order 1389); |
| 5. | 297° 17' | 832.00 | feet along Road Widening
Lot 7 to the point of
beginning and containing
an area of 5.166 acres. |



July, 1987
Kapaa, Hawaii

DESCRIPTION PREPARED BY:

A handwritten signature in black ink, appearing to read "Dennis M. Esaki", written over a horizontal dashed line.

Dennis M. Esaki
Registered Land Surveyor
Certificate Number 4383

EXHIBIT "B"

LOT 2

LAND SITUATED AT WAIFOULI, KAWAIHAU, KAUAI, HAWAII

Being a Portion of Grant 9165

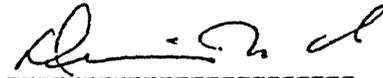
Being also a Portion of Lot 163, Kapaa Homesteads, Second Series

Beginning at a pipe at the North corner of this parcel of land on the South side of Road Widening Lot 7, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 7,538.75 feet North and 9,175.83 feet West, thence running by azimuths measured clockwise from true South:

1.	297° 17'	460.34	feet along Road Widening Lot 7;
2.	41° 47'	796.94	feet along Lot 3;
3.	127° 54'	53.53	feet along Lot 162;
4.	181° 23'	215.00	feet along State Land (Executive Order 1389);
5.	147° 56'	133.27	feet along State Land (Executive Order 1389);
6.	207° 17'	498.52	feet along Lot 1 to the point of beginning and containing an area of 5.517 acres.

Subject, however, to Easements "W-1", "A-1" and Ditch-and Tunnel Easement as shown on the Subdivision Map.

DESCRIPTION PREPARED BY:



 Dennis M. Esaki
 Registered Land Surveyor
 Certificate Number 4383

July, 1987
 Kapaa, Hawaii

LOT 3

LAND SITUATED AT WAIPOULI, KAWAIHAU, KAUAI, HAWAII

Being a Portion of Grant 9165

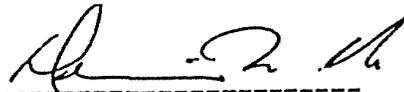
Being also a Portion of Lot 163, Kapaa Hamesteads, Second Series

Beginning at a pipe at the East corner of this parcel of land on the Southwest side of Road Widening Lot 7, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 6,955.80 feet North and 8,418.74 feet West, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|--------|---|
| 1. | 71° 07' | 304.69 | feet along Lot 4; |
| 2. | 147° 00' | 167.06 | feet along Lot 4; |
| 3. | 47° 00' | 526.97 | feet along Lot 4; |
| 4. | 129° 54' | 148.99 | feet along Lot 162; |
| 5. | 221° 47' | 796.94 | feet along Lot 2; |
| 6. | 297° 17' | 117.00 | feet along Road Widening Lot 7; |
| | | | thence along Road Widening Lot 7 on a curve to the right with a radius of 272.00 feet the chord azimuth and distance being: |
| 7. | 312° 38' | 144.00 | feet; |
| 8. | 327° 59' | 260.37 | feet along Road Widening Lot 7 to the point of beginning and containing an area of 5.080 acres. |

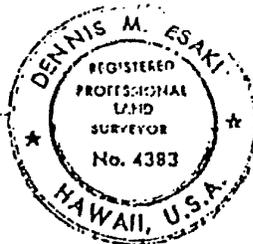
Subject, however, to Easement "A-2".

DESCRIPTION PREPARED BY:



Dennis M. Esaki
Registered Land Surveyor
Certificate Number 4383

July, 1987
Kapaa, Hawaii



LOT 4

LAND SITUATED AT WAIPOULI, KAWAIHAU, KAUAI, HAWAII

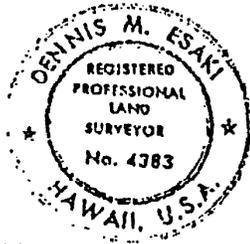
Being a Portion of Grant 9165

Being also a Portion of Lot 163, Kapaa Homesteads, Second Series

Beginning at a pipe at the Northeast corner of this parcel of land on the Southwest side of Road Widening Lot 7, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 6,955.80 feet North and 8,418.74 feet West, thence running by azimuths measured clockwise from true South:

1.	327° 59'	15.40	feet along Road Widening Lot 7;
2.	71° 07'	313.27	feet along Lot 5;
3.	39° 33'	464.94	feet along Lot 5;
4.	131° 40'	105.32	feet along Lot 162;
5.	129° 54'	132.58	feet along Lot 162;
6.	227° 00'	526.97	feet along Lot 3;
7.	327° 00'	167.06	feet along Lot 3;
8.	251° 07'	304.69	feet along Lot 3 to the point of beginning and containing an area of 2.452 acres.

Subject, however to Easements "A-3 and "E-1".



July, 1987
Kapaa, Hawaii

DESCRIPTION PREPARED BY:

A handwritten signature in dark ink, appearing to read "Dennis M. Esaki".

Dennis M. Esaki
Registered Land Surveyor
Certificate Number 4383

EXHIBIT "E"

LOT 5

LAND SITUATED AT WAIPOULI, KAWAIHAU, KAUAI, HAWAII

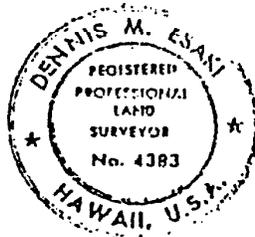
Being a Portion of Grant 9165

Being also a Portion of Lot 163, Kapaa Homesteads, Second Series

Beginning at a pipe at the East corner of this parcel of land on the Southwest side of Road Widening Lot 7, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 6,887.33 feet North and 8,377.17 feet West, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|--------|---|
| 1. | 43° 17' | 720.00 | feet along Lot 6; |
| 2. | 131° 40' | 177.00 | feet along Lot 162; |
| 3. | 219° 33' | 464.94 | feet along Lot 4; |
| 4. | 251° 07' | 313.27 | feet along Lot 4; |
| 5. | 327° 59' | 63.00 | feet along the Road Widening Lot 7 to the point of beginning and containing an area of 2.877 acres. |

Subject, however, to Easement "A-4".



July, 1987
Kapaa, Hawaii

DESCRIPTION PREPARED BY:

A handwritten signature in black ink, appearing to read "Dennis M. Esaki".

Dennis M. Esaki
Registered Land Surveyor
Certificate Number 4383

EXHIBIT "F"

LOT 6

LAND SITUATED AT WAIFOULI, KAWAIHAU, KAUAI, HAWAII

Being a Portion of Grant 9165

Being also a Portion of Lot 163, Kapaa Homesteads, Second Series

Beginning at a pipe at the North corner of this parcel of land on the Southwest side of Road Widening Lot 7, the coordinates of said point of beginning referred to Government Survey Triangulation Station "NONOU" being 6,889.33 feet North and 8,377.17 feet West, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|--------|---|
| 1. | 307° 26' | 160.49 | feet along Road Widening Lot 7; |
| 2. | 37° 26' | 370.60 | feet along Lot 164; |
| 3. | 48° 25' | 364.50 | feet along Lot 164; |
| 4. | 131° 40' | 164.88 | feet along Lot 162; |
| 5. | 223° 17' | 720.00 | feet along Lot 5 to the point of beginning and containing an area of 2.999 acres. |



DESCRIPTION PREPARED BY:

[Handwritten Signature]

Dennis M. Esaki
Registered Land Surveyor
Certificate Number 4383

July, 1987
Kapaa, Hawaii

FUKA LANI SUBDIVISION
COVENANTS, CONDITIONS AND RESTRICTIONS

1. Lot use. The uses on the newly-created lots shall be limited to those listed as permissible uses within the "A" Agriculture District in the State Land Use Commission Rules and Regulations. Dwellings on the lot shall mean a single-family dwelling located on and used in connection with a farm where agriculture activity provides income to the family occupying the dwelling. These restrictions shall be included in the covenants for the vacant lots.
2. Nuisances. No noxious or offensive activity shall be carried on upon the lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. The raising nuisances, shall be expressly prohibited.
3. Maintenance of Lot. The owner shall at all times maintain said lot in a good, neat and clean condition so as to prevent it from becoming overgrown with grass and weeds, unsightly, unsanitary or a hazard to health. The lot shall not be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall be kept in sanitary containers. All incinerators or other equipment for storage or disposal of such material shall be kept in a clean and sanitary condition.
4. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuildings shall be used on the lot at any time as a residence, either temporarily or permanently.
5. Used Construction Materials and Buildings. No used or second hand lumber or other material shall be used or incorporated in the construction of any improvements on the lot, nor shall there be placed or maintained upon the lot any used buildings which have been moved from another location.
6. Single Family Residential Dwelling. Construction of residential improvements shall comply with all governmental laws, rules and regulations.

7. Lot Construction. No part of the Lot shall be filled, excavated or otherwise altered as to grade in such manner as to adversely affect drainage of any adjoining lot. All applicable Department of Health requirements shall be complied with during construction and use. Further, the subdivider shall note that cesspools shall be constructed away from deep valleys, swales, steep slopes due to the possibility of water ponding over the cesspool and leaching of effluent from the cesspool.

8. Water. All existing and future lot owners will be required to join the proposed "subdivision association" for the purpose of paying any and all costs incurred with the operation and maintenance of the hydropneumatic system including payment for the water as registered by a master meter provided by the Department of Water and any costs for the hydropneumatic system replacement should the need arise. Additionally, water service by the Department of Water will be available at the subdivision association's master meter only. No individual water service by the Department of Water will be approved.

9. Easements. All easements for access, installation and maintenance of utilities, water and drainage facilities as shown on the final map of PUKA LANI SUBDIVISION, on file with the Kauai County Planning Department, of which the said lot is a part, are reserved for the purpose and benefit of the subdivision. Within said easements no structure, planting (other than ground cover), or material shall be placed, grown or permitted to remain therein which may damage or interfere with access. Said lot shall have full and free rights and authority, except as limited as aforesaid, in the nature of a perpetual easement, to be used as and for a road right-of-way and for every utility purposed.

10. Binding Nature of Covenants. No deed, mortgage, lease or other instrument of conveyance affecting the lot shall be made or delivered unless such deed, mortgage, lease or other instrument of conveyance shall contain or be subject to the same restrictive covenants as herein set forth, including this covenant.

11. Remedies for Violation of Covenants. For any violation or threatened violation of any of the provisions herein, the Seller/Grantor and each lot owner of said Subdivision shall have a remedy against the offending party by action for damages, suit for damages, suit for injunction mandatory or restraining, or any other remedy, without prejudice to the right of any other lot owner or owners within said Subdivision to adopt or pursue the same or for any subsequent violation or threatened violation.

12. Duration of Restrictive Covenants. The covenants herein shall run with the land and be binding on the lot owner, his heirs, successors, assigns and all persons claiming under him.

13. Limited Access. There shall be no vehicular access from Olohena Road onto Lots 4,5,6 and portion of Lot 3 as shown on the Subdivision Map. Access shall be by way of Easements A-1 through A-4, inclusive.

89 118139

RECORDATION REQUESTED BY:

[Redacted]

Department of Water

EXHIBIT I

PLANNING DEPARTMENT RECORDS

AFTER RECORDATION, RETURN TO:

Department of Water
P.O. Box 1706
Lihue, HI 96766

1989 AUG -4 PM 2:22
LIBER/PS 23494 / 799
ROSE M. VIELA, REGISTRAR

RETURN BY: MAIL (X) PICKUP ()

WAIVER AND RELEASE

I, Gerald and Carmen Nakasone, whose mailing address is 180 Kamala Road, Kapaa HI 96746, have full knowledge and am aware that the residence I intend to build at TMK: 4-4-02:por. 91, Lot 1 at Wailua Homesteads, Kauai, Hawaii will be built upon property which is presently without water or water services from the County of Kauai; and I am presently seeking a building permit from the Building Division of the Department of Public Works of the County of Kauai for such residence. I nevertheless desire to commence construction of the residence knowing that no County-supplied water service of any kind exists and acknowledging and accepting the fact that no County-supplied water service may ever exist at the location,

Therefore, I, Gerald and Carmen Nakasone, agree, promise and covenant as follows:

1. The issuance to me of a building permit by the County of Kauai for the subject residence on the property described above will not be construed by me, my agent(s), successor(s) in interest, heir(s) or assign(s) to infer warrant or guarantee that water or water services by the County will be provided to the property described above at any time in the future;

2. I, my agent(s), successor(s) in interest, heir(s) or assign(s) will not use the issuance of the subject building permit as a basis for any claim, action, suit or demand of any kind for the providing of water or water services by the County of Kauai, at this time or any time in the future;

3. I, my agent(s), successor(s) in interest, heir(s) or assign(s) waive(s) any right I, he or they do, or does, could or will have to institute any claim, action, suit or demand of any kind which could or will arise out of the absence of County-supplied water or water services at the subject property;

4. Prior to taking any action that affects the title to subject property, I will notify my agent(s), successor(s) in interest, or assign(s) of the entire contents of this Waiver and Release, as such agency, successorship or assignment becomes legally effected, by having him or them affix his or their signature(s) upon a document attesting to such notice, and will provide to the Building Division a copy of such properly executed document upon execution; and

5. I will indemnify and hold harmless the County of Kauai by and for the Department of Water and Board of Water Supply from any claim, action, suit or demand that is brought by my agent(s), successor(s) in interest or assign(s) for my failure to comply with any provision of this Waiver and Release.

DATED: Lihue, Kauai, Hawaii, Aug 2 1989.

APPLICANT:

Carmen Nakasone
Gerald Nakasone

STATE OF HAWAII)
) ss.
COUNTY OF KAUAI)

On this 2nd day of August, 19 89, before me personally appeared Gerald and Carmen Nakasone to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

L.S.

Kimberly M. Heale
Notary Public, State of Hawaii
My commission expires: 6-19-93



EXHIBIT J

RECORDATION REQUESTED BY:

AFTER RECORDATION RETURN TO:

STATE OF HAWAII
BUREAU OF CONVEYANCES
Date APR 20 1988
Liber 22156 Page 519-520

RETURN BY: MAIL () PICK UP ()

File #88-2-421JPL
TMK 4-4-2:91

GRANT OF EASEMENT

THIS INDENTURE made this 28 day of April,
1988, by and between GERALD T. NAKASONE and CARMEN T.
NAKASONE, husband and wife, whose mailing address is 780 Kamalu
Road, Kapaa, Kauai, Hawaii 96746, herein called the "Grantor"
and CITIZENS UTILITIES COMPANY, a Delaware corporation, with a
place of business at Eleele, Kauai, County of Kauai, State of
Hawaii, and whose post office address is P. O. Box 278, Eleele,
Kauai, Hawaii 96705, and GTE HAWAIIAN TELEPHONE COMPANY
INCORPORATED, a Hawaii corporation whose principal place of
business is 1177 Bishop Street, Honolulu, City and County of
Honolulu, State of Hawaii, and whose post office address is P.
O. Box 2200, Honolulu, Hawaii, 96841, hereinafter called the
"Grantee",

W I T N E S S E T H :

That the Grantor, in consideration of the sum of One Dollar (\$1.00) to the Grantor paid, the receipt whereof is hereby acknowledged, does hereby grant and convey unto the Grantee, successors and assigns, a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, and to use such poles, wires, guys, anchors, conduits and other appliances and equipment as may be necessary for the transmission and distribution, to whomever and wherever the Grantee desires, of electricity to be used for light and power and/or communications and control circuits including the right to trim and keep trimmed any tree or trees in the way of said poles and wires and other appliances and equipment, and including also the right of entry upon the premises for the construction, maintenance, repair and operation of said pole and wire lines and/or underground lines, in efficient use and condition over, under, upon, across and through those certain premises situate, lying and being at Kawaihau District, County of Kauai, State of Hawaii, affecting a portion of Lot 163-1, Parcel 91, Kapaa Homesteads, Second Series, North and South Olohena, Tax Map Key 4-4-2, the said area being as is shown in red on the map attached hereto and incorporated herein as Exhibit "A".

TO HAVE AND TO HOLD the same unto the Grantee, its successors and assigns forever.

AND EACH GRANTEE does hereby covenant and agree for itself and not for the other:

(1) That the Grantee will use due care and diligence to keep said lines and appurtenances in good and safe condition and repair and will exercise their rights hereunder in such manner as to occasion as little interference as reasonably necessary with the use of said lands by the owners and occupants thereof; and

(2) That the Grantee agrees to indemnify the Grantor for any and all damages to the property caused by the Grantee's own failure to properly maintain and operate said lines and appurtenances as provided in paragraph (1) above, and will indemnify and hold harmless the Grantor against all claims, suits and actions by whomsoever brought on account of injuries to persons or property caused by Grantee's own failure to observe the covenants contained in said paragraph (1).

IT IS HEREBY MUTUALLY UNDERSTOOD AND AGREED by and between the parties hereto:

(1) That if at any time the premises across which a right and easement is hereby granted, or any part thereof, shall be condemned or taken for any public project by any governmental authority, the Grantee shall have the right to claim and recover from the condemning authority but not from the Grantor such compensation as is payable for the said easement and right of way and for the poles, wires, guys, conduits, and other appliances and equipment in connection with said lines which shall be payable to each Grantee respectively.

IN THE EVENT a married Grantor's wife is not a co-tenant of the land subject to the easement conveyed herein, then for and in consideration of the foregoing premises and the sum of One Dollar (\$1.00) to her paid, the receipt whereof is acknowledged, the said wife hereby conveys to the Grantee, and Grantee's successors and assigns, all of the right, title and interest she has or may acquire, including dower and community property, in and to the easement conveyed herein.

The use of any gender shall include any or all genders and the use of any number shall be construed as singular or plural, as the case may require.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the day and year first written above.

GRANTOR:

Gerald T. Nakasone
GERALD T. NAKASONE

Carmen T. Nakasone
CARMEN T. NAKASONE

GRANTEE:

CITIZENS UTILITIES COMPANY

By [Signature]
Its Vice President
Kauai Electric Division

GTE HAWAIIAN TELEPHONE COMPANY
INCORPORATED

By [Signature]
Its ASSISTANT SECRETARY

T.P. KDD-415

Hawn. Tel. Engineering
Checked: <u>[Signature]</u>
Eng. Gp. <u>[Signature]</u>
Land <u>[Signature]</u>
Approved: <u>[Signature]</u>

STATE OF HAWAII)
) ss:
COUNTY OF KAUAI)

On this 1st day of July, 19 88, before me appeared BOYD T. TOWNSLEY, to me personally known, who, being by me duly sworn, did say that he is the Vice President, Kauai Electric Division of Citizens Utilities Company, a Delaware corporation, and 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 BOYD T. TOWNSLEY acknowledged said instrument to be the free act and deed of said corporation.

L.S.

Rebecca L. Keane

Notary Public
State of Hawaii

My Commission Expires: 7-31-91

INDIVIDUAL ACKNOWLEDGEMENT

STATE OF HAWAII)
County of Kauai) ss.

On this 16th day of May, 19 88, before me personally appeared Gerald T. Nakasone and Carmen S. Nakasone to me known to be the person (s) described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Eric J. Mauk

Notary Public, 5th Judicial Circuit, State of Hawaii

My commission expires: April 6, 1991

Notary Public
State of Hawaii

My Commission Expires: 3/16/91

STATE OF HAWAII
CITY AND COUNTY OF HONOLULU } ss:

On this 12th day of July, 1938, before me
appeared LESLIE A. GEBO
to me personally known, who, being by me duly sworn, did say
that She is the ASSISTANT SECRETARY
of GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED and 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 the said LESLIE A. GEBO
acknowledged said instrument to be the free act and deed of
said corporation.

Carroll C. Rasmussen
Notary Public, First Judicial Circuit
State of Hawaii
My Commission Expires: 5-18-91

L5

DESIGNATION FO A UTILITY EASEMENT "E-1",
 IN FAVOR OF KAUAI ELECTRIC & HAWAIIAN
 TELEPHONE, AFFECTING A PORTION OF LOT 163-1,
 PARCEL 91, PORTION OF KAPAA HOMESTEADS
 - 2nd - SERIES, NORTH & SOUTH OLOHENA, KAUAI,
 HAWAII TMK: 4-4-02:91;lot 163-1

OWNERS: GERALD T. NAKASONE &
 W/ CARMEN T.

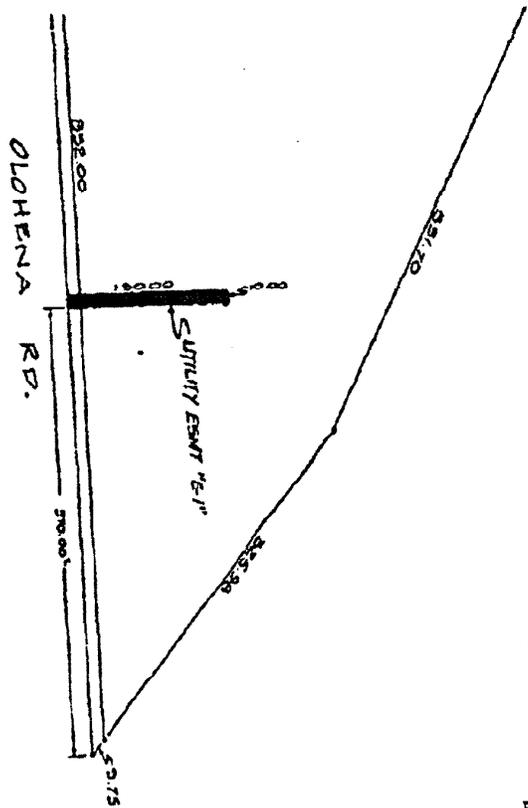


EXHIBIT A

JP# K88-415

KAUAI ELECTRIC DIVISION CITIZENS UTILITIES COMPANY		SCALE	N.T.S.
		DATE	12 APR 88
		DRW'G	JDL
		CAD	GHT
		AP'VD.	
UTILITY EASEMENT DESIGNATION FOR LOT 163-1		NO.	88-2-421JPL

EXHIBIT K

A D D E N D U M # 1
T O
R U L E S A N D R E G U L A T I O N S
O F T H E
K O N O H I K I P L A N T A T I O N I I A N D P U K A L A N I S U B D I V I S I O N
W A T E R S Y S T E M O W N E R ' S A S S O C I A T I O N , I N C .
(K P L A , I N C .)

Pursuant to a vote of the membership of KPLA. Inc., at its annual meeting held on March 18, 1997, the following revisions are made to its Rules and Regulations:

- 1.) Section 2.04 (a), Default on Payment of Assessment is modified to reflect a period of one hundred-twenty (120) days for the Association to record any notice of default in lieu of the ninety (90) days provided therein.
- 2.) Section 2.05 Ceasing Water Service is modified as follows:
 - The existing paragraph is redesignated (a).
 - The following paragraph (b) is added:
 - (b) The restoration of water service to a previously delinquent property shall require the payment of a two-hundred (\$200.00) dollar rehook-up fee by the property owner or by his designated tenant.

RULES AND REGULATIONS

OF THE

**KONOHIKI-PLANTATION II and PUKA LANI SUBDIVISION
WATER SYSTEM OWNERS ASSOCIATION, INC.**

The following are Rules and Regulations of the Konohiki-Puka Lani Water System Owners Association, Inc., a Hawaii non-profit corporation, duly adopted by the Board of Directors for the Konohiki-Puka Lani Water System Owners Association pursuant to Section 1, Article X of the By-Laws of Konohiki-Puka Lani Water System Owners Association.

ARTICLE I

KONOHIKI-PUKA LANI WATER SYSTEM OWNERS ASSOCIATION

Section 1.01 Organization.

(a) The Association is a non-profit corporation charged with the duties and empowered with the rights set forth herein and in its Articles of Incorporation and By-Laws, copies of which are incorporated herein by reference.

(b) In the event that the Association as a corporate entity is dissolved, all of the assets of the corporation shall be disposed of in accordance with law and its Articles of Incorporation.

Section 1.02 Membership.

(a) Each person, corporation or other legal entity who is, or such persons, corporations or other legal entities who are the owner (herein called an "Owner") of any lot within the Pukalani Subdivision, Kapaa, Kauai, Hawaii, shall automatically become a member of the Association upon acquiring such ownership and shall remain a member thereof until such time as such ownership ceases for any reason, at which time such membership in the Association shall automatically cease.

(b) Each person, corporation or other legal entity who is, or such persons, corporations or other legal entities who are the Owner of any Lot within the Konohiki-Plantation II Subdivision, Kapaa, Kauai, Hawaii, may become a member of the Association upon acquiring such ownership and electing to become a member of the Association, and shall remain a member thereof until such time as such ownership ceases for any

reason, at which time such membership in the Association shall automatically cease. Upon the owner electing to become a member of the Association thereafter all of his heirs and assigns shall be required to join the Association. Membership shall be appurtenant to and may not be separate from the ownership of any lot. No person other than an Owner may be a member of the Association.

(c) The rights, duties, privileges and obligations of an Owner as a member of the Association shall be those set forth herein and in the Articles of Incorporations and By-Laws of the Association, and shall be exercised and imposed in accordance with these Rules and Regulations, the Articles of Incorporation and the By-Laws of the Association.

Section 1.03 Voting Rights.

(a) The voting rights of the members shall be as set forth in the Articles of Incorporation and the By-Laws of the Association. The members shall be the Owners of lots in the Konohiki Plantation II and the Puka Lani Subdivisions. The Owner, or Owners in the aggregate, of any lot, whether individuals, corporations or other legal entities, shall be entitled to one (1) vote for each lot owned. If more than one (1) person or entity owns one given lot, any one of said persons or entities may exercise said one (1) vote as they shall determine,, and if they cannot agree, they may each vote their fractional interest in the vote allotted to their membership. In no event, however, shall more than one (1) vote be cast with respect to any one lot.

(b) The Board of Directors may make such regulations consistent with the terms of the Articles of Incorporation and By-Laws as it deems advisable for any meeting of members, in regard to proof of membership in the Association, evidence of right to vote, the appointment and duties of inspectors of votes, registration of members for voting purposes, and such other matters concerning the conduct of meeting and voting as it shall deem fit.

(c) Any member who is in violation of these Rules and Regulations, Articles of Incorporation, and/or By-Laws of the Association, as determined by the majority of the Board of Directors, shall not be entitled to vote during any period in which such violation continues. Any member who is delinquent in the payment of any assessment, other fees or charges levied pursuant to the provisions of these Rules and Regulations shall not be entitled to vote during any period in which such fees or assessments are delinquent.

Section 1.04

Duties and Obligations of the Association.

The Association shall have the rights, obligations and duties, subject to these Rules and Regulations, the Articles of Incorporation and the By-Laws, to do and perform each and every one of the following for the benefit of the Owners:

(a) The Association shall accept, as part of the Association's property, all real property or interests therein conveyed or granted to the Association, as may be required to carry forth the purposes of the Association;

(b) The Association shall accept all Owners in the Puka Lani Subdivision, and such Owners in the Konohiki Plantation II Subdivision requesting membership, as members of the Association;

(c) The Association shall also acquire and accept title to other property, real, personal or mixed, necessary to carry forth the purposes of the Association. Nothing herein shall be construed to authorize the Association to acquire or invest in property simply for the purpose of acquiring income or otherwise making a financial profit therefrom, and the Association shall not carry on any business, trade, association, or profession for profit. However, nothing herein shall prevent the Association from charging reasonable fees to Owners for use by them and their families and guests of the facilities of the Association and to defray the costs of constructions, maintenance, repair and operation of such facilities of the Association;

(d) The Association shall maintain and operate or provide for the maintenance and operation of the facilities of the Association, and keep the same in good order and repair;

(e) To the extent not assessed to or paid by the Owners, the Association shall pay all real property taxes and other assessments levied upon the property of the Association;

(f) The Association shall obtain and maintain in force the following policies of insurance:

(1) Fire and extended coverage insurance on all improvements and facilities from time to time owned by the Association, with an insurance company authorized to do business within the State of Hawaii in an amount as near as practicable to the full replacement costs thereof without deduction for depreciation, in the name of the Association. In every case of loss or damage all

insurance proceeds shall be used as soon as reasonably possible by the Association for rebuilding, repairing or otherwise reinstating the same improvements and facilities in a good and substantial manner according to the original plan or such modified plans conforming to laws and ordinances then in effect as shall be first approved as herein provided, and the Association shall make up any deficiency in such insurance proceeds;

(2) Comprehensive general liability insurance, covering the Association, the Board of Directors, and the members of the Association, in an insurance company authorized to do business within the State of Hawaii with minimum limits of not less than \$500,000.00 for injury to one or more persons in any one accident or occurrence and \$200,000.00 for property damage, without prejudice to the right of any Owners to maintain additional liability insurance for their respective lots and residences; and

(3) Any policies of insurance covering any other reasonable risks as may be determined to be proper and necessary or advisable in the sole discretion of the Board of Directors.

(g) The Association shall have all the powers set forth in these Rules and Regulations, the Articles of Incorporation and the By-Laws of the Association, including without limitation, the power to levy assessments, to make contracts, and to acquire and dispose of property, and shall take such action, whether or not expressly authorized by these Rules and Regulations, the Articles of Incorporation and the By-Laws, as may reasonably be necessary to enforce the restrictions, limitations, covenants and conditions herein set forth.

Section 1.05 Powers and Authority of the Association.

The Association shall have all the powers set forth in its Articles of Incorporation, together with its general powers as a non-profit corporation, subject, however, to the limitations upon the exercise of such powers as are expressly set forth in the Articles of Incorporation, the By-Laws and these Rules and Regulations, to do any and all lawful things which may be authorized, required or permitted to be done by the Association under and by virtue of the same, and to do and perform any and all acts which may be necessary and proper for, or incidental to, the exercise of any of the express powers of the Association or for the peace, health, comfort, safety and/or general welfare of the Owners. Without in any way limiting the generality of the foregoing, the Association shall have the following powers:

(a) The Association shall have the power and authority at any time and from time to time and without liability to any Owner or Owners for trespass, damage or otherwise, to enter upon any Lot for the purpose of maintaining, inspecting and repairing the facilities of the Association as the same may be necessary to provide water service to the Lots;

(b) The Association shall also have the power and authority from time to time in its own name, on its own behalf, or in the name and behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of these Rules and Regulations, the Articles of Incorporation and/or By-Laws of the Association, or to enforce by mandatory injunction or otherwise all of the provisions of the same;

(c) In fulfilling any of its obligations or duties, including without limitation, its obligations or duties for the maintenance, repair, operation and administration of the Association's facilities, or in exercising any of its rights to construct improvements or other work, the Association shall have the power and authority:

(1) to construct and pay for, or otherwise provide for maintenance, restoration and repair of all improvements and facilities of whatever kind of the Association, and to contract and pay for or otherwise provide for the same, or otherwise in carrying out its functions as set forth herein and the Articles of Incorporation and the By-Laws, on such terms and conditions as the Association shall deem appropriate, and to pay and discharge all liens arising out of work;

(2) to obtain, maintain and pay for such insurance policies or bonds whether or not required by Section 1.04 as the Association may deem to be appropriate for the protection or benefit of the Association, the members of Board, and the Owners;

(3) to contract and pay for, or otherwise provide for, such utility services as may from time to time be required, including but not limited to water and electricity;

(4) to contract and pay for, or otherwise provide for, the services of architects, engineers, attorneys and accountants or such other professional or nonprofessional services as the Association may deem necessary;

(5) to contract and pay for, or otherwise provide for, fire, security and such other protection services as

the Association may from time to time deem necessary for the benefit of the Association and its members; and

(6) to contract and pay for, or otherwise provide for, such materials, supplies, equipment and labor as and to the extent the Association deems necessary, and to pay and discharge any and all liens from time to time placed or imposed upon the property of the Association on account of work done or performed by the Association in the fulfillment of any of its obligations and the duties of maintenance, repair, operation and administration.

(d) The Association may from time to time employ the services of a managing agent to manage the affairs of the Association, and to the extent not inconsistent with the laws of the State of Hawaii and upon such conditions as are otherwise deemed advisable by the Association, the Association may delegate to such manager any of its powers under the Rules and Regulations, Articles of Incorporation and By-Laws of the Association, provided, however, that the Association cannot delegate to such manager the power to execute any contract binding on the Association for a sum in excess of \$500.00 or for the performance of any work or services which work or services are not to be completed within thirty (30) days, nor the power to sell, convey, mortgage or encumber any property of the Association.

(e) The Association shall have the right from time to time to pay, compromise or contest any and all taxes and assessments levied against all or any part of the personal property or real property interests belonging to the Association;

(f) The Association shall have the authority to exchange or to sell and convey, or otherwise dispose of, for cash or on such terms as it shall approve, the right, title and interest of the Association or any member thereof in and to any portion of the facilities owned by the Association, the retention of which is no longer necessary, advantageous or beneficial for the Association or for the members thereof, and to borrow money, without limit as to the amount, for any purpose within the powers and authority of the Association under this Article I and to secure the same by a security interest upon property owned by or leased to the Association, or any part thereof, provided, however, that no such exchange, sale or other disposition and no such borrowing and giving of security shall be made unless the same shall have been first approved by the affirmative vote of not less than three-fourths (3/4) of the members who may vote in person or by proxy at a meeting of the Association duly called, the notice for which shall have described such exchange, sale or disposition, or the

amount of such borrowing and the security to be given, and shall have given the reasons thereof. All proceeds of any disposition or borrowing, less the expenses thereof, shall be invested by the Association for the benefit of the Association and the members, or in improving the facilities of the Association.

Section 1.06 Association Rules and Regulations.

(a) The Association may from time to time and subject to the Articles of Incorporation and the By-Laws of the Association, amend or repeal the rules and regulations of the Association;

(b) A copy of the rules and regulations as they may from time to time be adopted, amended or repealed, certified by the secretary of the Association, shall be filed in and available at all times at the office of the Association, and duplicate copies thereof shall be delivered to each Owner on his acquisition of a Lot or admittance as a member of the Association. A copy of each new rule or of any amendment of an existing rule and notice of repeal of any rule shall be given to each Owner no less than fifteen (15) days before the same becomes effective. Upon the promulgation and filing thereof in said office, the Rules and Regulations shall have the same force and effect as if they were set forth and were a part of the Articles of Incorporation and By-Laws of the Association. Failure to deliver to any Owner a copy of any rule, amendment of a rule, or notice of repeal of a rule shall not render such rule, amendment or repeal invalid.

Section 1.07 Liability of Member of the Board.

No member of the Board shall be personally liable to any Owner, guest, lessee or to any other person for any error or omission of the Association, its representatives and employees, or the manager, provided, however, that such member has with actual knowledge possessed by him, acted in good faith.

Section 1.08 Powers of the Association.

The Association, through the Board and its duly authorized representatives, shall have the exclusive right to exercise the powers and authorities referred to in Section 1.05 hereof.

ARTICLE II

COSTS AND EXPENSES TO BE INCURRED

Section 2.01 Type and Nature of Costs and Expenses.

There shall be four categories of costs and expenses to be incurred by the Association as it provides the water service for which the Association was established. The first shall be for common costs incurred for the benefit of all members of the Association. The second shall be those costs incurred only for the benefit of the Owners in the Puka Lani Subdivision, and the third shall be those costs incurred only for the benefit of the member Owners in the Konohiki Plantation II Subdivision. The fourth shall be the water usage charge for each owner.

Section 2.02 Allocation of Costs.

Common costs and expenses incurred for the benefit of all members of the Association, without limitation shall include the following:

- (a) Operation and maintenance of the pump building, grounds and equipment;
- (b) Water and electricity costs to operate the pumps and equipment, and to provide water to the members' Lots;
- (c) Administrative costs for the meter reading, accounting, billing, managerial services, insurance and the like;
- (d) Equipment reserve fund for periodic repairs, upgrading, and replacement, and unpaid assessments; and
- (e) Repairs to the pump, pump house and other equipment.

These common costs and expenses shall be prorated and charged evenly to the members of the Association. A monthly service charge shall be determined by the Board of Directors to accrue the necessary funds to cover such costs and expenses. The service charge shall bear a reasonable relationship to costs and expenses incurred or to be incurred.

Owners of Puka Lani Subdivision.

Costs in Expenses for the benefit of the owners in the Puka Lani Subdivision shall be, without limitation, for repairs or maintenance to the three 3 inch common water line from the

pump house to the Puka Lani individual homeowner's water meters. These costs and expenses attributable only to the Puka Lani Subdivision common water line shall be prorated and charged evenly to the Puka Lani owners. For these purposes any residence using water from the Puka Lani 3 inch water line shall be considered a Puka Lani residence. However, each Puka Lani owner shall be responsible for repairs and maintenance of his water line beginning from his meter that services his/her property. Assessment of costs for repairs to the Puka Lani 3 inch common water line shall be done as the need arises.

Owners of Konohiki Plantation II Subdivision.

Costs and expenses for repairs or maintenance to the individual owner's lines from the water meter to the members' residences in the Konohiki Plantation II Subdivision shall be the sole responsibility of the individual owners.

Water Usage Charge.

The water usage charge for the individual Association members shall be determined by reading the individual meters for each members' Lot. In the absence of evidence of malfunctioning the meter readings shall be conclusive as to the amount of water passing through the pumping facility and the amount of water used by each members' lot.

(f) The Board of Directors shall determine the periods of time for which costs and expenses shall be determined and billed to the individual member. The billing periods shall have a reasonable relation to the receipt of the statement from the County of Kauai Department of Water and the time for payment thereof;

(g) Costs and expenses shall be chargeable to the billing period within which the same are incurred. In the event that costs and expenses for a billing period are out of the ordinary, and there is a reasonable basis to believe that the water usage by any Lot is abnormally high or abnormally low for that same period such that it would result in an unfair proration of those out of ordinary costs, the Board of Directors may look to an average of water usage for a period of three ordinary months of water usage to determine the proration and assessment of those out of ordinary costs. In the absence of fraud or bad faith, the decision of the Board of Directors in making such determination shall be binding.

Section 2.03 Payment of Costs.

Each Lot Owner shall be assessed and pay his or her share of the costs and expenses incurred and allocated pursuant to

this Article II within ten (10) days of notice to such Lot Owner by the Association of the assessment. Notice of Assessments shall be mailed or personally delivered to all Owners at such addresses as are shown on the record of ownership of the Association, and if mailed, shall be deemed to have been received by the Owner within three (3) days after deposit thereof in the United States Postal Service.

Section 2.04 Default in Payment of Assessment.

(a) Each assessment under this Article II shall be a separate, distinct and personal debt and obligation of the Owner against whom it is assessed, and each Owner of any Lot by acceptance of water service to its Lot is deemed to covenant and agree to pay the same to the Association. If the Owner does not pay such assessment when due, the Owner shall be deemed in default and the amount of the assessment not paid, together with the amount of any subsequent default, plus interest at twelve percent (12%) per annum and costs, including reasonable attorney's fees, shall be and become a lien upon the lot of such Owner upon recordation by the Association of a notice of default. Such lien shall be subject and subordinate to the lien of any mortgage upon the lot of such Owner, and the sale or transfer of any lot or interest therein in foreclosure of any such mortgage, whether by judicial proceedings or pursuant to a power of sale contained in such mortgage, or the transfer or conveyance to the mortgagee, or the transfer or conveyance to the mortgagee in lieu of foreclosure, shall extinguish the lien as to payments of assessments which shall become due prior to such sale, but no such sale, transfer or conveyance shall relieve such lot or the purchaser or transferee thereof with regard to assessments thereafter becoming due. The Association shall record such notice of default within ninety (90) days following the occurrence of such default and shall commence proceedings to enforce such lien within six (6) months following such recordation. Such lien may be foreclosed upon by suit by the Association in like manner as a mortgage of real property, and the Association shall have power to bid on the lot at the foreclosure sale to acquire and hold, mortgage or convey the same. A suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien securing the same. The foregoing remedies shall be in addition to any other remedies provided by law for the enforcement of such assessment obligation or as may otherwise be provided herein.

(b) The Association shall execute and acknowledge a certificate stating the indebtedness secured by the lien upon any lot or lots, and such certificates shall be conclusive upon the Association and the Owners in favor of all persons who rely thereon in good faith as to the amount of such indebtedness as

of the date of the certificate. The Association shall furnish a copy of such certificate to any Owner upon request at a reasonable fee.

Section 2.05 Ceasing Water Service.

In addition to all other remedies herein contained and available to the Association for nonpayment and collection of assessments by an Owner, the Association shall also have, and hereby reserves the right, to cease providing water service to any Lot if any assessment remains unpaid for a period exceeding thirty (30) days, and to continue to refuse to provide water service to such Lot so long as the assessments remains unpaid. The ceasing of water service for unpaid assessment shall not be the basis of any claim for damages by the delinquent Owner.

ARTICLE III

MISCELLANEOUS PROVISIONS

Section 3.01 Waiver of County Water Service.

The Association and each Member thereof recognizes that the County of Kauai will not provide County domestic water service to each of the Lots, and that the County's obligation is only to provide domestic water to the Association's facilities for the Puka Lani Subdivision and to the individual booster pumps for the Konohiki Plantation II Subdivision. The Association and its Members shall waive any rights, claim, action or judgment for failure of the County of Kauai to provide individual domestic water service to each of the Lots.

Section 3.02 Amendment or Repeal - Duration.

(a) Unless specifically provided to the contrary herein, these Rules and Regulations, or any part thereof, as from time to time may be in effect with respect to all or any of the Lots, and any limitation, restriction, covenant or condition thereof may, at any time be amended or repealed upon the happening of all of the following events:

(1) The vote of not less than a simple majority of the Members, approving the proposed amendment or amendments to these Rules and Regulations at a meeting of the Association duly held, the notice of which shall have stated as a purpose the consideration of the amendment or repeal of the Rules and Regulations, giving the substance of any proposed amendments or indicating the provisions to be repealed, as the case may be; and

(2) The recordation by the Secretary of a certificate setting forth in full the amendment or amendments to the Rules and Regulations so approved, including any portion or portions thereof repealed, and certifying that said amendment or amendments have been approved by vote of the Owners pursuant to this Article.

Section 3.03 Enforcement, Nonwaiver.

(a) Except to the extent otherwise expressly provided herein, the Association or any member thereof shall have the right to enforce any and all of the limitations, restrictions, covenants, conditions, obligations, liens and charges now or hereafter imposed upon other Owners or upon any property within the Puka Lani Subdivision or upon the Members' lots in the Konohiki Plantation II Subdivision, and the costs of enforcement, including court costs and attorney's fees, shall be paid by any Owner who violated any such limitation, restriction, covenant or condition, or failed to pay and satisfy when due any such lien or charge. No entry upon the lot of any Owner or other action to enforce any such limitation, restriction, covenant, condition, litigation, lien or charge may be made or taken without first giving not less than thirty (30) days' written notice and demand to the Owner concerned to cure or rectify the default or breach involved; provided that no written notice shall be required to cease water service to the defaulting Owner's lot.

(b) Except to the extent otherwise expressly provided herein, any Owner or Owners shall have the right to enforce any and all limitations, restrictions, covenants, conditions and obligations now or hereafter imposed by these Rules and Regulations upon the Association, provided, however, anything herein to the contrary notwithstanding, no Owner as such shall have any right to enter upon the property of any other Owner or to abate any violation or enforce any provision hereof against another Owner of the Association except by proper legal proceedings and authority of the court having jurisdiction.

(c) Every act or omission whereby any restriction, condition or covenant of the Rules and Regulations is violated, in whole or in part, is hereby declared to be and to constitute a nuisance and may be enjoined or abated, whether or not relief sought is for negative or affirmative action, by the Association or by an Owner or Owners, as set forth herein, provided, however, that any provision to the contrary notwithstanding, only the Association or its duly authorized agents may enforce any limitation, restriction, covenant, condition or obligation herein set forth by its or their own action without authority of a court having jurisdiction.

(d) Each remedy provided for herein is cumulative and nonexclusive.

(e) Any and all liabilities for violation or noncompliance with any of the limitations, restrictions, covenants, conditions, obligations, liens and charges which may be imposed by these Rules and Regulations shall be joint and several unto all persons and/or entities holding any interest in and to the lot upon which such violation or noncompliance occurs or arises.

(f) The failure in any case to enforce the provisions of any limitation, restriction, covenant, condition, obligation, lien or charge of these Rules and Regulations shall not constitute a waiver of any right to enforce any such provision or any other provisions of these Rules and Regulations in another case against or with respect to the same Owner or lot or any other Owner or lot.

Section 3.04 Construction, Compliance with Laws, Severability, Singular and Plural, Titles.

(a) All of the limitations, restrictions, covenants and conditions of these Rules and Regulations shall be liberally construed to promote and effectuate the fundamental concepts of providing water service as set forth in these Rules and Regulations, as well as in the Articles of Incorporation and By-Laws of the Konohiki-Puka Lani Water System Owners Association, Inc.

(b) No provision of these Rules and Regulations shall be construed to excuse any person from observing any law or regulation of any governmental body having jurisdiction over such person or over the lots subject of these Rules and Regulations, these Rules and Regulations to the contrary notwithstanding.

(c) Notwithstanding the provisions of paragraph (a) above, the limitations, restrictions, covenants and conditions contained herein shall be deemed independent and severable and the invalidity or partial invalidity of any provision or portion thereof, or of any such limitations, restrictions, covenants or conditions shall not affect the validity or enforceability of any other provision.

(d) The singular shall include the plural and the plural, the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter as the context requires.

(e) All titles used in these Rules and Regulations, including those of articles and sections, are intended solely for convenience or reference and the same shall not, nor shall any of these affect that which is set forth in such articles and sections, nor any of the terms or provisions of these rules and regulations.

Section 3.05 Conveyance or Transfer of Property With
Restriction of Easements and Rights-of-
Way and Classification of Land Area.

(a) The Association shall accept all of the real property and interest in real property conveyed or transferred to it for the purposes of the Association, provided that the Association need not accept any such property subject to any exceptions, liens and encumbrances except as follows:

(1) The lien of any real property taxes and assessments which are nondelinquent;

(2) Such restrictions as to use and enjoyment and such easements and rights-of-way on, over or under all or any part thereof as may be reserved to the grantor or granted to any Owner in any recorded document;

(3) Such easements and rights-of-way on, over or under all or any part thereof as may be reserved to the grantor or any adjoining Owner of land for access to land contiguous to the real property, and such easements and rights-of-way on, over or under all or any part thereof as may be excepted or reserved unto persons for access, electrical, gas, communications and other utility purposes, and for sewer, drainage and water facilities, together with the right to grant to the United States of America, the State of Hawaii, County of Kauai, Department of Water of the County of Kauai, or any other governmental agency or public utility, or to any other public or private corporation or association, or to any individual, easements for such purposes over, under, across, along and through said real property;

(4) The obligations, imposed directly or indirectly by virtue of any statute, law, ordinance, resolution or regulation of the United States of America, the State of Hawaii, County of Kauai, or any other political or governmental organization having jurisdiction over such property; and

(5) Any other lien, encumbrance or defect in title of any kind whatsoever (other than a type which would at any time or from time to time create a lien upon

such properties to secure an obligation to pay money) which would not materially and actually prejudice the Owners in their use and enjoyment of such property.

Section 3.06 Reservation of Easements.

All real property within the control of the Association shall be subject to the exception and reservation of easements for roadway, electrical, gas, communications, and other utility purposes and for sewer, drainage and water facilities, over, under, along, across and through said real property, together with the right to grant to the United States of America, the State of Hawaii, County of Kauai, Department of Water of the County of Kauai or any other appropriate governmental agency or public utility, or to any individual, easements or such purpose over, under, across, along and through said real property under the usual terms and conditions required by the grantor or the grantee for such easement rights; provided, however, that such easements rights must be exercised in such manner as to not unreasonably interfere with the use of said real property by the Owners thereof, their successors and assigns, and in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements said real property shall be promptly restored by and at the expenses of the persons owning and exercising such easement rights to the condition of said real property immediately prior to the exercise thereof.

Section 3.07 Condemnation.

In case at any time or times all or any portion of the area of the Association shall be taken or condemned by any authority having the power of eminent domain, then and in every case, any and all award for the land shall belong to the Owner of title therein, and any and all award for improvements placed by or through the Association for meeting its stated purpose shall belong to the Association.

Section 3.08 Uninsured Casualty.

In case at any time or times any common area or improvements thereon shall be substantially damaged or destroyed by any casualty not herein required to be insured against, such improvement shall be rebuilt, repaired or restored unless a simple majority of the Members vote to the contrary. Any such approved restoration of the improvements shall be completed diligently by the Association. The costs of such restoration shall be assessed against and paid for by the Members in the manner hereinbefore set forth.

Section 3.09 Obligation of Owners, Avoidance,
Termination.

(a) No Owner of any lot within the Puka Lani Subdivision may avoid the burdens or obligations imposed on him by these Rules and Regulations by virtue of his being an Owner. No Owner of any lot within the Konohiki Plantation II Subdivision who elects to become a Member of the Association may avoid the burdens or obligations imposed on him by these Rules and Regulations by virtue of his membership in the Association.

(b) Upon the conveyance, sale, assignment or other transfer of a lot to a new Owner, the transferring Owner shall not be liable for any assessments levied with respect to such lot and payable after the date of such transfer, and no person after the termination of his status as an Owner shall incur any of the obligations or enjoy any of the benefits of an Owner following the date of such termination subsequent owners or member lots in the Konohiki Plantation II Subdivision shall automatically continue to remain Members of Association, unless and until the Association is given written notice of the desire of such subsequent owner to remove himself as a member of the Association.

Section 3.10 Enforcement.

Enforcement of these Rules and Regulations shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these Rules and Regulations; and failure by the Association or any Owner or the County of Kauai to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3.11 Severability.

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3.12 Notice, Demands, Delivery.

(a) Any notice or other document permitted or required by these Rules and Regulations to be delivered or given, may be delivered or given either personally or by mail. If delivery is to be made by mail, it shall be deemed to have been delivered to the Association seventy-two (72) hours after a copy of the same has been deposited in the United States Postal

Service, postage prepaid, address to the Association at the address designated by the Association from time to time by written notice to the Owners, and shall be deemed to have delivered to the Owner seventy-two (72) hours after a copy of the same has been deposited in the United States Postal Service, postage prepaid, addressed to such Owner at the last known address shown in the records of the Association.

(b) Delivery to any officer or member of the Board of Directors of the Association shall be deemed adequate delivery to the Association.

(c) Where there is more than one Owner of a lot, the delivery, personally or by mail to any Owner shall be effective delivery to all Owners of such lot.

IN WITNESS WHEREOF, the Board of Directors of the Konohiki-Pukana Lani Water System Owners Association, Inc., have adopted these Rules and Regulations as of this ____ day of _____, 1992.

IAN KAGIMOTO

"Director"

RICK IOLI

"Director"

DARRICK NORDMEIER

"Director"

*Voted on and accepted at the
16 April 1994 Annual Meeting.*

[Signature]