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WHAT IS A CPR PROPERTY?

This is a commonly asked question from people looking at properties here on Kauai, especially when that property involves some of the old agricultural areas that were once large sugar plantations. With the closing down of these plantations beginning in the late 1950's, some of these lands, especially up here on the North Shore, have subsequently been subdivided into large parcels of land which, over the years, have been further subdivided into smaller lots. In order to keep the rural atmosphere alive and to encourage agriculture many of these smaller lots were not allowed to be subdivided any further than say twenty five acres. While twenty five acres is not the rule, it will serve as a convenient example for this discussion as it is easy to work with.

Because twenty five acres is a lot of land and was relatively expensive in those early days, a group of Buyers would form a "Hui" (group) to purchase a large lot together. To keep it simple, five Buyers would form a Hui and each buyer would buy five acres of the twenty five acre lot. Generally, they would take ownership of the land as either Tenants in Common or by Joint Tenancy with their partners in the Hui. The down side of owning property in a Hui under these conditions is that it is tantamount to being married to the other partners. What ever happens to one or all of the other partners in terms of law suits or tax liens happens to you as part of the Hui. Further more, the over all twenty five acre property could not be subdivided into smaller lots, and sold off as individual lots by virtue of the County of Kauai Zoning Regulations that are pretty much still in affect.

In order to circumvent all of this, some smart developer or attorney figured out that if it was possible to turn an apartment building into a condominium project and sell off the individual apartment units, why wouldn't the same thing be possible with vacant land? Subsequently we now have Condominium Property Regimes for land parcels here on Kauai. It is very important however, to understand that these CPR properties are "units" like an apartment unit only they exist on land. While these units may be within a much larger lot in an actual subdivision....they are not lots and cannot be further subdivided.

At first glance all of this may seem a little confusing to the Mainland Buyer, however it is an important process to understand as you will find that a good many of the rural properties here on Kauai are in the form of CPR developments. That is not a bad thing as a CPR property can be a very desirable thing to have for a number of reasons.

First, and unlike the old Hui owned properties of years gone by, the newer CPR unit ownership insulates you from your neighbors as a separate property...all be it a unit like an apartment unit. And like an apartment unit in a condo complex, a CPR property is set up according to some very strict guidelines set forth by the State of Hawaii Real Estate Commission which include, among other things, certain rules and regulations that pertain to how the Association Of Apartment Owners (you will see this designation "AOAO" in some of the CPR documents) operate. While these guidelines may seem to be restrictive at first, in a good CPR development, they work to protect the members in the CPR development as they are designed to keep the development up to snuff with respect to certain standards. These standards tend to keep property values up and properties looking nice. I often tell clients who do not like some of the CPR rules and regulations to take a drive through some of the older, post plantation era housing areas here on Kauai where there are no such Covenants, Conditions and Rules (C.C. & R's) and see if they would like living there. How do you tell a neighbor in one of these latter communities who has junked cars parked in his front yard that he has to remove them? You can't, but in a CPR development, and predicated upon the established rules, you can.

While there are a number of other things I could tell you about CPR developments and the subject of a book my attorney and I are writing called "Care And Feeding Of Your CPR Property" suffice it to say there are a few clarifications you need to be aware of at this point. The County of Kauai Planning and Building Departments do not look at your CPR unit as a separate entity when it comes to building permits but rather it looks at the whole lot. This is the only exception to the over all separation rule but a very important one to pay attention to when purchasing a CPR unit. As a quick example, a twenty five acre lot may have five CPR units in it. For most Agriculture zoned lots of this size you are allowed five dwelling units with one unit having guest house rights. If someone in one of the CPR units has illegal structures or an illegal use on his unit and the County Building Inspector becomes aware of it, it will affect you as you may not be able to get a building permit until the violation in the unit in question in your CPR development is corrected. For that reason alone, it is imperative when looking at a CPR unit to purchase, whether it has a home on it or not, that you take the CPR documents to a competent real estate attorney here for review to make certain everything is in order before moving forward with the transaction. Also, it is imperative to check with the County of Kauai Planning and Building Departments to see if there are any "red tagged" properties or use violations in the subject CPR development.

One of the most common problems with older CPR developments is that the CPR documents are not kept up to date as is presently required by the Real Estate Commission. This happens because most CPR owners think that they own a separate lot instead of a unit and simply do not give a rip about all of the paper work. By this point, you can see the error in their thinking and can further understand why a well run CPR association is highly desirable and something to look for when purchasing a CPR property. When CPR owners don't care for one reason or another, I start looking for problems.

In the heat of the battle of a sale of a CPR property many agents will simply slough the pile of CPR documents on their clients and not even go as far as I have here to explain what CPR properties are all about, simply because they themselves are basically ignorant of the facts. They hope that you will become bewildered by the process and by the pile of documents and simply sign off that you have read and accepted these CPR documents when, in fact, most people do not have a clue about what they are getting into. It has always been my position in selling real estate to educate my clients in all aspects of their purchases and or sales as I believe an educated client makes better decisions which makes life easier for me. It also eliminates headaches for everyone down the road. If you have any questions about this aspect of properties here on Kauai or any other property related questions, please do not hesitate to contact me at my e-mail address at the top of the page or by a simple phone call.