CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: JAMES MG2, LLC, a Nevada limited liability company, Roy Chambers, and Lynne Chambers
Address: c/o P.O. Box 1631
Kilauea, Hawaii 96754

Project Name(*): NAHELE LIHI
Address: Kapaka Street
Princeville, Kauai, Hawaii

Registration No. 4287

Effective date: September 28, 2004
Expiration date: October 28, 2005

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, in any, of the project or of purchasing an apartment in the project.

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

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

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

Type of Report:

___ PRELIMINARY: The developer may not as yet have created the condominium but has filed with the (yellow) 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 information (white) with the Commission.
[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.

_X_ SUPPLEMENTARY: (pink) This report updates information contained in the:
[ ] Preliminary Public Report dated:
[X] Final Public Report dated: December 13, 1999
[ ] Supplementary Public Report dated:

And
[X] 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 586-2643 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report As Exhibit "G"

[ ] Not required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

[ ] No prior reports have been issued by the developer.
[X] Changes made are as follows:

Due to the subsequent sale of Units 1-5, the Developer of the Project is no longer Kapaka Road Partnership and is now JAMES MG2, LLC, Roy Chambers and Lynne Chambers.

The Declaration of Condominium Property Regime of NAHELE LIHI and Condominium Map were amended to reflect minor changes in the allocation of percentage of Common Interest, restrictions for the construction of buildings, creation of a new unit, alter the building envelope provisions, abandonment of a mandatory forestry plan and to provide for the construction and maintenance of a common element entrance gate. Accordingly, a summary of the specific changes are as follows:

a. Reallocation of the limited common element area of Unit 2 from 3.452 acres to 2.100 acres. The 1.352 acres from the reallocation resulted in the creation of an additional limited common element referred to as Unit 6.
b. Unit 6 has been assigned the Guest House rights for the project and currently contains a shade structure with an area of 16 square feet.
c. Easement "U-3" was created to provide a utility easement to Unit 6 and Easement "A-1" was created to provide a utility and access easement to Unit 6.
d. The Common Interest assigned to each unit was changed to reflect an equal one sixth ownership for all six units.
e. The Condominium Map was amended to reflect the above-indicated changes.
f. Multiple construction and development provisions were changed or added.
g. Participation in the Forestry Stewardship aspects of this Project have been made optional.

THE FOREGOING CHANGES ARE MORE PARTICULARLY SET FORTH IN THE FIRST AND SECOND AMENDMENTS TO THE DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR NAHELE LIHI AND CONDOMINIUM MAP NO. 2992, FILED IN THE BUREAU OF CONVEYANCES, STATE OF HAWAII. Prospective purchasers should contact the County of Kauai or their own attorney as to current legal status.

SPECIAL NOTICE:

This Public Report does not constitute an approval of the project nor that all County Codes, Ordinances and subdivision requirements have been complied with. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map (Exhibit A) are for illustration purposes only. 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 roadways. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted lines on the Condominium Map merely represent the location of the limited common element assigned to each unit.

THIS IS A CONDOMINIUM PROJECT, NOT A SUBDIVISION. THERE ARE COUNTY RESTRICTIONS ON THE NUMBER OF FARM DWELLING UNITS, OR OTHER STRUCTURES, WHICH MAY BE BUILT UPON THE PROPERTY. THEREFORE, UNLESS THE PURCHASER IS PURCHASING AN EXISTING FARM DWELLING, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A FARM DWELLING UNIT ON THE PROPERTY. THERE ALSO 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 DWELLING UNIT, OR ANY OTHER TYPE OF STRUCTURE, UPON THE PROPERTY.

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 of 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:	Amended Condominium Map and Limited Common Element Locations
EXHIBIT B:	Summary of Addendum to Sales Contract
EXHIBIT C:	Schedule of Apartments and Common Interest
EXHIBIT D:	Summary of Portions of Escrow Agreement
EXHIBIT E:	Common Elements and Limited Common Elements of the Project
EXHIBIT F:	Encumbrances Against Title
EXHIBIT G:	Amended Disclosure Abstract
EXHIBIT H:	Estimate of Initial Maintenance Fees & Estimate of Maintenance Fee Distributions
EXHIBIT I:	County of Kauai Planning Department Summary of Guest House Restrictions
EXHIBITJ:	Summary of Agricultural Restrictions
EXHIBIT K:	Memorandum from the County of Kauai Planning Department dated November 30, 1999

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: JAMES MG2, LLC, a Nevada limited liability company, Phone: (702) 286-0200
Roy Chambers and Lynne Chambers
Name*

c/o P.O. Box 1631
Kilauea, HI 96754
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):

JAMES MG2, LLC: James M. Gair, manager

Real Estate Broker*: Kauai Tropical Properties, Inc., Phone: (808) 826-7244
Name
P.O. Box 930
Business Address
Hanalei, Hawaii 96714

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

General Contractor*: None Phone: _____
Name

Business Address

Condominium Managing Agent*: Self-Managed by the Association of Apartment Owners Phone: _____

Business Address

Attorney for Developer: Steven R. Lee, Esq. Phone: (808) 246-1101
Name
4473 Pahe'e Street, Suite L
Business Address
Lihue, Hawaii 96766

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

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 99-175438
Book Page
[ ] Filed - Land Court: Document No.

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

First Amendment to the Declaration of Condominium Property Regime of NAHELE LIHI (A Forest Stewardship Agricultural Project), dated January 9, 2003 and recorded as Document No. 2003-019594 on February 3, 2003.

Second Amendment to the Declaration of Condominium Property Regime and Condominium of NAHELE LIHI (A Forest Stewardship Agricultural Project), dated March 6, 2004 and recorded as Document No. 2004-061344 on March 25, 2004.

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
[X] Recorded - Bureau of Conveyances Condo Map No. 2992
[ ] 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]:

First Amendment to the Declaration of Condominium Property Regime of NAHELE LIHI (A Forest Stewardship Agricultural Project), dated January 9, 2003 recorded as Document No. 2003-019594 on February 3, 2003.

Second Amendment to the Declaration of Condominium Property Regime and Condominium of NAHELE LIHI (A Forest Stewardship Agricultural Project), dated March 6, 2004 and recorded as Document No. 2004-061344 on March 25, 2004.

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
[X] Recorded - Bureau of Conveyances: Document No. 99-175439
Book Page
[ ] Filed - Land Court: Document No.

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

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

The House Rules for this condominium are:

[ ] Proposed [x] 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 interests which must vote for or give written consent to changes:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	----	75%

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

2. Developer

[X*] 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:

*Prior reservation has expired by transfer of Developer's title to new purchasers of units in the Project.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[X] 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 explanation 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: Kapa'ka Street
Princeville, Kauai, Hawaii

Tax Map Key: (TMK): (4) 5-3-008-022
CPR No.s: 001, 002, 003, 004 & 005

[X] Address [X] TMK is expected to change because Units 1-5 were assigned separate street addresses and TMK#s and the newly created Unit 6 will be assigned its own street address and TMK# as well

Land Area: 25.00 [ ] square feet [X] acre(s) Zoning: Agriculture/Open

Fee Owners:

Unit 1: James MG2 LLC
James Gair, Manager
5192 Las Vegas Blvd. South
Las Vegas, NV 89119

Unit 2: Roy & Lynn Chambers
P.O. Box 1631
Hanalei, HI 96714

Unit 3: Robert & Lynne Isom
P.O. Box 1239
Kilauea, HI 96754

Unit 4: Wendy Oates-Devore
4170 Kalani Place
Princeville, HI 96722

Unit 5: Greg & Ruth Fassett
1244 N. Coat Highway
Laguna Beach, CA 92651

Unit 6: James MG2, LLC, Roy & Lynn Chambers, The Isom Family Trust, Wendy Oates-Devore, and Greg & Ruth Fassett
P.O. Box 1631
Hanalei, HI 96714

Lessor: N/A

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 6 shade structures Floors Per Building : 1

[X] Exhibit "C" contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [ ] Wood

[X] Other Metal Posts and Shade Cloth

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted by Zoning	
[ ] Residential		[ ] Yes	[ ] No
[ ] Commercial		[ ] Yes	[ ] No
[ ] Mix Res/Comm		[ ] Yes	[ ] No
[ ] Hotel		[ ] Yes	[ ] No
[ ] Timeshare		[ ] Yes	[ ] No
[ ] Ohana		[ ] Yes	[ ] No
[ ] Industrial		[ ] Yes	[ ] No
[X] Agricultural	6	[X] Yes	[ ] No
[ ] Other:		[ ] Yes	[ ] No

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

NOTE: The subject property is within the State Land Use Agricultural District and is zoned Agricultural by the County of Kauai. "Farm Dwellings" and other structures appropriate to agricultural usage are permitted, subject to certain guidelines. See the disclosures on Page 2 (Special Attention) and Page 20 of this Supplementary Public Report.

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:

[X] Pets: Domestic pets are permitted but are restricted to no more that 3 dogs, four horses, and four cats. Animals raised for commercial or agricultural purposes are also restricted and "exotic" animals which make unusual or loud sounds that disturb other owners or emit objectionable odors to owners are prohibited.

[ ] Number of Occupants: _____

[ ] Other: Agricultural Restrictions. (See Exhibit "F") and Guest House Restrictions, applicable to Unit 6. (See Exhibit "H")

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identify
Units 1-6	6	0	0	16	Shade Structures

Total number of Apartments: 6

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

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

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

Permitted Alterations to Apartments: Permitted alterations to apartments are as allowed by County of Kauai zoning ordinances and recorded restrictions on the project, if any. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime will be required to disclose actual improvements as a matter of public record.

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: 0

	Regular		Compact		Tandem		TOTAL
	Covered	Open	Covered	Open	Covered	Open	
Assigned (for each unit)	0*						0
Guest							
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open:	0			0		0	0

*There is ample room for parking of two or more vehicles on each unit's limited common element

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:

[X] 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

[X] 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):

N/A

11. Conformance to Present Zoning Code

a. [X] 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:

	Conforming	Non-Conforming	Illegal
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 Interests:**

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

[X] *described in Exhibit E.

[ ] as follows:

*Note: The common elements have been amended by the Second Amendment to the Declaration of Condominium Regime NAHELE LIHI and Condominium Map No. 2992.

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.

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

[X] *described in Exhibit E.

[ ] as follows:

*Note: The Limited Common Elements have been amended by the Second Amendment to the Declaration of Condominium Regime of NAHELE LIHI and Condominium Map No. 2992.

3. Common Interests: Each apartment will have an undivided fractional interests in all of the common elements. This interest is called the "common interests." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[ ] described in Exhibit C.

[X] as follows:

Unit 1 – 16th
Unit 2 – 1/6th
Unit 3 – 1/6th
Unit 4 – 1/6th
Unit 5 – 1/6th
Unit 6 – 1/6th

*Note: The Common Interests have been amended by the Second Amendment to the Declaration of Condominium Regime of NAHELE LIHI.

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 on or your purchase and ownership of an apartment in the project.

Exhibit "F" describes the encumbrances against the title contained in the status title report dated March 31, 2004 and issued by Title Guaranty of Hawaii, Inc..

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.

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

[ ] 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.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

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 Completion Date:**

Units 1-5 (shade structures) were completed in October 1999.
Unit 6 (shade structure) was completed in January of 2004.

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 affiliated 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
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] Other

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

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

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

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

C. **Utility Charges for Apartments:**

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

[X] 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

[X] Specimen Sales Contract
Exhibit "C" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated October 25, 1999.
Exhibit "D" contains a summary of the pertinent provisions of the escrow agreement.

[X] Other: Forest Stewardship Management Plan and Declaration of Restrictive Covenants and Conditions, and 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 the 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 given an effective date be 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: Forest Stewardship Management Plan

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. 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
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 4287 filed with the Real Estate Commission on November 2, 1999.

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

[ ] YELLOW paper stock [ ] WHITE paper stock [X] PINK paper stock

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

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. To determine whether your expectations can be realized, you should carefully review the contents of this Report. You should also conduct your own investigations and ascertain the validity of information provided.

As to all units, it is anticipated that the initial improvements on each unit will be replaced by or supplemented with a farm dwelling. The prospective purchaser shall have the right to build such farm dwelling at purchaser's expense. The purchaser shall also, in such event, file the "as built" certificate within thirty days of completion of the farm dwelling in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the farm dwelling. The County of Kauai Planning Department requires, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement, authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the Declaration and the By-laws ("condominium documents"). In most cases a farm dwelling may not be constructed unless a unit owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval.

Except as limited specifically by the condominium documents and subdivision restrictive covenants, all uses permitted in the agricultural and open zones are permitted. Uses in one zone are not the same as in the other, and the prospective purchaser should consult the appropriate county agency for information on uses and construction in the respective zones. There is only a very small section of Unit 3 in the Open Zone, virtually all is agricultural.

A buyer should understand that all development and use of the property shall be in compliance with County codes and ordinances, that owners in this condominium project will not necessarily receive the same County benefits as owners of approved subdivided lots and that owners who develop their limited common element later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations.

This project is entitled to one guest house. The right to construct the guest house is Assigned to Unit 6. This right may be assigned to any other unit in the project, by written agreement which is recorded in the Bureau of Conveyances, State of Hawaii.

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.

JAMES MG2, LLC
Printed Name of Developer*

By: JAMES M. GAIR
Its: Manager

3-29-04
Date

ROY CHAMBERS
Printed Name of Developer

ROY CHAMBERS

3-29-04
Date

LYNNE CHAMBERS
Printed Name of Developer

Lynne Chambers
LYNNE CHAMBERS

3-29-04
Date

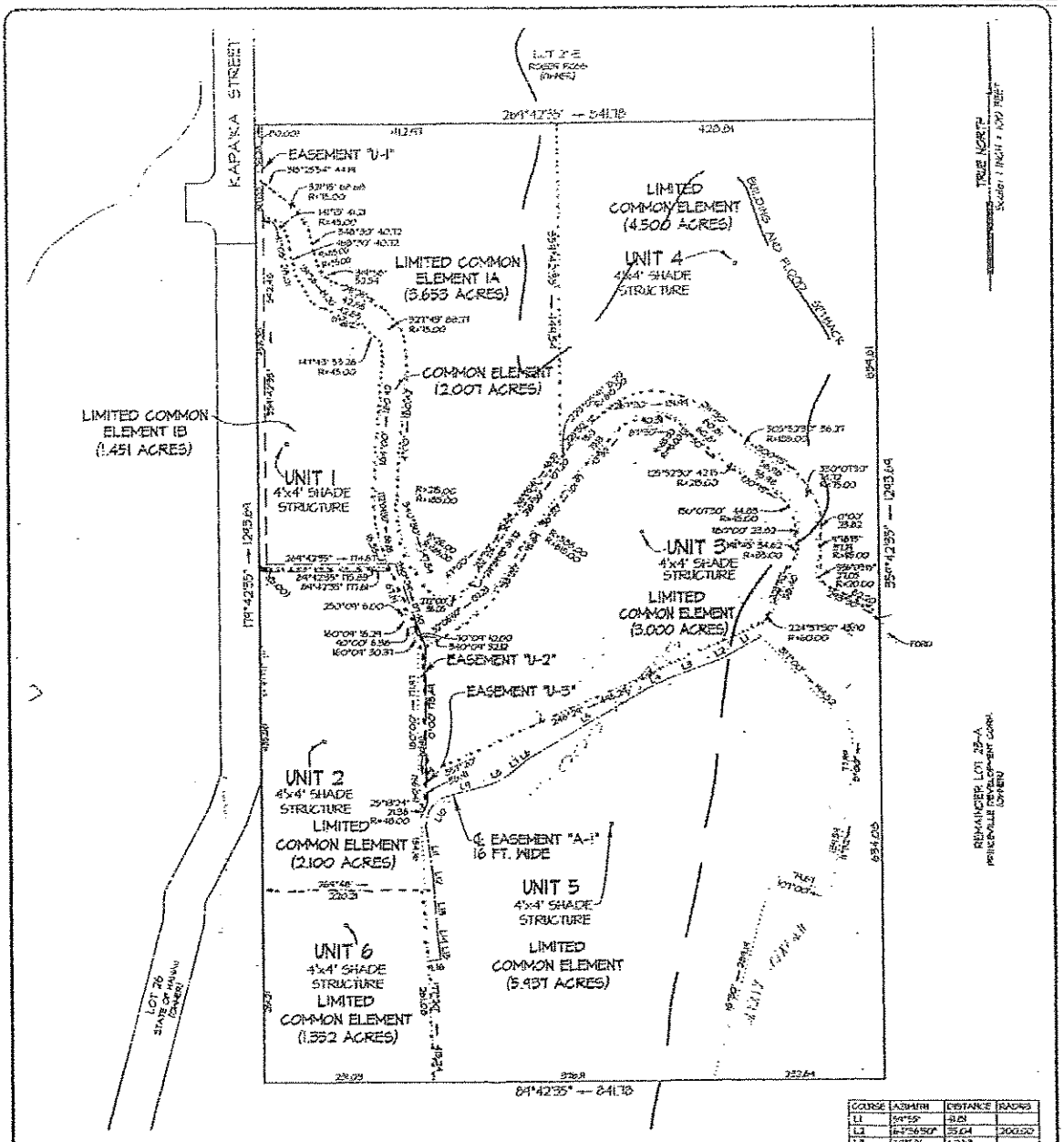
Distribution:

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



COURSE	AZIMUTH	DISTANCE	RADIUS
L1	59°55'	41.81	
L2	64°56'50"	35.04	200.00
L3	64°58'	60.53	
L4	64°58'50"	85.36	200.00
L5	54°44'	116.01	
L6	48°20'	15.63	100.00
L7	50°51'	20.24	
L8	63°06'	42.44	100.00
L9	75°21'	52.55	
L10	53°40'50"	53.14	40.00
L11	352°00'	60.56	
L12	354°01'	14.08	200.00
L13	356°02'	68.55	
L14	353°53'20"	14.91	
L15	351°44'59"	22.08	
L16	81°44'34"	17.60	

Note:
This project does not involve the sale of individual lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.

Area of Easements:
Easement "U-1" for Utility Purposes = 0.195 Acre.
Easement "U-2" for Utility Purposes = 0.046 Acre.
Easement "U-3" for Utility Purposes = 0.08 Acre.
Easement "A-1" for Access + Utility Purposes = 0.254 Acre.

AMENDED
CONDOMINIUM MAP #2992
"NAHELE LIHI"
AGRICULTURAL CONDOMINIUM
BEING
UNITS 1 TO 6
AND DESIGNATING
EASEMENTS "U-1","U-2","U-3","A-1"
BEING PORTIONS OF
LOT 22
PRINCEVILLE AT HANALEI, PARCEL 3
(FILE PLAN 1574)
AT HANALEI, KAUAI, HAWAII

Prepared for
Roy Chambers et. al.
P.O. Box 1631
Hanalei, HI 96754

October 20, 1999
Amended Dec. 1, 2000
Amended Sept. 2, 2003
Amended Oct. 21, 2003
Remove Building Envelope

Wagner Engineering Services, Inc.
P.O. Box 851 Hanalei, HI 96714 (808) 826-7254

100 0 100 200
Graphic Scale in Feet

RONALD J. WAGNER
LICENSED PROFESSIONAL LAND SURVEYOR No. 5674
HAWAII, USA

This map was prepared by me or under my direct supervision

RONALD J. WAGNER
Licensed Professional Land Surveyor
Certificate Number 5674

EXHIBIT "B"

SUMMARY OF SALES CONTRACT

This Project Utilized a Condominium Addendum to Sales Contract (the "Addendum") to be utilized in conjunction with a standard printed form contract provided by the Hawaii Association of Realtors. The Addendum protects the rights of the Purchasers and the handling of the funds under the Condominium Property Act (the "Act"), as well as the insuring compliance with the Act by all parties. Relevant portions of the Addendum are summarized as follows:

1. The fact that the Act controls over any portion of a contract to sell a condominium unit.
2. That an effective date for a final or supplementary public report must be in place and a receipt for the same signed by the buyer to have an effective date.
3. That all purchaser funds must be held in escrow until the law allows closing and disbursement of the funds.
   The conditions precedent to release of the funds are enumerated, including in part:
   (a) That Purchaser will receive a copy of the final public report for the project.
   (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.
   (c) If there is a dual agency by a single broker, it will be disclosed in the contract.

SPECIAL NOTICE: THE FOREGOING SUMMARY IS NOT INTENDED TO BE A THORUGH AND EXHAUSTIVE EXPLANATION OF ALL THE TERMS AND OPROVISIONS CONTAINED IN THE CONTRACT. WHILE A PURCHSER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE PURCHSER'S RIGHTS AND OBLIGATIONS, THE PURCHSER MUST REFER TO THE PURCHSER'S CPONTRACT TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND BLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONTRACT, THE CONTRACT WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT "C"

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Qty.	Unit No.	Area of Limited Common Element* (Acres)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	Common Int.
1	1A	3.653	0/0	0	16	1/6th
	1B	1.451	0/0	0	0	
1	2	2.100	0/0	0	16	1/6th
1	3	3.000	0/0	0	16	1/6th
1	4	4.500	0/0	0	16	1/6th
1	5	5.937	0/0	0	16	1/6th
1	6	1.352	0/0	0	16	1/6th

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. The Developer has assigned each unit to have an equal interest in the common elements. Therefore, the assessment of undivided interest both for common expense and for voting is as follows: Unit 1-6 $1/6^{th}$ each.

The common interest appurtenant to each unit shall be permanent. Subject to the zoning requirements and amendments of the Condominium Map and the Declaration of Condominium Property Regime, each unit owner may use the unit, alter or add to it in any manner deemed desirable, so long as it is permitted by law and the Declaration of Protective Covenants and House Rules, if any permit desirable, so long as it. If adjoining unit owners desire to alter and/or transfer portions of their respective units, they can do so by the filing of an amendment to the Condominium Map and the Declaration of Condominium Property Regime together with their respective signatures.

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

EXHIBIT "D"

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") with TITLE GUARANTY ESCROW SERVICES, INC. ("Escrow") contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.

3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected within seven days of signing the sales contract to cancel and receive all funds paid, without deduction; or (b) the Real Estate Commission has not issued a Final Public Report on the project or the requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met.

4. Escrow will return deposited sums to the Buyer without interest, if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven-day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than $25.00.

5. Escrow will arrange for and supervise the signing of all documents, which are to be signed subsequent to and contemplated by the sales contract.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

7. In the event of default by the Buyer, Buyer may forfeit his or her deposit, which will be paid to the Seller, less any cancellation fees charged by Escrow.

SPECIAL NOTICE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, ONE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE AGREEMENT, THE AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT "E"

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

(a) The land in fee simple;
(b) The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage, hot and cold water and like utilities which servers more than one Unit and any easements for such utility services.
(c) Easements "U-1" , "U-2" and "U-3" for utility purposes, and Easement "A-1" for utility and access purposes, together with any other common easements for ingress and egress and all installations for underground utilizes including electricity, water, telephone, and cable television which run upon or under the common roadway or Easement "A-1".
(d) All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project, including the common roadway, and that portion of the Ford located in the Project and Anini Stream.
(e) Any entrance gate and/or other entrance structure that may be constructed on the entrance of the Project, together with any walls, lighting, electronic receivers and/or motors, operators, gate, fencing and any other equipment or feature associated with such entrance gate.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements," have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit is that certain land area upon and around which Units 1-6 are located, shown and designated on the Condominium Map and the table below.

Unit Number	Area of Limited Common Element*
Unit 1A	3.653 acres
Unit 1B	1.451 acres
Unit 2	2.100 acres
Unit 3	3.000 acres
Unit 4	4.500 acres
Unit 5	5.937 acres
Unit 6	1.352 acres

*Land areas referenced herein are not legally subdivided lots.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

The following documents are listed in this Exhibit "F" as encumbrances against title:

1. For Real Property Taxes that may be due and owing, reference is made to the County of Kauai, Department of Finance for further information.

   Tax Key: (4) 5-3-008-022 C.P.R. No. 0002 Apt. No. 2

   Tax Key: (4) 5-3-008-022 C.P.R. No. 0006 Apt. No. 6

   -Note:- Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. Free flowage of water in and to all streams and stream beds, if any.

4. Reserving to the State of Hawaii the right to Anini Stream of the Kuleanas or Land Commission Awards at Anini and water privileges for the government reservation near the sea shore, containing an area of 21 acres; as reserved in Land Patent Grant Number 4846.

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

   INSTRUMENT : DECLARATION
   DATED : November 25, 1977
   RECORDED : Liber 12660 Page 690

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

   INSTRUMENT : DEED
   DATED : February 23, 1979
   RECORDED : Liber 13559 Page 116

7. Building and flood setback line as shown on File Plan No. 1574.

8. GRANT in favor of PRINCEVILLE UTILITIES COMPANY, INC., dated December 1, 1985, recorded in Liber 19127 at Page 172; re: granting easements for utility purposes.

9. WAIVER AND RELEASE by Peter Djonald Gache' dated October 21, 1994, recorded as Document No. 94-179484.

10. Encroachments of Weir and Lake straddle boundary of Lots 22 and 23 as shown on survey map prepared by Masao Fujishige, Registered Professional Land Surveyor, with Peter N. Taylor, Inc., dated July 13, 1995, July 14, 1995, and July 18, 1995.

11. WAIVER AND RELEASE by Kapaka Road Partnership dated June 16, 1999, recorded as Document Nos. 99-100064, 99-100065, 99-100066, 99-100067 and 99-100068.

12. 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 "NAHELE LIHI" CONDOMINIUM PROJECT
DATED	:	October 22, 1999
RECORDED	:	Document No. 99-175438
MAP	:	2992 and any amendments thereto

Said above Declaration was amended by instruments dated January 9, 2003, recorded as Document No. 2003-019594 and March 6, 2004, recorded as Document No. 2004-061344.

13. 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	:	October 22, 1999
RECORDED	:	Document No. 99-175439

14. NOTICE OF DEDICATION TO AGRICULTURE

DATED	:	February 17, 2000
RECORDED	:	Document No. 2000-027885
RE	:	dedication of the land described herein to agriculture use for a period of ten (10) years, effective January 1, 2000

15. Any unrecorded leases and matters arising from or affecting the same.

16. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

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

INSTRUMENT	:	NAHELE LIHI APARTMENT DEED
DATED	:	July 30, 2003
RECORDED	:	Document No. 2003-160769

18. MORTGAGE AND FINANCING STATEMENT

MORTGAGOR	:	ROY CHAMBERS and LYNNE CHAMBERS, husband and wife
MORTGAGEE	:	JAMES MG2, LLC, a Nevada limited liability company
DATED	:	July 30, 2003
RECORDED	:	Document No. 2003-261257
AMOUNT	:	$300,000.00

19. GRANT

TO	:	KAUAI ISLAND UTILITY COOPERATIVE and VERIZON HAWAII, INC.
DATED	:	October 9, 2003
RECORDED	:	Document No. 2004-050668
GRANTING	:	a perpetual right and easement for utility purposes

EXHIBIT "G"

AMENDED DISCLOSURE ABSTRACT

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of NAHELE LIHI condominium makes the following disclosures:

1. The Developers of the project are JAMES MG2, LLC a Nevada limited liability company, ROY CHAMBERS and LYNNE CHAMBERS , whose collective mailing address is P.O. Box 1631, Kilauea, HI 96754, and telephone number is (702)286-0200.

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

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

4. All of the apartments of the project are to be used for agricultural and permitted residential purposes only. No apartments shall be used for hotel or timeshare purposes. There will be no commercial use except those activities permitted by county ordinance.

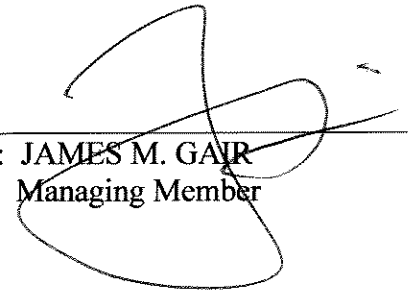
5. The real estate broker for this project is Bill Gillette of Kauai Tropical Properties, Inc., whose mailing address is P.O. Box 826, Hanalei, Hawaii, and phone number is (808) 826-1616.

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

7. The project has been amended to reduce area of the limited common element for Unit 2 in order to create a new limited common element for Unit 6. Additionally, the Declaration of Condominium Property Regime of NAHELE LIHI and Condominium Map were amended to reflect minor changes in the allocation of percentage of Common Interest, restrictions for the construction of buildings, creation of a new unit, alteration of the building envelope provisions, the option of each unit owner to abandon the forestry plan and to provide for the construction and maintenance of a common element entrance gate.

8. The Developer discloses Common Interest has been reallocated and is now divided as shown: $1/6^{th}$ each for Units 1 –6.

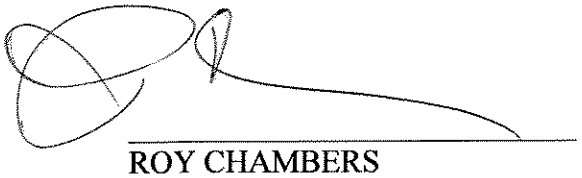
Developer:
JAMES MG2 LLC,
a Nevada limited liability company



By: JAMES M. GAIR
Its: Managing Member

3-29-04
Date

Developer:



ROY CHAMBERS

3-29-04
Date

Developer:

Lynne Chambers

LYNNE CHAMBERS

3-29-04
Date

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee	x	12 months	= Yearly Total
Unit 1	$ 25.00			$ 300.00
Unit 2	$ 25.00			$ 300.00
Unit 3	$ 25.00			$ 300.00
Unit 4	$ 25.00			$ 300.00
Unit 5	$ 25.00			$ 300.00
Unit 6	$ 25.00			$ 300.00
	$150.00			$1,800.00

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

Estimate of Maintenance Fee Disbursements:

	Monthly Fee	x 12 months =	Yearly Total
Utilities and Services			
Air Conditioning			
Electricity			
[ ] common elements only			
[ ] common elements and apartments			
Elevator			
Gas			
[ ] common elements only			
[ ] common elements and apartments			
Refuse Collection			
Telephone			
Water and Sewer			
Maintenance, Repairs and Supplies			
Building			
Grounds			
Roadway	$150.00 x	12	= $1,800.00
Management			
Management Fee			
Payroll and Payroll Taxes			
Office Expenses			
Insurance			
Reserves(*)			
Taxes and Government Assessments			
Audit Fees			
Other			
TOTAL	$150.00 x	12	= $1,800.00

We, JAMES MG2, LLC, ROY CHAMBERS, and LYNNE CHAMBERS, the Developers, for the NAHELE LIHI condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Signature: JAMES MG2, LLC
By: James M. Gair
Its: Manager

3-29-04
Date

Signature: Roy Chambers

3-29-04
Date

Lynne Chambers

Signature: Lynne Chambers

3-29-04
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with ¤514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. (See Amended Disclosure Abstract, Item 6, attached hereto as Exhibit "G")

Pursuant to ¤514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT "I"

COUNTY OF KAUAI
PLANNING DEPARTMENT

SUMMARY OF GUEST HOUSE REQUIREMENTS

1. It is located on a parcel of Land of at least 9,000 square feet.

2. It is physically separate from the dwelling unit and observes all required setbacks.

3. It is used only by guests and may not be rented out as a separate dwelling.

4. It does not contain a kitchen or any room used for cooking or preparing food.

5. It contains no more than 500 square feet of gross floor area, including all living space, storage, decks and garages under a single roof structure.

6. Decks and storage areas which are not covered by a roof need not be included as part of the floor area calculations.

7. If a garage exists on the main dwelling of a lot, an additional garage can be attached to the guesthouse provided that the garage area be included as part of the gross floor area.

8. If no garage exists on the main dwelling, then a garage or other accessory use to the main dwelling can be added to the guest house, without including the added area as part of the gross floor area, provided that the applicant sign a form stating that the garage or accessory use is for the purpose of servicing the main dwelling only.

9. It complies with all applicable State and County laws and regulations, including all of the above requirements.

NOTE: Servants' quarters must conform to the guest house requirements.

SPECIAL NOTICE: THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE GUEST HOUSE PROVISIONS OF THE KAUAI COMPREHENSIVE ZONING ORDINANCE (CZO). WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE RESTRICITONS, ONE MUST REFER TO THE ACTUAL CZO TO DETERMINE THE GUEST HOUSE RESTRICTIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CZO, THE CZO WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT "J"

AGRICULTURAL RESTRICTIONS

I. Stewardship Plan.

The Project has been developed under the Kapa'ka Forestry Project Forest Stewardship Management Plan, approved by the State Forester on March 12, 1998, Department of Land and Natural Recourses, State of Hawaii, as the same may be amended from time to time (the "Stewardship Plan"). In addition to said Plan, there are rules, guidelines, regulations, including but not ,limited to certifications and other requirements established by the State Forester, Department of Forestry and Wildlife, Department of Land and Natural Recourses, and the USDA/Farm Service Agency (collectively "Agencies").

Currently the Project is participating in the Stewardship Plan and as a result receives favorable taxation status. Purchasers are cautioned and advised to familiarize themselves with the Stewardship Plan and the obligations and responsibilities arising there under as well as the potential tax ramifications should a Purchaser elect to not participate in the Stewardship Plan.

The Stewardship Plan provides a strategy and action plan for "sound integrated resource management" of the property and which protects and enhances all resources in the management of the property for at least ten years. The Stewardship Plan afforested approximately 19 acres of former pasture (the entire condominium project is 25.0 acres) The Stewardship Plan, amongst other things, has provisions relating to the following:

1. Project Summary. Summarizes the Stewardship Plan which encompasses the condominium property regime known as NAHELE LIHI. The planting was to occur over four years however the planting has been completed.

2. Management Plan Development. Ownership of the property was subsequently divided into 6 units through the creation of a Condominium Property Regime and conveyed to individual owners. Each unit owner is now responsible for complying with the Plan as to maintenance of the trees and other vegetation within the limited common element land area appurtenant to his or her unit. ALL TREES AS OF THE DATE HEREOF HAVE BEEN PLANTED.

3. Reforestation and Afforestation. The Stewardship Plan called for the planting of tropical hardwoods and Polynesian craft woods and to create an economical and ecologically viable forest. THERE ARE NO REPRESENTATIONS MADE BY THE DEVELOPER AS TO RETURNS OR VIABILITY OF THE TREES. The various species are described in the Stewardship Plan. However because the various species are grouped in selected areas throughout the Project, a purchaser should conduct a physical inspection to determine the type of the species and conditions of the trees located within the limited common land area of the unit being purchased. Each species has its own rate of growth, differing care or maintenance needs including irrigation and maturity.

4. Maintenance. The Stewardship Plan includes requirements relating to maintenance activities, pruning, thinning, fertilizer use or herbicides, including future maintenance, harvest schedules, windbreak establishment, and mowing. No irrigation is available in the limited common element land areas.

5. Reimbursement of Expenses. The Stewardship Plan allows, but does not guarantee, that a reimbursement of up to $10,000 per year may be applied for and obtained under a program established by the USDA//Farm Service Agency. The Developer has applied for and received a partial reimbursement of expenses. There are no assurances that this reimbursement can be received in the future and whether such reimbursement will be applied for on an apartment by apartment basis or whether the Association of Unit Owners must apply for the same on a group basis. Failure to maintain and comply with the terms of the Stewardship Plan could cause certain previous reimbursement expenses to be paid back to the USDA/Farm Services Agency.

II. Declaration of Condominium Property Regime: Project Instruments.

The Declaration originally contained provisions requiring that an apartment owner comply with all of the restrictions contained in the Stewardship Plan. However, subsequent amendment the Declaration has eliminated the mandatory compliance requirement and has made compliance with the Stewardship Plan optional to each unit owner. Additionally, each owner, by accepting the conveyances of a unit, agrees to indemnify and hold Developer and/or other owner's harmless from all damages, claims, causes of action, and other matters arising from or relating to the exercising of their option not to comply with the terms of the Stewardship Plan.

See paragraphs 8.0, 9.0 and 16.0 of the Declaration of Condominium Property Regime of Nahele Lihi, as amended, which contain significant restrictions and covenants relating to future improvements and the Stewardship Plan.

EXHIBIT "K"

COPY

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

M E M O R A N D U M

DATE: November 30, 1999

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

FROM: Dee M. Crowell, Planning Director

Subject: Certification of Inspection of Existing Buildings for

PROJECT NAME: NAHELE NIHI CONDOMINIUM PROJECT
TAX MAP KEY: (4) 5-3-08:22

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

a. The developer has contracted architect Paul Weissman to certify that the existing structures on the proposed project 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 this department.

b. There were no variances approved for the subject property.

c. The parcels does not contain any outstanding legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

d. The current zoning for the subject parcel is open.

e. There are no outstanding violations of County building or zoning codes according to our records.

f. Kauai Electric requested that this department inform them of new CPRs so they can provide their comments on existing facilities and on additional and future service requirements for the project. Their comments herewith enclosed.

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

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

cc: Michael H. Sakai

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 Rice Street, Suite 473, Lihue, Hawaii 96766

M E M O R A N D U M

Date Rec'd: NOV 9 1999
File No.: 97-08-509FP
Manager, Planning
Supervisor, Engineering
Systems Engineer
Staff Engineer
Customer Engineer
Associate Engineer
copy to:

DATE: November, 1999

TO: Kauai Electric
Attn: Debra L. Santiago

FROM: Alvin Fukushima
Drafting Technician III

SUBJECT: CPR Comments

Pursuant to our agreement, we are submitting the attached CPR application for your comments.

The property being proposed for CPR is identified as TMK 5-3-08:22 and named Nahele Nihi Condominium which is zoned open and qualifies for 5 units. The developer is proposing 5 units. A map of the proposed CPR is attached for your reference.

Please submit your comments to our office by Nov 26, 1999.
You may use the portion below to comment on or if you wish, submit a separate letter to us.

If you have questions, please call me at 241-6697.

COMMENTS:

IN REVIEWING THE "NAHELE NIHI CONDOMINIUM" CPR MAP AS WELL AS OUR KAUAI ELECTRIC FACILITY MAP, WE PERCEIVE NO PROBLEMS IN THE DEVELOPMENT OF THIS PROJECT. PLANS FOR THIS PROJECT WERE SUBMITTED AND APPROVED ON 03/20/98 UNDER THE FILE NAME OF "LOT 22, PRINCEVILLE AG SUBDIVISION" WE ARE ACTIVELY WORKING WITH MS. CECELIA VILLANUEVA OF WAGNER ENGINEERING SERVICES ON THE NECESSARY LINE EXTENSION DESIGN, EASEMENT REQUIREMENTS AND METER SPECIFICATIONS UNDER FILE #97-08-509FP. THE PLANNER FOR THIS PROJECT IS FRED PASCUAL AND CAN BE REACHED AT 822-9404, SHOULD THE DEVELOPER HAVE ANY QUESTIONS.

by Debra Santiago
11/15/99 Kauai Electric Co.

NOV 16 1999