

**CONDOMINIUM PUBLIC REPORT**

Prepared & Issued by: (1) As to Apartments 1 through 4, inclusive, and 10; Jacobino and Cresencia Palalay; and (2) as to Apartments 5 through 8, inclusive; Jacobino & Cresencia Palalay, Israel and Victorina Vilorio, Christopher Vilorio, and Christina Vilorio.  
Business Address: 6171 Olohena Road, Kapaa, Hawaii 96746

Project Name (\*): Nawiliwili Estates  
Address: Lot 5 and Lot 45-A between Lihue and Niualu, Lihue, Kauai, State of Hawaii

Registration No. 3641 Effective date: February 14, 2008  
Expiration date: March 14, 2009

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. A Final Public Report will be issued by the developer when complete information is filed.
  - FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.
    - No prior reports have been issued.
    - This report supersedes all prior public reports
    - This report must be read together with \_\_\_\_\_
  - FIRST SUPPLEMENTARY:** (pink) This report updates information contained in the: \_\_\_\_\_
    - Preliminary Public Report dated: \_\_\_\_\_
    - Final Public Report dated: April 25, 1997
    - Supplementary Public Report dated: \_\_\_\_\_
- And
- Supersedes all prior public reports.
  - Must be read together with \_\_\_\_\_
  - This report reactivates the Final Public Report \_\_\_\_\_ 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 586-2643 to submit your request.*

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104/0107

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

- Required and attached to this report as Exhibit "F"                       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:

1. Developers. The Developers of the Project have changed pursuant to a bulk sale of apartments. Apartments 1 through 4, inclusive, and 10 are now owned and being developed by Jacobino and Cresencia Palalay. Apartments 5 through 8, inclusive are now owned and being developed by Jacobino & Cresencia Palalay, Israel and Victorina Viloría, Christopher Viloría, and Christina Viloría. Pages 1, 5, 10, 20, 21, and Exhibit "F" have been revised to indicate this change in ownership.
2. Developers' Address and Telephone Number. The address and telephone number for the Developers has been updated, reflecting the information for the new Developers. Pages 1, 5, 10, and Exhibit "F" have been revised to indicate this change in Developer information.
3. General Contractor. Because construction of all of the Apartments has been completed, there is no longer a general contractor, and this is reflected on Page 5.
4. Attorney for the Developers. The new Developers have a new attorney, and this is reflected on Page 5.
5. Uses Permitted by Zoning. Section III.B has been revised to clarify that the existing buildings/improvements constituting the apartments are storage/agricultural, which are permitted uses under the Project's zoning.
6. Title Report. Section III.E references updated Preliminary Title Reports for Apartments 1 through 8, inclusive, and 10, which are the Apartments still owned by the Developers. The reports are dated October 1, 2007, and were prepared by Title Guaranty of Hawaii, Inc.
7. Status of Construction and Date of Completion or Estimated Date of Completion. Section III.G has been amended and updated to clarify that all of the Apartments are now completed.
8. Escrow Agreement. Section V.A has been revised to show the new Escrow Agreement entered into between the new Developers and Title Guaranty Escrow Services, Inc.
9. Additional Information. Section V.C has been amended to disclose that no reserve study has been done, and that there are separate Developers of the Apartments.
10. Summary of Encumbrances on Title. Exhibit "B" has been amended to reflect items on the updated Preliminary Title Reports, referenced in item 5, above. Revisions to Exhibit F include the deletion of a mortgage in favor of White Rock Limited Partnership; reference to claims arising out of certain cultural and traditional rights; reference to claims for services arising from work on the Project; and notation regarding renovation or construction on the Project. Additions include two amendments to the Declaration (referenced previously on Page 6 of the Final Public Report but which were not included in Exhibit "B"); an Apartment Deed; and a mortgage in favor of Nawiliwili Estates, Inc. (which was subsequently assigned to White Rock Limited Partnership), which will be released of record at closing of the sale of a Apartment.
11. Disclosure Abstract. Exhibit "F" has been updated to reflect the new Developers and a new listing agent.
12. Unit 9. This Public Report does not cover the sale of Unit 9.

SPECIAL ATTENTION

\*\*\*\*\*  
This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

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

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

1. This Public Report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it ensure that all county codes, ordinances, and subdivision requirements have necessarily been complied with.

2. This Project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit as shown on the condominium map is designated as a limited common element and does not represent a legally subdivided lot. The dotted lines on the condominium map merely represent the approximate location of the limited common element assigned to each unit.

3. Facilities and improvements normally associated with County approved subdivisions may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE 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 owner/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 sufficient number of buyers 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 Name\*: (1) As to Apartments 1 through 4, inclusive, and 10: Jacobino and Cresencia Palalay; and (2) as to Apartments 5 through 8, inclusive: Jacobino & Cresencia Palalay, Israel and Victorina Viloría, Christopher Viloría, and Christina Viloría. Phone: (808) 822-1638 (Business) Name\*

6171 Oloheña Road, Kapaa Hawaii 96746 Business Address

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):

None

Real Estate Broker\*: Kauai Realty, Inc. Name Phone: (808) 245-1651 (Business) 2970 Kress St. Business Address Lihue, HI 96766

Escrow Title Guaranty Escrow Services, Inc. Name Phone: (808) 245-3381 (Business) 4414 Kukui Grove, Ste. 204 Business Address Lihue, HI 96766

General Contractor\*: None. Name Phone: (Business) Business Address

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

Attorney for Developer: (Leila Rothwell Sullivan) Schneider Tanaka Radovich Andrew & Tanaka, LLLC Name Phone: (808) 792-4200 (Business) 1100 Alakea Street, Suite 2100 Business Address Honolulu, Hawaii 96813

\* 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. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2331839

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

- FIRST AMENDMENT TO NAWILIWILI ESTATES DECLARATION OF CONDOMINIUM PROPERTY REGIME recorded 3/21/97 as Land Court Document No. 2371308 and noted on TCT No. 340124;
- SECOND AMENDMENT TO NAWILIWILI ESTATES DECLARATION OF CONDOMINIUM PROPERTY REGIME recorded 4/21/97 as Land Court Document No. 2376531 and noted on TCT No. 340124.

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. \_\_\_\_\_  
 Filed - Land Court Condo Map No. 1164

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. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. 2331840

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

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%*	<u>65%</u>
House Rules	---	<u>Majority vote of Board</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:

Developer has reserved the right to alter the apartments in the Project and amend the Declaration and Condominium Map in accordance therewith under Paragraph 14.0 of the Declaration and to amend the Declaration and Condominium Map in connection with the filing of the "as-built" verified statement under Paragraph 21.0 of the Declaration.

Prior to the first conveyance of an apartment in the Project to a purchaser unrelated to the Developer, Developer may unilaterally amend the Declaration, Bylaws and Condominium Map. There are additional reservations in favor of the Developer and covenants with a purchaser should be aware of which deal with the acquisition of building permits and making improvements to the common elements and/or limited common elements of the Project in paragraph 23.0 of the Declaration and the granting of easements and rights of way over the common elements in paragraph 22.0 of the Declaration.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

**Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:     Monthly                     Quarterly  
                                  Semi-Annually             Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month  Year

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:     Canceled                     Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

**Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.**

Exhibit \_\_\_\_\_ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:     Monthly                     Quarterly  
                                  Semi-Annually             Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  Month  Year

[ ] Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

**B. Underlying Land:**

Address: Lot 5 and Lot 45-A, between Lihue and Niumalu, Lihue, Kauai, State of Hawaii (4) 3-2-007-018-001 through Tax Map Key (TMK): -008, and (4) 3-2-007-018-0010\*

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

Land Area: 60.764 [ ] square feet [ X ] acre(s) Zoning: open

\*The Tax Map Key numbers are only for those Apartments still owned by the Developers, which are Apartments 1 through 8, inclusive, and Apartment 10. Apartment 9, the TMK No. of which is (4) 3-2-007-018-009, has been conveyed to a third-party purchaser.

Fee Owner: As to Apartments 1 through 4, inclusive, and 10:  
Name\* Jacobino and Cresencia Palalay;

As to Apartments 5 through 8, inclusive:  
Jacobino & Cresencia Palalay, Israel and Victorina Viloría, Christopher Viloría, and Christina Viloría

\* The Fee Owners listed above refer to the Developers, who own Apartments 1 through 8, inclusive, and Apartment 10. Apartment 9 has been conveyed to a third-party purchaser.

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: 23 Floors Per Building: 1  
 Exhibit \_\_\_\_\_ contains further explanations.
3. Principal Construction Material:  
 Concrete  Hollow Tile  Wood  
 Other metal
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 type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other (Storage/Agricultural)	<u>10</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: \_\_\_\_\_
- Number of Occupants: \_\_\_\_\_
- Other: Raising of pigs and bees prohibited.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers): SEE EXHIBIT C

Elevators: \_\_\_\_\_ Stairways: \_\_\_\_\_ Trash Chutes: \_\_\_\_\_

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identity)</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 10

**\* 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: Each apartment shall include all buildings (exterior and interior) comprising the apartment, including but not limited to, the exterior finished surfaces of its perimeter walls, roof, foundations, floor, doors and structural walls. The respective apartments shall not be deemed to include any pipes, shafts, ducts, pumps, wires, conduits, other utility or service lines which are located in the common elements or utilized for or serve more than one apartment, all of which shall be common elements as hereinafter provided.

Permitted Alterations to Apartments:

Apartments may be altered in accordance with the Declaration, the Building Code, Zoning and Subdivision Ordinances, and Building and House Rules.

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 . Developer has N/A elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: \_\_\_\_\_ \*

	<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: \*All apartments have ample area within their limited common elements for parking purposes.

Total Covered & Open: \_\_\_\_\_

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)

\* Certain improvements owned by the present owner of Apartment 9 are located may be located on the boundary of the limited common element land area of Apartment 9 and encroaching onto adjacent property not owned by the developer. Any continuing encroachment is the responsibility of the Apartment 9 owner, and the developer is not obligated to resolve this issue.

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):

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	X	_____	_____
Structures	X	_____	_____
Lot	X	_____	_____

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 \_\_\_\_\_.

as follows: Common Elements. The common elements of the Project consist only of the

following:

- (a) All of the Land, in fee simple.
- (b) The limited common elements described in below in Section D.2.
- (c) The central and appurtenant facilities for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities when and only when those items are on shared installations.
- (d) The main roadway servicing the apartments as shown on the Condominium Map.
- (e) All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

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 \_\_\_\_\_.

as follows:

The land area surrounding and under each apartment is a limited common element of each respective apartment and is for the exclusive use of said apartment, for the support of the building(s) and other improvements comprising said apartment and for driveway, parking and yard purposes. The limited common element area appurtenant to each apartment is set forth in Exhibit "A", attached hereto and by reference made a part hereof.

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 "A".

as follows:

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "B" describes the encumbrances against the title contained in the title reports dated October 1, 2007 and issued by Title Guaranty of Hawaii, Inc.

\*\* Note that the Developers have conveyed Apartment No. 9 to a third party purchaser and, as of the date of this Report, own only Apartments 1 through 8, inclusive, and Apartment 10. The title reports cover only those Apartments still owned by the Developer.

**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 in favor of White Rock Limited Partnership	The purchaser's interest may be affected if there is a default and foreclosure of this mortgage. Upon the conveyance of an apartment to a purchaser, however, the apartment will be released from the lien of the mortgage.

**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:

N/A

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

Apartments 1, 2, 5, 6 and 10 have been completed. With respect to Apartment 3, the Developer discloses that a foundation for a single-family dwelling has been completed (Affidavit of Publication of Owner's Notice of Completion of Contract filed on January 29, 1996), but that no further work will be done to this improvement. Apartment 3, which includes 3 storage structures, a structure with a toilet and the foundation for a dwelling will be sold "as is, where is" without any warranties.

The existing storage structures in Apartments 3, 4, 7, 8 and 9 were built at various times as follows:

Apartment 3	Apartment 4	Apartment 7	Apartment 8
Building A - 1945	Building A - 1945	Building A - 1941	Building A- 19
" B - 1940	" B - 1945	" B - 1942	
" C - 1941	" C - 1941	" C - 1940	Apartment 9
" D - 1941	" D - 1940	" D - 1940	Apartment 9
	" E - 1945	" E - 1941	Building A- 19
			" B- 19

**H. Project Phases:**

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

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

The Developer has reserved the right to create one or more additional apartments from certain existing apartments it owns, so long as the total common interests appurtenant to the new apartments shall equal the common interest appurtenant to the original apartment as set forth in Exhibit "A", attached hereto.

A similar right is also reserved for the owner (other than the Developer) of said apartments, subject to compliance with Paragraph 14.0 of the Declaration of Condominium Property Regime and all federal, state and county laws. Only four (4) of the ten (10) apartments are allowed to create additional apartments and the Declaration limits the number of additional apartments which can be created from these four (4) existing apartments. See Exhibit "C", attached to the Declaration, as amended.

ALTHOUGH THE DECLARATION PROVIDES FOR THE MECHANISM TO DO THIS, THERE IS NO GUARANTY OR ASSURANCE THAT ADDITIONAL APARTMENTS CAN BE CREATED FROM EXISTING APARTMENTS AND THE PURCHASER ASSUMES THE FULL RISK IF, FOR ANY REASON, LEGAL OR OTHERWISE, ADDITIONAL APARTMENTS CANNOT BE CREATED OR ARE NOT ALLOWED. PURCHASER IS STRONGLY ADVISED TO CONSULT WITH ALL THE APPROPRIATE FEDERAL, STATE AND COUNTY GOVERNMENTAL AGENCIES WITH JURISDICTION OF THE FOREGOING AND OTHER MATTERS OF CONCERN PRIOR TO PURCHASE OF AN APARTMENT, AND BEFORE CONSTRUCTION. SEE ALSO PARAGRAPH C, PAGE 20 OF THIS FINAL PUBLIC REPORT FOR ADDITIONAL INFORMATION.

**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 the Developer's affiliate  
 self-managed by the Association of Apartment Owners  Other: \_\_\_\_\_

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

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

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

Exhibit "C" 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 "D" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 1, 2007  
Exhibit "E" contains a summary of the pertinent provisions of the escrow agreement.
- Other \_\_\_\_\_

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

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

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

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 agents, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)  
 Website to access unofficial copy of laws: [www.hawaii.gov/dcca/hrs](http://www.hawaii.gov/dcca/hrs)  
 Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

This Public Report is a part of Registration No. 3641 filed with the Real Estate Commission on October 21, 1996.

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**

SUBJECT TO ALL EXISTING LAWS, OWNERS MAY CONSTRUCT ADDITIONAL STRUCTURES AND/OR IMPROVEMENTS WITHIN AN APARTMENT'S LIMITED COMMON ELEMENT LAND AREA OR ALTER EXISTING STRUCTURES AND/OR IMPROVEMENTS WITHIN THE LIMITED COMMON ELEMENT LAND AREA. EACH OWNER IS SOLELY RESPONSIBLE FOR OBTAINING ALL REQUIRED GOVERNMENTAL APPROVALS AND PERMITS PRIOR TO SUCH ALTERATION OR CONSTRUCTION. OWNERS SHALL ASSUME THE RISK OF CHANGES IN THE REQUIREMENTS FOR THE ISSUANCE OF THE GOVERNMENTAL APPROVALS AND PERMITS FOR ANY STRUCTURE OR IMPROVEMENT THAT THE OWNER DESIRES TO CONSTRUCT IN ADDITION TO WHAT ALREADY EXISTS IN THE APARTMENT. PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT WITH THE APPROPRIATE KAUAI COUNTY AGENCY WITH JURISDICTION OF THE FOREGOING AND OTHER MATTERS OF CONCERN PRIOR TO PURCHASE OF AN APARTMENT, AND BEFORE CONSTRUCTION.

PROSPECTIVE PURCHASERS ARE ADVISED THAT THIS PROJECT IS COMPRISED OF APARTMENTS EACH OF WHICH INCLUDE ONE OR MORE BUILDINGS SUITABLE ONLY FOR STORAGE USE ON LAND DESIGNATED AS A LIMITED COMMON ELEMENT AS DESCRIBED IN THE DECLARATION OF CONDOMINIUM PROPERTY REGIME AND AS SHOWN ON THE CONDOMINIUM MAP RECORDED IN CONNECTION WITH THIS PROJECT.

1. Purchaser should investigate the availability of water for future development and use prior to purchase of an apartment. Purchasers are advised that only some of the apartments are equipped with a water meter, and that it is the purchasers' responsibility to obtain a water meter for use on the purchasers' apartment and limited common element.
2. Developer discloses that, at the present time, no "reserve study" was done in accordance with Hawaii Revised Statutes section 514A-83.6, and replacement reserve rules, Hawaii Administrative Rules Subchapter 6, Title 16, Chapter 107.
3. Currently, the development of Apartments 1 through 4, inclusive, and 10 is being undertaken by Jacobino and Cresencia Palalay. Development of Apartments 5 through 8, inclusive, is being undertaken by Jacobino & Cresencia Palalay, Israel and Victorina Viloría, Christopher Viloría, and Christina Viloría. Jacobino and Cresencia Palalay, however, intend to convey a portion of their interest in Apartments 1 through 4, inclusive, and 10 to Israel and Victorina Viloría, Christopher Viloría, and Christina Viloría. Upon such conveyance, the developers of all of the Apartments in the Project will be the same. Until such time as this conveyance occurs, however, the developer of each of its respective Apartments is solely responsible for the development of its respective Apartments.

- 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.

**As to Apartments 1 through 4, inclusive, and 10: Jacobino and Cresencia Palalay;  
as to Apartments 5 through 8, inclusive: Jacobino & Cresencia Palalay, Israel and Victorina  
Viloria, Christopher Viloria, and Christina Viloria**

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Printed Name of Developer

By: Victorina Viloria 2/5/08  
Duly Authorized Signatory\* Date

---

Victorina Viloria  
Printed Name & Title of Person Signing Above

By: Jacobino Palalay 2/5/08  
Duly Authorized Signatory\* Date

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Jacobino Palalay  
Printed Name & Title of Person Signing Above

By: Cresencia Palalay 2/5/08  
Duly Authorized Signatory\* Date

---

Cresencia Palalay  
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"

LIMITED COMMON ELEMENTS AND COMMON INTEREST

<u>Apartment</u>	<u>Land Area</u>	<u>Percentage Interest</u>
1	13.068 acres	23
2	23.343 acres	41
3	1.262 acres	2
4	1.514 acres	3
5	4.165 acres	7
6	7.397 acre	13
7	0.716 acres	2
8	1.171 acres	2
9	0.502 acres	2
10	<u>2.723 acres</u>	<u>5</u>
	55.861 acres	100%

EXHIBIT "B"  
ENCUMBRANCES AGAINST TITLE  
APARTMENTS 1 THROUGH 8, INCLUSIVE, AND 10

Note that the Developers have conveyed Apartment No. 9 to a third party purchaser and, as of the date of this Report, own only Apartments 1 through 8, inclusive, and 10. The title reports cover only those Apartments still owned by the Developer.

1. Real Property Taxes, if any, that may be due and owing.
2. -AS TO PARCEL FIRST (LOT 5):-  
  
Road easement over said Lot 5 as shown on the map as a portion of Easement "CC" in favor of the Kaleipua Kanoa Estate.
3. -AS TO PARCEL SECOND (LOT 45-A):-
  - (A) Free flowage of Nawiliwili Stream and ditch as shown on Tax Map.
  - (B) Designation of Easement "G" (20 feet wide), in favor of the State of Hawaii, as shown on Map 17, as set forth in Land Court Application No. 957.
  - (C) Designation of Easement "CC", Parts 1 and 2 (10 feet wide) as shown on Map 17, as set forth in Land Court Order No. 32721, filed February 3, 1971.
  - (D) Designation of Easement "P" (10 feet wide) as shown on Map 17, as set forth in Land Court Order No. 32721, filed February 3, 1971.
  - (E) GRANT in favor of ROY JOSEPH CAMARA and LISA LEIKO CAMARA, husband and wife, dated January 14, 1991, recorded as Document No. 91-019667; granting Easement "AU", containing an area of 427 square feet, more or less, over Tax Key: (4) 3-2-6-5, in favor of (4) 3-2-6-25, and being more particularly described therein. (Not noted on Transfer Certificate(s) of Title referred to herein)
4. WAIVER AND RELEASE dated April 29, 1996, recorded as Document No. 96-061676 by NAWILIWILI ESTATES, INC. and the DEPARTMENT OF PUBLIC WORKS OF THE COUNTY OF KAWAUI; re: water services.  
  
(Not noted on Transfer Certificate(s) of Title referred to herein)
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR  
"NAWILIWILI ESTATES" CONDOMINIUM PROJECT

DATED : July 29, 1996

FILED : Land Court Document No. 2331839

MAP : 1164 and any amendments thereto

Said Declaration was amended by instruments dated March 12, 1997, filed as Land Court Document No. 2371308, and dated April 11, 1997, filed as Land Court Document No. 2376531.

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS  
DATED : July 29, 1996  
RECORDED : Document No. 2331840

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Apartment Deed dated December 11, 2002, filed as Land Court Document No. 2873340.

8. PURCHASE MONEY MORTGAGE

MORTGAGOR : JACOBINO AGUINALDO PALALAY and CRESENCIA AGUINALDO PALALAY, husband and wife

MORTGAGEE : NAWILIWILI ESTATES, INC., a Hawaii corporation

DATED : December 18, 2002  
FILED : Land Court Document No. 2873341  
AMOUNT : \$1,190,000.00 - covers the premises described herein, besides other premises

ABOVE MORTGAGE ASSIGNED

TO : WHITE ROCK LIMITED PARTNERSHIP, a Hawaii limited partnership

DATED : December 31, 2002  
FILED : Land Court Document No. 3188133

EXHIBIT "C"  
DESCRIPTION OF APARTMENTS

(a) Apartments 1, 2, 5, 6 and 10. A separate free standing one-story storage structure without a basement constructed principally of metal with a wooden frame and concrete footings, containing approximately eighty (80) square feet of net storage area.

(b) Apartment 3. Four separate free standing one-story buildings without basements and a foundation for a dwelling with approximately 1130 square feet of net living area. Buildings A through D, inclusive, are constructed principally of wood and corrugated metal roofing. Building A has a toilet with approximately 16 square feet of area; Building B contains approximately 94 square feet of storage area; Building C contains approximately 269 square feet of storage area; and Building D has three rooms with approximately 503 square feet of storage area.

(c) Apartment 4. Five separate free standing one-story buildings without basements constructed principally of wood and corrugated metal roofing as follows: Building A has approximately 76 square feet of storage area; Building B has approximately 219 square feet of storage area; Building C has approximately 126 square feet of storage area; Building D has nine rooms and contains approximately 1237 square feet of storage area, plus a deck of approximately 69 square feet; and Building E has five rooms, an open side covered storage area and a separate toilet room, containing approximately 858 square feet of storage area.

(d) Apartment 7. Five separate free standing one-story buildings without basements constructed principally of wood and corrugated metal roofing as follows: Building A has approximately 315 square feet of storage area; Building B has approximately 48 square feet of storage area; Building C has four rooms containing approximately 390 square feet of storage area; Building D has four rooms containing approximately 363 square feet of storage area; Building E is a utility shed containing approximately 96 square feet of area.

(e) Apartment 8. A separate free standing one-story building without a basement constructed principally of wood, glass, composition shingles and corrugated metal roofing and containing four storage rooms, a toilet room and a deck. Apartment 8 contains approximately 543 square feet of net storage area, plus a deck of approximately 84 square feet.

(f) Apartment 9. Two separate free standing one-story buildings without basements, constructed principally of wood, drywall and glass. Building A has four rooms and a bathroom containing approximately 548 square feet of storage area, plus a deck of approximately 127 square feet. Building B has four rooms and a shower room containing approximately 641 square feet of storage area, plus a deck of approximately 83 square feet.

## EXHIBIT "D"

### Summary of Sales Contract

The Sales Contract contains the price and other terms and conditions under which a buyer will agree to buy an apartment in the Project. Among other things, the Sales Contract says:

(a) A buyer must obtain his own financing. An application for a mortgage loan must be submitted within ten (10) days after notification by Seller and if final approval is not received within thirty (30) days after submission of the application, then the Seller may terminate the contract. Buyer acknowledges that this Sales Contract is contingent upon any financing after issuance of the final public report.

(b) That the buyer's money will be held in escrow, under the terms of the Escrow Agreement.

(c) That the interest on deposits shall belong to the seller.

(d) That the apartment will be subject to various legal documents, including the Declaration, Bylaws, Final Public Report, Escrow Agreement, Apartment Deed, Certificate of Architect and Condominium Map, and any other documents which the buyer is given a copy of and for which he has received.

(e) That the buyer must close the purchase on a date certain and pay closing costs, in addition to the purchase price.

(f) If the buyer defaults, and the seller is not in default, seller may terminate the Sales Contract and retain Buyer's deposits as liquidated damages. Seller may in addition pursue any other remedy, and all costs by reason of such default shall be borne by Buyer.

(g) If the buyer has made all payments required under the Sales Contract, the buyer shall be entitled to seek specific performance.

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

Exhibit "E"  
Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral third party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) A refund of purchaser's funds will be made upon request by purchaser under the following conditions:
  - 1. Escrow receives a written request from seller to return purchaser's funds held by Escrow; or
  - 2. Escrow receives written notification of seller's exercise of any option to rescind the Sales Contract; or
  - 3. The conditions providing for a refund under Sections 514A-62 or -63 of the Condominium Property Act have been met.
- (d) Upon a purchaser's default under the Sales Contract, the purchaser's funds will be retained by the Seller as liquidated damages.

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

EXHIBIT "F"  
DISCLOSURE ABSTRACT  
NAWILIWILI ESTATES  
REGISTRATION NO. 3641

DISCLOSURE STATEMENT AS OF October 19, 2007

1. Name of Project: NAWILIWILI ESTATES
2. Location: Nawiliwili, Lihue, Kauai, Hawaii 96766
3. Name of Developer: As to Apartments 1 through 4, inclusive, and 10: Jacobino and Cresencia Palalay; and as to Apartments 5 through 8, inclusive: Jacobino & Cresencia Palalay, Israel and Victorina Viloría, Christopher Viloría, and Christina Viloría
4. Address: 6171 Olohena Road, Kapaa, Hawaii 96746
5. Telephone: (808) 822-1638
6. Listing Agent: Kauai Realty, Inc.
7. Address: 2970 Kress Street, Lihue, Kauai, Hawaii 96766
8. Maintenance Fees: See Exhibit "1", attached hereto and made a part hereof.
9. Commencement of Maintenance Fees: At such time that the first sale of an apartment is closed.
10. Warranties: None.
11. Project: The Project is a fee simple condominium project consisting of ten (10) apartments, each of which include one or more free standing detached structures for storage use only on land designated as limited common element in the Declaration of Condominium Property Regime (the "Declaration"). As disclosed on page 16 of the Supplementary Public Report and Paragraph 14.0 of the Declaration, the Developer or an apartment owner may create additional apartments from an existing apartment, provided, among other things, that the common interest appurtenant to the newly created apartments is equal to the common interest appurtenant to the original existing apartment and the apartment owner indemnify the Developer and the Association from any claims which arise from the creation of additional apartments by said apartment owner. The land is zoned open by the County of Kauai.

DATED: Kapaa, Hawaii, October 29, 2007.

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

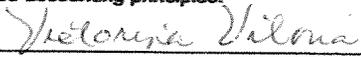
<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
1	256.45	3,450.00
2	457.15	6,150.00
3	22.30	300.00
4	33.45	450.00
5	78.05	1,050.00
6	144.95	1,950.00
7	22.30	300.00
8	22.30	300.00
9	22.30	300.00
10	55.75	750.00
Total	1,115.00	15,000.00

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly x 12 months = Yearly Total</u>	
Utilities and Services	0	0
Air Conditioning		
Electricity		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas		
Refuse Collection		
Telephone		
Water and Sewer		
Maintenance, Repairs	0	0
Building		
Grounds		
Supplies	0	0
Management		
Property Management	150.00	1,800.00
Management Fee		
Payroll and Payroll Taxes		
Office Expenses		
Insurance		
AOA Property Liability	1,000.00	12,000.00**
Insurance		
Reserves(*)		
Improvement Reserve	0	0
Taxes and Government Assessments		
Audit Fees		
Other		
Accountant and Legal	100.00	1,200.00
TOTAL	1,115.00	15,000.00

I, Victoria Victoria, as authorized signatory for the Developer for the condominium project Nawiliwili Estates, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

  
 Date 10/29/07

\* Developer discloses that, at the present time, no "reserve study" was done in accordance with Hawaii Revised Statutes section 514A-83.6, and replacement reserve rules, Hawaii Administrative Rules Subchapter 6, Title 16, Chapter 107.

\*\* Pursuant to Section 12 of the Declaration, the Association may require each apartment owner to maintain his or her own liability insurance for personal injury and property damage in lieu of the Association maintaining such insurance. In such a case, the amount for this line item will be \$0.