

**CONDOMINIUM PUBLIC REPORT**

Prepared &  
Issued by:

Developer LEE CARLTON CLARK and MARIA JANUARIA CLARK  
Address P. O. BOX 836, Anahola, HI 96703

Project Name (\*): KALALEA RIDGE CONDOMINIUM  
Address: 5-4951 L Kuhio Highway, Aliomanu, Kauai, Hawaii

Registration No. 5167 Effective date: \_\_\_\_\_  
(Conversion) Expiration date: \_\_\_\_\_

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

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

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

(\*) Exactly as named in the Declaration  
*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 [ X ] Not Required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

[ X ] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

SPECIAL 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 are no assurances that the Purchaser will be able to build a residential dwelling 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, or any other type of structure, on the property.

1. There is presently one residential structure and one shade structure in the Project, 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 governmental 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 area in the land comprising the limited common element are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements associated with County-approved subdivisions, 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.

.....Continued

5. Based on directives issued by the Kauai County Planning Department, unless the developer first satisfies certain county requirements, the purchaser may not be able to develop, replace, expand, or construct other structures for this condominium project in the future. **Prior to purchase**, the prospective purchaser is advised to review this condominium project with the Kauai County Planning Department to receive the most recent directive on this issue.

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

## TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Common Elements and Limited Common Elements	
EXHIBIT B: Encumbrances Against Title	
EXHIBIT C: Summary of Sales Contract	
EXHIBIT D: Summary of Escrow Agreement	
EXHIBIT E: Letter from the Department of Water dated March 3, 2003	
EXHIBIT F: Letter from the County Housing Agency dated November 19, 2001	
EXHIBIT G: Letter from the County Planning Department dated July 2, 2003	
EXHIBIT H: Sample Farm Dwelling Agreement	

## **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: LEE CARLTON CLARK Phone: (808) 821-9056  
MARIA JANUARIA CLARK (Business)  
Name\*  
P. O. Box 836  
Business Address  
Anahola, HI 96703

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\*: REMAX Kauai.Com, LLC Phone: (808) 826-9675  
Name (Business)  
5-4280 Kuhio Highway #C-205  
Business Address  
Princeville, HI 96722

Escrow FIRST HAWAII TITLE CORPORATION Phone: (808) 826-6812  
Name (Business)  
5-4280 Kuhio Highway #B-201  
Business Address  
Princeville, HI 96722

General Contractor\*: N/A Phone: N/A  
Name (Business)  
Business Address

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

Attorney for Developer: PATRICK J. CHILDS Phone: (808) 245-2863  
Name (Business)  
4365 Kukui Grove Street #104  
Business Address  
Lihue, HI 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:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>2002-220061</u>
			Book _____ Page _____
<input type="checkbox"/>	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]: Amended and Restated Declaration dated June 5, 2003, recorded as Document No. 2003-147012.

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:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No. <u>3513</u>	
<input type="checkbox"/>	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]: Amended and Restated Declaration dated June 5, 2003, recorded as Document No. 2003-147012.

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:

<input type="checkbox"/>	Proposed		
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:	Document No. <u>2002-220062</u>
			Book _____ Page _____
<input type="checkbox"/>	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 By-Laws of the Association of Apartment Owners dated August 27, 2003, recorded as Document No. 2003-223799.

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

The House Rules for this condominium are:

Proposed       Adopted       Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>NA</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 has reserved the right to amend the Declaration and Condominium Map for the purposes of adjusting the plan or description of any apartment which may be improved, enlarged or altered, upon the condition that no such amendment shall in any way alter any apartment or common interest thereof which has been conveyed by the Developer prior to the filing of such amendment in the Bureau of Conveyances, State of Hawaii.



N/A [ ] 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: 4-4951-L Kuhio Hwy Tax Map Key (TMK): (4)4-9-02-19  
Aliomanu HI

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_

Land Area: 1.0 [ ] square feet [X] acre(s) Zoning: Agricultural

Fee Owner: LEE CARLTON CLARK  
 MARIA JANUARIA CLARK  
 Name  
 P. O. Box 836  
 Address  
 Anahola, HI 96703

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: 2 Floors Per Building: 1  
 Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:  
 Concrete  Hollow Tile  Wood - Apartment A  
 Other Metal posts and shade cloth - Apartment B

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</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>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

5. Special Use Restrictions:

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

Pets: Refer to Article V, Section 3(c) of the Bylaws

Number of Occupants: \_\_\_\_\_

Other: \_\_\_\_\_

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>1</u>	<u>3/1</u>	<u>1090</u>	<u>440</u>	<u>Carport</u>
<u>B</u>	<u>1</u>	<u>0/0</u>	<u>0</u>	<u>20</u>	<u>Shed</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 2

**\* 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 N/A elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls:	<u>2</u>			
	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered</u> <u>Open</u>	<u>Covered</u> <u>Open</u>	<u>Covered</u> <u>Open</u>	TOTAL
Assigned (for each unit)	<u>2</u> - <u>Apartment A</u>	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>2</u>
Guest	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>0</u>
Unassigned	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>0</u>
Extra for Purchase	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>0</u>
Other: <u>      </u>	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>0</u>
Total Covered & Open:	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>

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

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

\*Apartment B has ample area within its Limited Common Element for parking purposes.

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)

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):  
Developer states, based upon the Architect's Condition Report prepared by Ron Agor, that the structural components, mechanical and electrical installations appear to be in good sound condition. The structural and related systems and components have an expected useful life of 35 years for Apartment A and 2 years for Apartment B. Developer hereby adopts such estimate and architect's condition report.

11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

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

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

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

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

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

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

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

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

described in Exhibit   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: There are two apartments, each of which will burden the common elements equally. Therefore the assessment of undivided interest for both common expense and for voting is 50% for each apartment.

- 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 24, 2003 and issued by Stewart Title Guaranty Company.

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 <b>Prior to Conveyance</b></u>
Mortgage	The underlying mortgage is superior to and takes precedence over the sales contract. If the Developer defaults, Purchaser shall lose its option to consummate its purchase of the property and Purchaser's money shall be refunded, less any 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 1985 and Apartment B (shed) received final building approval on April 5, 2002.

H. **Project Phases:**

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

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

**IV. CONDOMINIUM MANAGEMENT**

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

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

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

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

- B. **Estimate of Initial Maintenance Fees:** There are no maintenance fees. See Page 20 for further information.

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

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

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

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

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

None  Electricity ( \_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)  
 Gas ( \_\_\_ Common Elements only \_\_\_ Common Elements & Apartments)  
 Water  Sewer  Television Cable  
 Other \_\_\_\_\_

## V. MISCELLANEOUS

### A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit C contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated June 19, 2003  
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
- Other Specimen Apartment Deed

### B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been 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: Farm Dwelling Agreement; Waiver and Release Document No. 2002-041583

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. 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. 5167 filed with the Real Estate Commission on August 7, 2003.

Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock

WHITE paper stock

PINK paper stock

**C. Additional Information Not Covered Above.**

This condominium project is situated 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. Agriculture properties are subject to density requirements that may change. Any such change will affect the number of allowable units that may be placed on the underlying land.

Purchasers should be aware that Chapter 205, Hawaii Revised Statutes ("H.R.S."), does not authorize residential dwellings as permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling". The term "farm dwelling" is defined in H.R.S. Chapter 205-4.5(a)(4) as a "single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State or where agricultural activity provides income to the family occupying the dwelling."

The penalty for violation of H.R.S. Section 205-4.5, is a fine of not more than \$5,000. If any person who is cited for violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.

In order for any purchaser to obtain a building permit to construct a single family residential unit (farm dwelling), the County of Kauai will require the purchaser to sign a Farm Dwelling Agreement in the form attached hereto as Exhibit "H".

Maintenance fees for this project have not been established at this time. In the event Developer elects to establish maintenance fees prior to entering into a binding contract for the sale of an apartment in this project, Developer shall: (1) submit to the Real Estate Commission a duly executed Disclosure Abstract identifying such maintenance fees; and (2) provide a copy of the Disclosure Abstract to the Purchaser along with a copy of this Public Report.

The project qualifies for two residences on the basis of an Additional Dwelling Unit Clearance issued under the "o'hana" ordinance of the County of Kauai. The project and both units hereon are subject to said ordinance as the same may be amended. Among other things, any construction of residences, including setback requirements and maximum lot coverage, parking and floor area requirements.

The cost of maintenance and repair of Easement "C", which overlays a pre-existing Easement "B", wherein the same traverses this property, is to be shared equitably among the owners in this project according to the length of the roadway and/or utility lines that are used by each condominium unit. At present, Easement "C" is an unimproved roadway.

Please see Exhibit "F" to the Final Public Report. This letter from the Kauai County Housing Agency lifts portions of the restriction on sale, transfer and use of the property. This letter allows for the sale of Apartment B and the developer's continued ownership and occupancy of the Apartment A.

First Amendment to Bylaws. The Amendment was prepared and recorded because the By-Laws of record at the Bureau of Conveyances appears to have been recorded without signatures or acknowledgements.

- 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- 1.6] (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.

LEE CARLTON CLARK and MARIA JANUARIA CLARK

Printed Name of Developer

By: *Lee Carlton Clark* June 5, 2003  
*Maria Januaria Clark* Duly Authorized Signatory\* Date

LEE CARLTON CLARK and MARIA JANUARIA CLARK

Printed Name & Title of Person Signing Above

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:

A. All of the land, in fee simple, subject to the division of the same as limited common elements pursuant to Paragraph 6 of the Declaration of Condominium Property Regime.

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

C. 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 outside of the buildings 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:

A. That portion of the land which is designated as Limited Common Element for Apartment A, consisting of 0.532 acre, 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 and for parking, yard, driveway, agricultural and residential purposes.

B. That portion of the land which is designated as Limited Common Element for Apartment B, consisting of 0.468 acre, 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 and for parking, yard, driveway, agricultural and residential purposes.

Metes and bounds descriptions of the Limited Common Elements are attached hereto.

\*\*\*\*\*  
NOTICE: This is not a subdivision. The Limited Common Elements are reserved for the exclusive use of individual apartments and are not subdivided parcels. As such, they do not fall within the ordinances of the County of Kauai as the same pertain the subdivisions nor do they derive any benefit therefrom.  
\*\*\*\*\*

END OF EXHIBIT "A"

**Unit A  
Limited Common Element**

All of that certain parcel of land being the Limited Common Element containing Unit A, "KALALEA RIDGE" Condominium, being a portion of Lot 59-C, being a portion of Lot 59, Moloaa Hui Lands at Aliomanu, Kauai, Hawaii and more particularly described as follows:

Beginning at the East corner of this parcel of land on the West boundary of Lot 59-B, the coordinates of which referred to Government Survey Triangulation Station, "MOLOAA" being 10,670.99 feet South and 1,173.97 feet East and running by azimuths measured clockwise from True South:

- |    |              |        |  |
|----|--------------|--------|--|
| 1. | 34° 00'      | 71.57  | feet along Lot 59-B;   |
| 2. | 109° 39'     | 162.61 | feet along the remainder of Lot 59-C (Limited Common Element containing Unit B, "KALALEA RIDGE", Condominium); |
| 3. | 179° 10'     | 102.46 | feet along Lot 59-A;   |
| 4. | 212° 00'     | 70.44  | feet along Lot 59-A;   |
| 5. | 315° 02' 20" | 222.64 | feet along Lot 59-A to the point of beginning and containing an AREA of 0.532 Acre.                            |

TOGETHER, with Easement C, 15.00 feet wide, 1,829 square feet, for access and utility purposes affecting the Limited Common Element containing Unit B, "KALALEA RIDGE", Condominium.



December 17, 2001  
P.O. Box 851  
Hanalei, Hawaii 96714

WAGNER ENGINEERING SERVICES INC.

  
\_\_\_\_\_  
Ronald J. Wagner  
Licensed Professional Land Surveyor  
Certificate No. 5074



SUBJECT, HOWEVER, to an Easement C, 15.00 feet wide, 1,829 square feet, for access and utility purposes in favor of the Limited Common Element containing Unit A, "KALALEA RIDGE", Condominium.



WAGNER ENGINEERING SERVICES INC.

December 17, 2001  
P.O. Box 851  
Hanalei, Hawaii 96714

  
\_\_\_\_\_  
Ronald J. Wagner  
Licensed Professional Land Surveyor  
Certificate No. 5074

EXHIBIT "B"

ENCUMBRANCES AGAINST TITLE

1. Contact the Director of Finance, County of Kauai, Real Property Tax Division for information regarding real property taxes.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Designation of Easement "B" for the purpose of access and utility as shown on survey map prepared by Dennis M. Esaki approved June 28, 1990.
4. Easement "C", designated and shown on the Amended Condominium Map and the Amended and Restated Declaration of Condominium Property Regime for Kalalea Ridge Condominium dated June 5, 2003, recorded as Document No. 2003-147012, is a non-exclusive easement for access and utility purposes, which overlaps pre-existing Easment "B", wherein the same traverses the property described in Exhibit A.
5. Restriction of vehicle access, rights of access having been acquired by the State of Hawaii by Deed recorded in Liber 3605 at Page 290.

6. FARM DWELLING AGREEMENT

By and Between: NEAL H. KAKIMOTO and the COUNTY OF KAUAI PLANNING  
DEPARTMENT  
Dated: April 1, 1985  
Book: 18561  
Page: 492

7. GRANT

In favor of: CITIZENS UTILITIES COMPANY  
Dated: July 5, 1985  
Book: 18811  
Page: 215  
Purpose: granting an easement for utility and incidental purposes

8. FARM DWELLING AGREEMENT

By and Between: NEAL H. KAKIMOTO and CELESTE KAKIMOTO and the COUNTY  
COUNTY OF KAUAI PLANNING DEPARTMENT  
Dated: August 22, 1988  
Book: 22320  
Page: 198

9. AGREEMENT TO TRANSFER WATER SERVICE

By and Between: CLAYTON M. and OWEN S. KAKIMOTO, and  
BOARD OF WATER SUPPLY, COUNTY OF KAUAI, by and through the  
DEPARTMENT  
OF WATER, COUNTY OF KAUAI  
Dated: September 15, 1989  
Book: 23687  
Page: 446

10. UNRECORDED AGREEMENT

By and Between: MERRILEE L. CHANDLER, SAEKO S.  
KAKIMOTO, MARIAN AGENA, JULIA M.  
NAITO, HENRY M. PANUI, CHARLIE K.  
PANUI, AIKO H. PANUI, PAUL K. PANUI, ROBERT LEMN, SR. and  
WILLIAM FERNANDES, "Applicants", by the DEPARTMENT OF  
WATER, COUNTY OF KAUAI, by its Board of Water Supply, "Board"  
Re: to secure potable water service

Unrecorded Addendum dated April 12, 1985.

Addendum to Agreement dated September 28, 1988, recorded  
as Document No. 90-095244.

11. Restrictions relating to the use, sale and transfer of property (10 years) created pursuant to Hawaii Revised Statutes, Sections 201E-221-224, as contained in the following:

WARRANTY DEED

Dated: August 2, 1999  
Recorded: 99-127147

12. MORTGAGE

Loan No: HBLP 99-0007  
Mortgagor: LEE CARLTON CLARK and MARIA JANUARIA CLARK, husband and  
wife  
Mortgagee: COUNTY OF KAUAI, a political subdivision of the State of Hawaii  
Dated: July 27, 1999  
Filed/Recorded: August 6, 1999  
Document No.: 99-127148  
Principal Sum: \$184,490.00  
The present amount due should be determined by contacting the owner  
of the debt

13. WAIVER AND RELEASE

By: LEE CLARK & MARIA CLARK  
Dated: February 25, 2002  
Document No.: 2002-041583  
Re: water service

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

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "KALALEA RIDGE"

Dated: May 13, 2002  
Document No.: 2002-220061  
but omitting any covenants or restrictions, if any, based upon race, color,  
religion, sex, handicap, familial status, or national origin unless and only to  
the extent that said covenant (a) is exempt under Chapter 42, Section  
3607 of the United States Code or (b) relates to handicap but does not  
discriminate against handicapped persons.

Condominium Map No. 3513, to which reference is hereby made.

The aforesaid Declaration and Map were amended by instrument dated June 5, 2003, recorded as Document No. 2003-147012.

12. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KALALEA RIDGE  
CONDOMINIUM PROPERTY REGIME

Dated: May 13, 2002  
Document No. 2002-220062

END OF EXHIBIT "B"

EXHIBIT "C"

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 DROA 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 DROA:

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

2. Identifies the escrow agent and states that Buyer's deposit will be held in escrow until the sale 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 DROA:

By Buyer:

- A. Seller may bring an action against Buyer for breach of contract;
- B. Seller may retain Buyer's deposit(s) as liquidated damages;
- C. Buyer shall be responsible for all 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 all expenses incurred.

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

5. Allocation of payment of closing costs.

6. Provides that the property is sold "as is".

END OF EXHIBIT "C"

EXHIBIT "D"

SUMMARY OF ESCROW AGREEMENT

An Escrow Agreement allows the condominium Buyer's money to be held by a neutral party, the Escrow Agent, until the Seller can deliver good and marketable title to the apartment. The Escrow Agreement for this Project provides for, among other things:

1. That First Hawaii Title Corporation is the Escrow Agent.
2. That, upon execution of a sales contract, the Developer shall deliver all money received to the Escrow Agent.
3. That no money will be released by the Escrow Agent until the Real Estate Commission has issued an effective date for a Final Public Report.
4. That Buyer shall receive all public documents relating to the Project.
5. That a Buyer's money shall be returned to him if he exercises certain rights he may have to cancel his sales contract as provided by law, if that is his wish, or if the Seller is unable to provide title to the apartment.
6. That, upon the Seller providing good title to the apartment, 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 with Escrow Agent, these monies will be turned over to the Seller.

END OF EXHIBIT "D"



March 3, 2003

Mr. & Mrs. Lee Clark  
PO Box 836  
Anahola, HI 96703

Dear Mr. & Mrs. Clark:

Subject: Water Service Request for one 5/8-inch water meter to service a single family dwelling on TMK: 4-9-02:019, Lot 59-C, CPR Unit B (two unit CPR, Unit A has an existing 5/8" water meter), Hui Road, Anahola, Kauai.

This letter supercedes our letter dated May 15, 2002 to you regarding the subject matter. Your request for one 5/8-inch water meter to service a single-family dwelling is approved.

1. Pay the applicable charges in effect at the time payment is made to the Department. At the present time, these charges shall include:
  - a. The Facilities Reserve Charge (FRC) of \$2,600.00.
  - b. The water meter installation charge of \$580.00, if our crews can perform the installation. Depending on the proposed location of the water meter, additional comments may be added including a requirement for construction drawings or surveyor stakeout of proposed water meter and also the installation of said water meter.
  - c. Enter into and complete a Proportionate Share Refund Agreement (PSRA) with the Department of Water, whereby the applicant pays their share of the cost of the mainline extension installed by the developers of Aliomanu Estates Subdivision. The estimated proportionate share contribution is approximately \$8,600.

At the present time, the PSRA for Aliomanu Estates subdivision is being finalized. In the interim period the applicant will be required to complete and execute an "Anahola Water Agreement" (enclosed) whereby the applicant agrees to pay an estimated deposit covering the estimated PSRA amount. The applicant will either be billed or refunded the difference in the actual amount of the PSRA and the estimated deposit submitted for the "Anahola Water Agreement".

The above approval is valid for one year from the date of this letter. After this time period, any actual development will be dependent on the adequacy of the source, storage and transmission facilities existing at that time.

If you have any questions, please contact Mr. Edward Doi of my staff at 245-5417.

Sincerely,

Gregg Fujikawa  
Water Resources and Planning Division Head

ED/san  
FS/san/docs/wrp/eddio/AnaholaMeterApplicationRequirements-Clark

EXHIBIT "F"

Maryanne W. Kusaka  
Mayor

Wallace G. Rezendes, Sr.  
Administrative Assistant



Matilda A. Yoshioka  
Director

Kenneth N. Rainforth  
Executive on Housing

OFFICES OF COMMUNITY ASSISTANCE  
KAUAI COUNTY HOUSING AGENCY

November 19, 2001

\\Lot59 Moloaa Hui Lands\_02

Lee & Maria Clark  
P.O. Box 836  
Anahola, Hawaii 96703

Dear Mr. & Mrs Clark:

Subject: Home-Buyer Loan Program and Partial Sale of Secured Property

Good news, we consent to your proposed creation of a two unit CPR of your 1-acre parcel in Moloaa, the sale of the vacant CPR unit, and your continued ownership and occupancy of the remaining CPR unit with your home.

Last week we received a copy of Christopher White's real estate appraisal of your property using the proposed CPR unit you would retain and the existing dwelling, with an estimated market value of \$230,000.00 as of October 23, 2001. This value estimate provides you with the 20% equity position the County required as its second condition in our July 6, 2001 letter.

You have already told us that your intended use of the sales proceeds from the sale of the vacant CPR unit will be in a manner consistent with the County's first condition. We will require you to sign a statement acknowledging your intended use of sales proceeds before the CPR is created.

You may now proceed with your proposed two unit CPR project.

Please call me (241-6455) or Fay Rapozo (241-6448) if you have any questions or wish to discuss the project. Remember, we are more than willing to offer you advise regarding your project and we desire this to be a successful venture for you.

Very truly yours,



Kenneth N. Rainforth  
Executive on Housing



**BRYAN J. BAPTISTE**  
Mayor

EXHIBIT "G"

**IAN K. COSTA**  
Director of Planning



**SHEILAH N. MIYAKE**  
Deputy Director of Planning

**COUNTY OF KAUA'I  
PLANNING DEPARTMENT**

Kapule Building  
4444 Rice Street Suite A473  
Lihu'e, Hawai'i, 96766-1326

TELEPHONE: 808.241.6677  
FAX: 808.241.6699

DATE: July 2, 2003

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

COPY

FROM: Sheilah N. Miyake, Deputy Planning Director

A handwritten signature in cursive script, appearing to read "Sheilah N. Miyake".

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: KALALEA RIDGE  
Condominium Project (101)  
Tax Map Key: (4) 4-9-002: 019

The attorney for the above-mentioned condominium project has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, (Section 515A-40 (b), (l), Hawaii Revised Statutes. Subject to the disclosures and waivers (item "5" below) specified herein, we certify the following:

1. The developer has contracted architect Ron Agor to certify that the buildings on the proposed project referred to as Kalalea Ridge Condominium Unit A and Unit B are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.
2. There are no variances approved for the subject property.

Senior Condominium Specialist  
Kalalea Ridge Condominium  
TMK: (4) 4-9-002: 019  
July 2, 2003  
Page two

3. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes and regulations.
4. There are no notices of violation of County building or zoning codes outstanding according to our records.
5. WAIVER  
The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulations of condominiums under subsection 514 A-40, (b), and (l), Hawaii Revised Statutes.

If you have any questions, please contact me at 241-6677.

cc: Patrick Childs, Attorney at Law  
Lee & Maria Clark, Project Developers

EXHIBIT "H"

LAND COURT SYSTEM

REGULAR SYSTEM

RETURN BY: MAIL [ ] PICKUP [ ] To:

County of Kauai  
Planning Department  
4280 Rice Street  
Lihue, Kauai, Hawaii 96766

FARM DWELLING AGREEMENT

This agreement made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, by and between \_\_\_\_\_,

whose mailing address is \_\_\_\_\_

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",

WITNESSETH:

WHEREAS, the APPLICANT(S) warrant and represent that they are the \_\_\_\_\_ of that certain parcel of land, Tax Map Key No. \_\_\_\_\_ more particularly described in Exhibit "A", attached hereto and made a part hereof; and

WHEREAS, this document pertains only to \_\_\_\_\_ as shown in Exhibit "B" and made 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, the parcel identified by Tax Map Key No. \_\_\_\_\_ is entitled to \_\_\_\_\_ residential units and one guest house; and

WHEREAS, this agreement is evidenced that \_\_\_\_\_ is entitled to one of those residential units; 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 APPLICANT(S) acknowledge that a violation of Chapter 205, Hawaii Revised Statutes, and the State Land Use 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 APPLICANT(S) 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; and

WHEREAS, the APPLICANT(S) wish to construct a dwelling unit on that certain parcel of land described in Exhibit A; and

WHEREAS, the APPLICANT(S) wish to execute this Farm Dwelling Agreement without first obtaining the signatures of all interest holders in the CPR;

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 APPLICANT(S) 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 APPLICANT(S), and all present and future owners, lessees and occupants of said land and anyone claiming under said APPLICANT(S), 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 APPLICANT(S) 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 APPLICANT(S); and

8. The DEPARTMENT and APPLICANT(S) shall execute the Farm Dwelling Agreement; and

9. The APPLICANT(S), for themselves (himself/herself), their (his/her) heirs, administrators, successors and assigns, do hereby waive and release the DEPARTMENT and the County of Kauai, a political subdivision of the State of Hawaii, whose principal place of business is 4096 Rice Street, Lihue, Hawaii, 96766, from all claims and causes of action, either legal or equitable, which may hereafter accrue by reason of the DEPARTMENT'S execution of said Farm Dwelling Agreement; and

10. The APPLICANT(S) do(es) hereby promise to indemnify and hold the DEPARTMENT and the County of Kauai, its successors, assigns, officers, employees, agents, attorneys or any other person or legal entity connected with or legally responsible to them, harmless from any and all claims, actions, causes of action, lawsuits, demands or liability for damages of whatever kind and nature, arising out of the DEPARTMENT'S execution of said Farm Dwelling Agreement; and

11. This Agreement shall be a covenant running with the portion of land described in Exhibit A, and shall be binding on APPLICANT(S) and all present and future owners and occupants of said portion of land and any one claiming under APPLICANT(S), their successors, and assigns, as owners or occupants thereof. The APPLICANT(S) further agree(s) to expressly set forth the provisions of this waiver and indemnity agreement in any subsequent conveyance, deed, lease, or rental agreement so as to give effect to said covenant.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.

APPROVED:

Applicant(s)

\_\_\_\_\_  
Planning Director

\_\_\_\_\_  
\_\_\_\_\_

APPROVED AS TO FORM  
AND LEGALITY:

\_\_\_\_\_  
County Attorney

\_\_\_\_\_

STATE OF HAWAII        )  
                              ) ss.  
COUNTY OF KAUAI     )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ 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.

\_\_\_\_\_  
Notary Public, Fifth Judicial Circuit  
State of Hawaii

My commission expires: