

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Nihilani Group, LLC
Address c/o Brookfield Homes Hawaii Inc.
1001 Kamokila Boulevard, Suite 210, Kapolei, Hawaii 96707

Project Name (*): NIHILANI AT PRINCEVILLE RESORT, PHASE II
Address: 4919 Pepelani Loop
Princeville, Hawaii 96722

Registration No. 5705

Effective date: July 14, 2005
Expiration date: April 14, 2006

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.

X CONTINGENT FINAL: (green)

The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date. Contingent Final public reports may not be extended or renewed.

- No prior reports have been issued.
This report supersedes all prior public reports.

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

SUPPLEMENTARY: (pink)

This report updates information contained in the:
Preliminary Public Report dated:
Final Public Report dated:
Supplementary Public Report dated:

And

- Supersedes all prior public reports.
Must be read together with
This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report as Exhibit "K" 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: See attached Page 2a.

SPECIAL ATTENTION

This Contingent Final Public Report has been prepared by the Developer pursuant to §514A-39.5, HRS. The Real Estate Commission issued this report before the developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales contract executed pursuant to this report **are binding on the buyer under those conditions specified immediately below** and in Part V. B. of this report found on pages 18 & 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

STATUTORY NOTICE

"The effective date for the Developer's Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed and recorded deed or master lease for the project site; the executed construction contract for the project; the building permit; satisfactory evidence of sufficient funds to cover the total project cost; or satisfactory evidence of a performance bond issued by a surety licensed in the State of not less than one hundred percent of the cost of construction, or such other substantially equivalent or similar instrument or security approved by the Commission. Until the Developer submits each of the foregoing items to the Commission, all Purchaser deposits will be held by the escrow agent in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. If the Developer does not submit each of the foregoing items to the Commission and the Commission does not issue an effective date for the Final Public Report before the expiration of the Contingent Final Public Report, then:

- (1) The Developer will notify the Purchaser thereof by certified mail; and
- (2) Either the Developer or the Purchaser shall thereafter have the right under Hawaii law to rescind the Purchaser's sales contract. In the event of a rescission, the Developer shall return all of the Purchaser's deposits together with all interest earned thereon, reimbursement of any required escrow fees, and, if the Developer required the Purchaser to secure a financing commitment, reimburse any fees the Purchaser incurred to secure that financing commitment." (§514A-64.5, HRS)

The developer is not required to submit but has for this registration submitted the following documents and information: None

SUMMARY OF CHANGES FROM PRIOR EARLIER PUBLIC REPORT

1. The Content Final Public Report (Registration No. 5496) with an effective date of January 12, 2005 covered both Phase I and Phase II of the Nihilani at Princeville Resort Condominium Project. This Contingent Final Public Report covers only Phase II of the Project (not Phase I); therefore, all disclosures that related to Phase I buildings and parking have been removed from Section II.C of this Contingent Final Public Report.
2. The January 12, 2005 Contingent Final Public Report (Registration No. 5496) estimated that construction of both phases of the Project would begin on November 1, 2004 and would be completed by December 31, 2007. The Developer now estimates that construction on Phase II of the Project will begin on July 5, 2005, and be completed by May 1, 2008.
3. The Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements contained in the Disclosure Abstract (Exhibit "K") has been updated from the version contained in the January 12, 2005 Contingent Final Public Report (Registration No. 5496).
4. Central air conditioning and a range oven have been added as standard appliances to each apartment, and Model Type A replaces Model Type C as the model type which contains only a microwave and not a recirculating fan/microwave oven, as disclosed in the Developer's Condominium Purchase Agreement, Deposit Receipt and Contract.
5. The description of the unit plan types disclosed in Exhibit "C" has been updated. Unit Plan Types A and C now contain "study areas" instead of "office areas" and Unit Plan Type B does not have an "office area".

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Nihilani Group, LLC Phone: (808) 676-3300
Name* (Business)

c/o Brookfield Homes Hawaii Inc.
1001 Kamokila Boulevard, Suite 210
Kapolei, HI 96707
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):

See Pg. 5a for the names of Nihilani Group, LLC's officers and the names of the officers of BH/JP HAWAII HOLDINGS LLC, the Manager/Member of Nihilani Group, LLC. As limited liability companies, there are no directors.

Real Estate Broker* : Brookfield Homes Hawaii Inc. Phone: (808) 676-3300
Name (Business)

1001 Kamokila Boulevard, Suite 210
Kapolei, HI 96707
Business Address

Escrow Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name (Business)

235 Queen Street
Honolulu, HI 96813
Business Address

General Contractor*: Brookfield Homes Hawaii Inc. Phone: (808) 676-3300
Name (Business)

1001 Kamokila Boulevard, Suite 210
Kapolei, HI 96707
Business Address

Condominium Managing Agent*: Hawaii First, Inc. Phone: (808) 531-5566
Name (Business)

800 Bethel Street, Suite 501
Honolulu, HI 96813
Business Address

Attorney for Developer: Chun Rair & Yoshimoto LLP Phone: (808) 528-4200
Name (Business)

841 Bishop Street, Suite 400
Honolulu, HI 96813
Attn: Janel Yoshimoto, Esq.
Business Address

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

Officers of NIHILANI GROUP, LLC:

Jeffrey J. Prostor	President
Richard T. Whitney	Chief Financial Officer and Vice President
Elizabeth Zepeda	Secretary
David F. Murphy	Assistant Secretary

Officers of BH/JP HAWAII HOLDINGS LLC, Member/Manager of NIHILANI GROUP, LLC:

Jeffrey J. Prostor	President
Richard T. Whitney	Chief Financial Officer and Vice President
Elizabeth Zepeda	Secretary
David F. Murphy	Assistant Secretary

**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. 2004-208236
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]:

The First Amendment to the Declaration of Condominium Property Regime of Nihilani at Princeville Resort, dated December 22, 2004, recorded in the Bureau of Conveyances of the State of Hawaii on December 23, 2004 as Document No. 2004-259971.

The Second Amendment to the Declaration of Condominium Property Regime of Nihilani at Princeville Resort, dated May 26, 2005, recorded in the Bureau of Conveyances of the State of Hawaii on May 26, 2005 as Document No. 2005-105468.

- 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. 3859
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

Amended and Restated Condominium Map No. 3859 dated December 20, 2004, filed in the Bureau of Conveyances of the State of Hawaii on December 23, 2004.

Amended and Restated Condominium Map No. 3859 dated May 24, 2005, filed in the Bureau of Conveyances of the State of Hawaii on May 27, 2005.

- 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. 2004-208237
Book _____ Page _____
 Filed - Land Court Document No. _____

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

First Amendment to the Bylaws of the Association of Apartment Owners of Nihilani at Princeville Resort, dated October 29, 2004, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-221508.

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: The proposed house rules are described in Exhibit "A".

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 of Board of Directors</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:

See Exhibit "B".

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 Subleasehold:

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: 4919 Pepee Lane
Princeville, Hawaii 96722

Tax Map Key (TMK): (4) 5-4-005-024

[] Address [X] TMK is expected to change because CPR numbers will be issued for each apartment

Land Area: 10.117 [] square feet [X] acre(s) Zoning: R-15

* Both Phase I and Phase II of the Nihilani at Princeville Resort Condominium Project will be constructed upon the underlying land.

Fee Owner: Nihilani Group, LLC
 Name
c/o Brookfield Homes Hawaii Inc.
1001 Kamokila Boulevard, Suite 210
Kapolei, HI 96707
 Address

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

Exhibits "C" contains further explanation.

3. Principal Construction Material:

- Concrete Hollow Tile Wood
 Other Glass and Allied Construction Materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning	
<input checked="" type="checkbox"/> Residential	51	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other: <u>Fractional Ownership</u>	<u>N/A*</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

* The Developer has reserved the right to establish fractional ownership plans for the project or to authorize or otherwise consent to fractional ownership use in a recorded document. The Declaration defines "fractional ownership plan" as any plan or program in which the use, occupancy or possession of one or more apartments, appurtenant limited common elements, and any portions thereof, circulates among various persons for a period of sixty (60) days or more in any year for any occupant.

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: An owner may raise, keep and maintain no more than one (1) generally recognized domestic house pet, such as a dog or cat, that does not exceed one hundred (100) pounds in weight when fully grown.

Number of Occupants: _____

Other: The apartment may be rented for transient purposes, but may not be rented for hotel purposes. Developer reserves the right to establish fractional ownership plans for the Project provided that the Developer creates the fractional ownership plan or authorizes or consents to that use in a recorded document. Additional restrictions on use and occupancy are contained in the House Rules which are described in Exhibit "A".

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Phase II, 51 units

Elevators: 0 Stairways: 40 Trash Chutes: 0

<u>Apt. Type*</u>	<u>Quantity</u>	<u>BR/BATH</u>	<u>Net Living Area (sf)**</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>11</u>	<u>3 / 2.5</u>	<u>1,874</u>	<u>784***</u>	<u>Garage & Lanai</u>
<u>B</u>	<u>5</u>	<u>2 / 2</u>	<u>1,406</u>	<u>616***</u>	<u>Garage & Lanai</u>
<u>C</u>	<u>5</u>	<u>2 / 3</u>	<u>1,972</u>	<u>700***</u>	<u>Garage & Lanai</u>
<u>D</u>	<u>5</u>	<u>2 / 2.5</u>	<u>1,567</u>	<u>519***</u>	<u>Garage & Lanai</u>
<u>A-R</u>	<u>12</u>	<u>3 / 2.5</u>	<u>1,874</u>	<u>784***</u>	<u>Garage & Lanai</u>
<u>B-R</u>	<u>6</u>	<u>2 / 2</u>	<u>1,406</u>	<u>616***</u>	<u>Garage & Lanai</u>
<u>C-R</u>	<u>6</u>	<u>2 / 3</u>	<u>1,972</u>	<u>700***</u>	<u>Garage & Lanai</u>
<u>D-R</u>	<u>1</u>	<u>2 / 2.5</u>	<u>1,567</u>	<u>519***</u>	<u>Garage & Lanai</u>

Total Number of Apartments: 51

* See Exhibit "C" for a further discussion of the apartment types.

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

*** If calculated in the same manner as the apartments, the garages would be between 393 and 415 square feet, and each of the lanais would be between 52 and 210 square feet.

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:

See Exhibit "D"

Permitted Alterations to Apartments:

See Exhibits "E", "N" and "P"

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 elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 113

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>Total</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>102</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>102</u>
Guest Unassigned	<u> </u>	<u>11</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>11</u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>113</u>	<u> </u>	<u>0</u>	<u> </u>	<u>0</u>	<u> </u>	<u>113</u>

Each apartment will have the exclusive use of at least 2 parking stall(s), which stalls are contained in the attached 2-car garage for each apartment.

Commercial parking garage permitted in condominium project.

Exhibit "F" 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: Service lanes and motor courts which provide access from public roads to the garage of each apartment unit.

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below:

Violations will be cured by _____
(Date)

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

N/A

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:
 Other:

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

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

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

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

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

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

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

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

described in Exhibit "G".

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

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

described in Exhibit "H".

as follows

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

described in Exhibit "I".

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 "J" describes the encumbrances against the title contained in the Status Report dated May 27, 2005 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.

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

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Construction Mortgage With Rents, Security Agreement and Fixture Filing to be recorded upon closing of the construction loan.	Lienholder has option to terminate or uphold sales contract. If sales contract is terminated, all monies held in escrow will be returned to Buyer pursuant to the Reservation Agreement and Sale Contract, less escrow cancellation fee.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:
See Exhibit "K"
2. Appliances:
See Exhibit "K"

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

The Developer anticipates construction will start approximately July 5, 2005 and be completed May 1, 2008.

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 is developing the underlying Land described in Section III.B of this public report in two phases (the first phase being called "Phase I", and the second phase being called "Phase II"). Phase I consists of fifty one (51) apartments and the swimming pool, recreation building and maintenance building.

The Developer has elected to expand the size of the Project pursuant to its rights under Section S of the Declaration by constructing Phase II which will consist of fifty one (51) apartments, and will increase the total size of the Project to a total of one hundred two (102) apartments. Buyer should carefully read Section S of the Declaration regarding the Developer's rights related to the expansion in the size of this project.

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:

- | | |
|--|---|
| <input checked="" type="checkbox"/> not affiliated with the Developer | <input type="checkbox"/> the Developer or Developer's affiliate |
| <input type="checkbox"/> self-managed by the Association of Apartment Owners | <input type="checkbox"/> 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 "K" 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 "L" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated December 22, 2004
Exhibit "M" 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.

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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.

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Declaration of Restrictions, Covenants and Conditions and any amendments and supplements thereto; Community Design Committee Rules of the Princeville at Hanalei Community Association; and Specimen Apartment Deed.

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. 5705 filed with the Real Estate Commission on June 9, 2005.

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

YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. Additional Information Not Covered Above

1. Nihilani at Princeville Resort and Princeville at Hanalei.¹

This condominium project is located within the mixed-use planned community development known as the Princeville at Hanalei. The Princeville at Hanalei is a long-range project with development that began in about 1971 and will continue into the foreseeable future. The developer of this condominium project is separate and independent from other developers of land within the Princeville at Hanalei.

All owners of an apartment in this condominium project will be subject to the provisions of the Declaration of Restrictions, Covenants, and Conditions for Princeville at Hanalei and the Design Community Committee Rules of the Princeville at Hanalei Community Association. All owners will also automatically become members of the Princeville at Hanalei Community Association, Inc., which is the master community association for the Princeville at Hanalei. Apartment owners will be responsible for the payment of their respective shares of the expenses incurred by this association in their maintenance of the Princeville at Hanalei master community. The monthly fees for the master association is estimated in the Disclosure Abstract attached as Exhibit "K".

2. Interstate Land Sales Full Disclosure Act. This public report has not been accepted by the Department of Housing and Urban Development under the Interstate Land Sales Full Disclosure Act. As set forth in the specimen sales contract submitted with this public report, the Developer will complete construction of each apartment and have the apartment ready for normal occupancy within a period of two (2) years from the date that the sales contract for that particular apartment is signed; provided, however, that said two (2) year period shall be extended in the event completion is delayed by matters and/or conditions beyond the control of the Developer.

3. Use of Turf Blocks for Vehicular Access. Developer will install at its expense turf blocks along a portion of the edge of the motor courts that provide vehicular access to and from the attached garages of the apartments. The turf blocks are intended to provide additional turning area for vehicles to maneuver in and out of garages, if needed, as well as operate as a landscaping element for the Project. Once installed, the turf blocks will be part of the common elements of the Project that will be maintained, repaired, replaced and/or removed by the Association.

¹ Nothing stated in this public report shall be construed as a representation or warranty by Developer or its affiliates that any of the above, with the exception of the condominium apartments that are part of this public report, will be developed, nor shall anything stated in this public report be construed to require the Developer or its affiliates to develop the remainder of the Princeville at Hanalei, or to prohibit Developer or its affiliates from dealing freely with the remaining land, including, without limitation, developing the whole or any part of Princeville at Hanalei for a purpose inconsistent with the above.

D. 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.

NIHILANI GROUP, LLC
Printed Name of Developer

By: David F. Murphy
Duly Authorized Signatory

5/27/05
Date

David F. Murphy, Assistant Secretary
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"

Nihilani at Princeville Resort, Phase II

Description of Proposed House Rules

The Project will be subject to the Nihilani at Princeville Resort House Rules, a copy of which has been submitted to the Real Estate Commission as part of this registration. These house rules govern the use and occupancy of the apartments, common elements (including a proposed recreation area with a swimming pool and recreation building) and limited common elements of the Project. For example, these house rules contain restrictions regarding the use of the lanais and entry areas, as well as restrictions regarding pets, parking, traffic and noise.

The purpose of the house rules is to protect all owners and occupants from annoyance and nuisance created by the improper conduct or use of the Project and to promote harmonious living and maximum enjoyment of the Project.

All owners, tenants, guests, invitees, licensees and other persons using the Project and their family members must abide by the house rules, and the owners are responsible for the conduct of their tenants, guests, invitees, and licensees. Violations of these house rules are subject to fines, penalties and other enforcement actions by the board of directors or the managing agent.

THE FOREGOING IS A DESCRIPTION OF THE ABOVE HOUSE RULES FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THESE HOUSE RULES. THE FULL TEXT OF THE HOUSE RULES SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

EXHIBIT "B"

Nihilani at Princeville Resort, Phase II

Changes to Condominium Documents by Developer

The Developer may amend the Declaration, Bylaws and/or the Condominium Map for the Project as follows:

1. At any time prior to the recording in the Bureau of the first apartment deed in favor of a buyer, as set forth in Section V.3(a) of the Declaration.
2. At any time prior to the recording in the Bureau of apartment deeds covering 100% of the apartments in the Project, to make such amendments: (a) to correct any technical defects or to make non-substantive changes; or (b) as may be required by law, the Real Estate Commission, any title insurance company issuing a title insurance policy on the Project or any of the apartments, any institutional lender lending funds on the security of the Project or any of the apartments, or any governmental agency administering governmental loan programs; or (c) as may be necessary or desirable as determined by the Developer as a result of conditions or requirements imposed upon the Developer by any governmental agency of the state, county or local government related to the development of the lands comprising the Project, or by any governmental agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to the marketing or sale of apartments in any such jurisdiction. (See Section V.3(b) of the Declaration).
3. At any time, to make such amendments: (a) to file or record the "as built" verified statement required by Section 514A-12 of the Condominium Property Act; or (b) to exercise or effectuate any rights reserved to the Developer pursuant to the Declaration or the Declaration of Restrictions, Covenants, and Conditions dated March 1, 1971 of the master planned community development, known as the Princeville at Hanalei (the "Master Declaration"), including but not limited to Developer's right to make alterations to the Project pursuant to Section R of the Declaration.
4. To reflect certain alterations made to the Project by the Developer pursuant to its rights under Section R.3 of the Declaration (see Exhibit "E" of this public report).

The Developer may amend the Nihilani at Princeville Resort House Rules prior to the election of the Board of Directors of the Association at the first annual meeting of the Association. (See Section II.2 of the Bylaws, as amended, and Section 12 of the Nihilani at Princeville Resort House Rules).

EXHIBIT "C"

Nihilani at Princeville Resort, Phase II

Description of Buildings and Apartments

RESIDENTIAL BUILDING TYPES.

Phase II of the Project includes seventeen (17) detached residential buildings, designated as Buildings 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 23, 24, 25, 33, 34, as shown on the Condominium Map. Upon completion of construction of Phase II, the Project (containing Phase I and Phase II) includes thirty-four (34) detached residential buildings, designated as Buildings 1 through 34, as shown on the Condominium Map.

There are two (2) residential building types in Phase II of the Project as shown on the Condominium Map. Buildings 1, 2, 5, 7, 9, 11, 12, 23, 24, 33 and 34 are all building Type 1, and Buildings 3, 4, 6, 8, 10 and 25 are all building Type 2. The building types are described below:

Building Type 1. Each Type 1 building contains a total of three (3) Apartments (which Apartments are also called "units"). One end-unit is a two-story structure of Unit Plan Type A. The remaining two (2) units are one-story structures consisting of Unit Plan Types B and C. The layout and location of each Apartment are as shown on the Condominium Map. Type 1 buildings that are designed and constructed in a reverse of the elevations and floor plans for Type 1 buildings are called Type 1R buildings and the Unit Plan Types A, B and C (which are constructed in a reverse floor plan) within those Type 1R buildings are called Unit Plan Types A-R, B-R and C-R, respectively, as shown on the Condominium Map.

Building Type 2. Each Type 2 building contains a total of three (3) Apartments. One end-unit is a two-story structure of Unit Plan Type A. The other end-unit is a two-story structure of Unit Plan Type A-R. The remaining unit is an interior two-story structure of Unit Plan Type D. The layout and location of each Apartment are shown on the Condominium Map. Type 2 buildings that are designed and constructed in a reverse of the elevations and floor plans for Type 2 buildings are called Type 2R buildings and the Unit Plan Types A, A-R and D (which are constructed in a reverse floor plan) within those Type 2R buildings are called Unit Plan Types A-R, A and D-R, respectively, as shown on the Condominium Map.

UNIT PLAN TYPES.

The four (4) different Unit Plan Types in the Project are as described below:

Unit A (and Unit A-R): Two-story apartment, with three bedrooms, two bathrooms, powder room, two walk-in closets, living room, dining area, study area, kitchen, laundry room, a retreat area, an attached two-car garage, and three appurtenant lanais that are for the exclusive use of said apartment. The net living area (which excludes the garage and lanais) is approximately 1,874 square feet.

Unit B (and Unit B-R): Single-story apartment, with two bedrooms, two bathrooms, two walk-in closets, living room, dining area, kitchen, laundry room, an attached two-car garage, and an appurtenant lanai that is for the exclusive use of said apartment. The net living area (which excludes the garage and lanai) is approximately 1,406 square feet.

Unit C (and Unit C-R): Single-story apartment, with two bedrooms, three bathrooms, two walk-in closets, living room, flex-room, dining area, study area, kitchen, laundry room, an attached two-car garage, and two appurtenant lanais that are for the exclusive use of said apartment. The net living area (which excludes the garage and lanais) is approximately 1,972 square feet.

Unit D (and Unit D-R): Two-story apartment, with two bedrooms, two bathrooms, a powder room, living room, flex-room, dining room, a walk-in closet, kitchen, laundry area, an attached two-car garage, and two appurtenant lanais that are for the exclusive use of said apartment. The net living area (which excludes the garage and lanais) is approximately 1,567 square feet.

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EXHIBIT "D"

Nihilani at Princeville Resort, Phase II

Boundaries of Each Apartment

The boundaries of each apartment in this condominium project shall be the perimeter and party walls, floors and ceilings of each apartment. The apartments shall not be deemed to include: **the lanai(s) (regardless of whether or not the lanai(s) is/are extended or enclosed)**; the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls; the unfinished floors and ceilings located within or surrounding each apartment; or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for, or serve, more than one (1) apartment; all of which shall be deemed common elements. Each apartment shall be deemed to include: the attached two-car garage; all the walls and partitions which are not load-bearing within the perimeter or party walls; the interior decorated or finished surfaces of all perimeter, party and load-bearing walls; the interior decorated or finished surfaces of all floors, ceilings and roofs; the interior stairways; all doors (including the garage door and lanai doors) and door frames, including the exterior unfinished surfaces thereof; all windows and window frames, including the exterior unfinished surfaces thereof; all doorknobs; and all fixtures originally installed or contained therein.

EXHIBIT "E"

Nihilani at Princeville Resort, Phase II

Permitted Alterations to Apartments

Alterations to the apartments in this condominium project are permitted under Section R of the Declaration, which provides the following:

1. General.

(a) Except as otherwise provided in the Declaration, restoration, repair or replacement of the Project or of any building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from the Condominium Map (the "Proposed Alterations"), shall be undertaken by the Association or any apartment owner(s) only pursuant to an amendment of the Declaration, duly executed by or pursuant to the approval or written consent of apartment owners holding at least seventy-five percent (75%) of the total common interests of the Project, together with the approval or written consent of (i) all apartment owners whose apartment or limited common elements appurtenant thereto are directly affected (as determined in a reasonable manner by the Board of Directors) by the Proposed Alterations; and (ii) the holders of first mortgage liens encumbering any apartment directly affected by the Proposed Alterations (if the lien holders require such approval). For purposes of this paragraph 1(a), notwithstanding Section 514A-89 of the Condominium Property Act, the installation of solar energy devices on any apartment (including any appurtenant garage) shall require the approval or written consent of apartment owners holding at least seventy-five percent (75%) of the total common interests of the Project.

(b) The Proposed Alterations shall be in accordance with plans and specifications for the Proposed Alterations prepared by a licensed architect or licensed professional engineer and approved by (i) the Board of Directors, (ii) the Master Design Review Committee in accordance with the Master Design Guidelines, (iii) the Project Design Review Committee in accordance with the Project Design Guidelines, and (iv) the appropriate agencies of the State of Hawaii and the County of Kauai (if such agencies so require). Descriptions of the Master Design Guidelines and Project Design Guidelines are contained in Exhibit "N".

(c) Promptly upon completion of any Proposed Alteration which is different in any material respect from the Condominium Map, the Association or apartment owner(s), whomever requested the Proposed Alteration, shall duly file or record in the Bureau an amendment to the Declaration and the Condominium Map showing the Project as so altered, certified as built by a registered architect or licensed professional engineer.

2. Alterations to the Interior of an Apartment. Notwithstanding any other provision in the Declaration to the contrary, the owner of an apartment may make any alterations or additions within an apartment and the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the apartment and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by this section shall require only the written approval of the apartment

owner's plans and specification therefor, by (a) the Board of Directors; (b) the holders of first mortgage liens affecting such apartment(s) (if the lien holders require such approval); (c) the appropriate agencies of the State of Hawaii and the County of Kauai (if such agencies so require); and (d) all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors). Such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

3. Alterations by the Developer.

(a) General. Notwithstanding any other provision in the Declaration to the contrary, prior to the later of (i) the recording in the Bureau of the apartment deed conveying the last unsold apartment in the Project to a buyer; or (ii) the filing or recording by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Condominium Property Act (but in no event later than twenty-four (24) months after the "date of completion" of the Project, as that term is used in Chapter 507, Part II, Hawaii Revised Statutes, as amended), the Developer, without notice to, or the approval, consent or joinder of, the Association, any apartment owner, lienholder, or any other person, shall have the right (which includes the right to amend the Declaration and Condominium Map accordingly) to (A) make alterations in the Project, which change or reverse the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; (B) recharacterize and redesignate certain limited common elements as may be appurtenant to an apartment as being common elements of the Project which is not sold and recorded; (C) recharacterize and redesignate certain common elements of the Project as limited common elements appurtenant to an apartment which is not sold and recorded; or (D) make other alterations in the Project, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded. As used herein, the term "sold and recorded" shall mean and refer to the sale of an apartment in the Project and the recording in the Bureau of an apartment deed conveying the interest in the apartment from the Developer to parties not signatory to the Declaration.

EXHIBIT "F"

Nihilani at Princeville Resort, Phase II

Parking for the Project

Parking for each apartment in Phase II is provided by an attached 2-car garage. In addition, there are eleven (11) guest parking stalls within Phase II of the Project, shown on the Condominium Map as parking stall nos. 1G to 11G, inclusive.

EXHIBIT "G"

Nihilani at Princeville Resort, Phase II

Common Elements

1. The underlying land in fee simple.
2. All structural components, such as foundations, floor slabs for the ground floor of any building, columns, girders, beams, supports, undecorated or unfinished perimeter and/or party walls, and load-bearing walls (except for the interior decorated or finished surfaces within each apartment), undecorated or unfinished floors and ceilings, the roofs of the buildings, and all exterior walkways, railings, walls and fences enclosing any portion of the Project.
3. All gateways, exterior stairways, fences, grounds, landscaping, walls, retaining walls, uncovered parking stalls, driveways, roadways, lanes, service lanes, concrete aprons, turf blocks, alleyways, pathways, sidewalks, walkways, lanais, entrances and entry areas, exits, loading zones, refuse areas and mailboxes which are not located in any Apartments, whether within or appurtenant to the Project.
4. All ducts, vents, shafts, sewer lines, drainlines, storm drain improvements, gutters, electrical rooms or closets, electrical equipment and fixtures, wiring, irrigation pipelines and sprinklers, pipes, and other central and appurtenant transmission facilities, installations over, under and across the Project which serve more than one apartment for services such as power, light, water, drainage, gas, sewer, refuse, telephone and radio and television signal distribution.
5. Eleven (11) guest parking stalls, shown on the Condominium Map as parking stall Nos. 1G to 11G, inclusive.
6. A recreation area generally consisting of a swimming pool, pavillion and restroom facilities, and all associated improvements, as generally shown on the Condominium Map.
7. Any and all other apparatus and installations intended for common use and all devises and other parts of the underlying land necessary or convenient to the existence, maintenance and safety of the Condominium Property Regime, or normally in common use.

EXHIBIT "H"

Nihilani at Princeville Resort, Phase II

Limited Common Elements

1. Lanai(s). The lanai(s), (as shown on the Condominium Map), shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is attached.
2. Stairways and Entry Areas. The stairs leading to the entry area and the entry area to the front door of each apartment, as shown on the Condominium Map, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it provides access.
3. Mailbox. The mailbox assigned to a particular apartment, but excluding the structure which houses the individual assigned mailboxes, shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.
4. Exterior Area Lighting. The exterior area lighting located above the garage door, and, where applicable, side area lighting that may be located on the side of an end unit apartment.
5. Other. Any other common elements which are rationally related to less than all of the apartments shall be a limited common element appurtenant to such apartment(s), including, but not limited to, areas within the common elements that include air conditioning units, condensation lines or compressors, if any of these apparatus apply, that serve a particular apartment.

EXHIBIT "I"

Nihilani at Princeville Resort, Phase II

Apartment Common Interests

The Common Interest appurtenant to each apartment is as follows:

APARTMENT NUMBER	COMMON INTEREST OF PROJECT (PHASE II)
1A	0.7832%
1B	1.0439%
1C	1.0985%
2A	0.7832%
2B	1.0439%
2C	1.0985%
3A	1.0439%
3B	0.8729%
3C	1.0439%
4A	1.0439%
4B	0.8729%
4C	1.0439%
5A	1.0439%
5B	0.7832%
5C	1.0985%
6A	1.0439%
6B	0.8729%
6C	1.0439%
7A	1.0439%
7B	0.7832%
7C	1.0985%
8A	1.0439%
8B	0.8729%

APARTMENT NUMBER	COMMON INTEREST OF PROJECT (PHASE II)
8C	1.0439%
9A	0.7832%
9B	1.0439%
9C	1.0985%
10A	1.0439%
10B	0.8729%
10C	1.0439%
11A	0.7832%
11B	1.0439%
11C	1.0985%
12A	0.7832%
12B	1.0439%
12C	1.0985%
23A	1.0439%
23B	0.7832%
23C	1.0985%
24A	1.0439%
24B	0.7832%
24C	1.0985%
25A	1.0439%
25B	0.8729%
25C	1.0439%
33A	1.0439%
33B	0.7832%
33C	1.0985%
34A	1.0439%
34B	0.7832%
34C	1.0985%

EXHIBIT "J"

Nihilani at Princeville Resort, Phase II

Encumbrances Against Title

1. Any and all real property taxes that may be due and owing to the County of Kauai, Department of Finance, Real Property Assessment Office.
2. The terms and provisions, including the failure to comply with any covenants, conditions, and reservations, contained in that certain Declaration of Restrictions, Covenants and Conditions by Eagle County Development Corporation dated March 1, 1971, recorded at Liber 7444, Page 93, as amended from time to time, including, but not limited to, matters relating to height limitations of buildings.

Said Declaration was amended by instrument, dated May 16, 1985, recorded at Liber 18662, Page 485, designating Princeville Development Corporation as the Declarant.

Said interest of Princeville Development Corporation was assigned to Princeville at Hanalei Community Association, a Hawaii nonprofit corporation, by Notice of Transfer and Assignments dated May 1, 1990, recorded as Document No. 90-120777, and dated - - - (acknowledged January 7, 1994 and January 11, 1994), recorded as Document No. 94-009984.

The interest was further assigned to Princeville Development Company, LLC, a Delaware limited liability company by Quitclaim Assignment of Reservations, Rights and Privileges dated March 7, 2005, recorded as Document No. 2005-053757.

3. Easement "D-1" (10 feet wide), for drainage purposes, as shown on Consolidation Map prepared by Wesley M. Thomas, Registered Professional Land Surveyor, dated March 14, 1979.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Deed dated October 22, 1979, recorded at Liber 14088, Page 181.
5. Grant, dated November 12, 1987, recorded at Liber 21516, Page 321, in favor of Princeville at Hanalei Community Association, granting an easement over said Easement "D-1", said easement being more particularly described therein.
6. Encroachments or any other matters as shown on survey map prepared by Ronald J. Wagner, Land Surveyor, with Wagner Engineering Services, Inc., dated April 15, 2003, as follows:
 - (a) Electric Transformer inside the northeastern boundary along Pepelani Loop.
 - (b) Landscape area (including Irrigation Box) at the southwest corner.

(c) Concrete Retaining Wall at the southwest corner within Ka Haku Road.

7. The terms and provisions, including the failure to comply with any covenants, conditions, and reservations, contained in that certain Declaration of Condominium Property Regime of Nihilani at Princeville Resort, dated October 11, 2004, recorded as Document No. 2004-208236, as the same may be amended from time to time.

Said Declaration was amended by instruments dated December 22, 2004, recorded as Document No. 2004-259971, and dated May 26, 2005, recorded as Document No. 2005-105468.

8. Condominium Map No. 3859, as the same may be amended from time to time.
9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Bylaws of the Association of Apartment Owners dated October 11, 2004, recorded as Document No. 2004-208237, as the same may be amended from time to time.

Said Bylaws were amended by instrument dated October 29, 2004, recorded as Document No. 2004-221508.

10. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Road Use Agreement by and between Princeville at Hanalei Community Association, a Hawaii non-profit corporation, and Brookfield Homes Hawaii, Inc., a Hawaii corporation, and Nihilani Group LLC, a Delaware limited liability company, dated November 12, 2004, recorded as Document No. 2005-022252, as the same may be amended from time to time.
11. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Waiver and Release Agreement dated March 10, 2005, recorded as Document No. 2005-069571, as the same may be amended from time to time.
12. Any unrecorded leases and matters arising from or affecting the same.
13. Any lien or claim for services, labor or material arising from an improvement or work related to the property.

EXHIBIT "K"

Nihilani at Princeville Resort, Phase II

Disclosure Abstract

Date: May 26, 2005

Name and Address of Project: Nihilani at Princeville Resort, Phase II
4919 Pepelani Loop
Princeville, Hawaii 96722

Developer: Nihilani Group, LLC
c/o Brookfield Homes Hawaii Inc.
1001 Kamokila Boulevard, Suite 210
Kapolei, Hawaii 96707
Phone No.: (808) 676-3300

Real Estate Broker: Brookfield Homes Hawaii Inc.
1001 Kamokila Boulevard Suite 210
Kapolei, Hawaii 96707
Phone No.: (808) 676-3300

Managing Agent: Hawaii First, Inc.
900 Bethel Street, Suite 501
Honolulu, Hawaii 96813
Phone No.: (808) 531-5566

Monthly Common Expenses and Monthly Estimated Costs for Each Apartment: Exhibit "1" sets out the estimated monthly common expenses and estimated costs for the year

DESCRIPTION OF LIMITED WARRANTIES: Upon the Closing of the purchase of the Apartment, Seller shall issue to Buyer a limited warranty relating to the construction of the Apartment as more particularly set forth in the Limited Warranty Section of the Brookfield Homes Homeowner Manual (the "Homeowner Manual"). The following is a brief summary of the Developer's limited warranty:

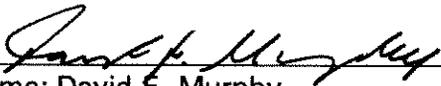
The Apartment will be covered under a transferable one (1) year LIMITED WARRANTY (the "Limited Warranty"). The Limited Warranty provides coverage for construction defects that occur during the Warranty Period and includes provisions limiting the responsibility and conditions under which it is valid or applicable. The Limited Warranty gives the Purchaser specific legal rights. Seller's obligations under the Limited Warranty are expressly conditioned on prompt notification by Purchaser of any construction defects as set forth in the Limited Warranty. In addition, the Limited Warranty does not cover certain construction defects that result, either directly or indirectly from certain excluded causes or occurrences as set forth in the Limited Warranty. None of Seller's employees,

salesmen or other agents are authorized to make any warranty other than the Limited Warranty, nor can they extend or in any way alter the Limited Warranty.

- (a) Warranty Period. The coverage of the Limited Warranty begins on the date escrow closes, and except for any exceptions expressly stated in the Homeowner Manual, the coverage of the Limited Warranty expires one (1) year from the Date of Closing. Work done to correct warranty items does not extend coverage beyond the one year period.
- (b) Manufacturers' Warranties. Seller will assign and pass through to the Purchaser any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances that are part of the Apartment, for their unexpired terms, to the extent such warranties exist and to the extent that Seller has the right and power to make such an assignment. Purchaser shall follow the procedure set forth in the manufacturer's warranty if any defects should appear in that item, and any service request should be made directly to the service representative for the manufacturer. Appliances or consumer products are excluded from the Limited Warranty, unless they constitute a construction defect. Seller makes no representation or warranty with respect to the energy consumption of, or efficiency of, any appliance, equipment, or consumer product, or with respect to energy or utility costs.
- (c) Limitations of Warranty and Seller Liability. Except for the Limited Warranty, Seller makes no other warranties, express or implied, and SELLER EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP, AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE APARTMENT, OR THE PROJECT. EXCEPT FOR THE OBLIGATIONS OF SELLER SPECIFICALLY SET FORTH IN THE LIMITED WARRANTY, SELLER SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER LEGAL THEORY (REGARDLESS OF WHETHER SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES).
- (d) Claim Procedure. Purchaser will be given three (3) Request for Service forms, one thirty (30) day, one fourth (4th) month and one eleventh (11th) month. Throughout the twelve month warranty period, Purchaser will be limited to only these three Requests for Service forms. If any defect appears which Purchaser believes should be covered by this Limited Warranty, Purchaser shall complete a Request for Service form describing the defect in detail, and mail it to: Service Assurance Department, Brookfield Homes Hawaii Inc., 1001 Kamokila Boulevard, Suite 210, Kapolei, Hawaii 96707. Seller will not reimburse Purchaser for any repair or other action taken by Purchaser without Seller's prior written consent.

THE FOREGOING IS A SUMMARY OF SOME OF THE PERTINENT PROVISIONS OF THE LIMITED WARRANTY FOR THE CONVENIENCE OF THE PURCHASER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE LIMITED WARRANTY. THE FULL TEXT OF THE ORIGINAL DOCUMENT SHOULD BE EXAMINED AND CONTROLS OVER THE ABOVE SUMMARY.

NIHILANI GROUP, LLC

By 
Name: David F. Murphy
Title: Assistant Secretary

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS
FOR
NIHILANI AT PRINCEVILLE RESORT CONDOMINIUM**

Estimate of Initial Maintenance Fees:

Apartment Type	PCI %	Monthly Fee	X 12 Months	= Yearly Total
Plan A	1.0439	\$ 508.76		\$ 6,105.12
Plan B	0.7832	\$ 381.70		\$ 4,580.40
Plan C	1.0985	\$ 535.36		\$ 6,424.32
Plan D	0.8729	\$ 425.42		\$ 5,105.04

An apartment owner shall become obligated for the payment of the share of the common expenses allocated to his apartment at the time the certificate of occupancy relating to his apartment is issued by the appropriate county agency.

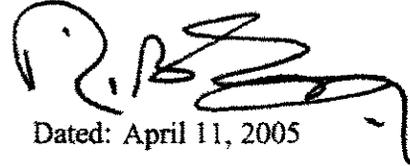
The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements: For maintenance and service of the Common Elements only.

	Monthly Fee	X 12 Months	= Yearly Total
Utilities and Services			
Electricity	\$ 1,350.00		\$ 16,200.00
Gas	\$ 450.00		\$ 5,400.00
Refuse	\$ 2,100.00		\$ 25,200.00
Water/Sewer	\$ 5,900.00		\$ 70,800.00
Mobile Telephone	\$ 55.00		\$ 660.00
TV Cable Service	\$ 2,550.00		\$ 30,600.00
Pest Control	\$ 1,000.00		\$ 12,000.00
Maintenance, Repairs and Supplies			
Building	\$ 353.00		\$ 4,236.00
Electrical	\$ 20.00		\$ 240.00
Grounds Contract	\$ 10,000.00		\$120,000.00
Pool Service	\$ 900.00		\$ 10,800.00
Tree Trimming	\$ 900.00		\$ 10,800.00
Pool Supplies	\$ 300.00		\$ 3,600.00
Other Supplies	\$ 500.00		\$ 6,000.00
Management			
Administrative Supplies	\$ 100.00		\$ 1,200.00
Audit/Tax Fees	\$ 175.00		\$ 2,100.00
Legal Fees	\$ 50.00		\$ 600.00
Management Fee	\$ 1,823.00		\$ 21,876.00
Management Reimbursable Expenses	\$ 150.00		\$ 1,800.00
Web Site	\$ 55.00		\$ 660.00
Management Site	\$ 3,130.00		\$ 37,560.00
Security Contract	\$ 1,000.00		\$ 12,000.00
Master Community Association Dues	\$ 1,865.00		\$ 22,380.00
GET Taxes	\$ 10.00		\$ 120.00
Insurance			
Condominium Property & Liability Insurance	\$ 9,680.00		\$ 116,160.00
Fidelity Bond	\$ 100.00		\$ 1,200.00
Directors and Officers Liability Insurance	\$ 100.00		\$ 1,200.00
Reserves (*)			
	\$ 4,120.00		\$ 49,440.00
TOTAL	\$ 48,736.00		\$ 584,832.00

*** Developer to subsidize the difference between actual and budgeted grounds contract during the first calendar year commencing upon the recordation of the first Apartment Deed.

I, Richard Emery, as agent and employed by Hawaii First Inc., the condominium managing agent for the Nihilani at Princeville Resort 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.



Dated: April 11, 2005

(*) 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.

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.

EXPLANATION REGARDING RESERVES

A reserve study (per §514A-83.6, HRS and Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules) has not yet been conducted. The maintenance fees and "Reserves" figure in this Exhibit "1B" are estimates only based upon information obtained by Nihilani Group, LLC, and are subject to change at any time.

EXHIBIT "L"

Nihilani at Princeville Resort, Phase II

Summary of Condominium Purchase Agreement, Deposit Receipt and Contract

A specimen of the Condominium Purchase Agreement, Deposit Receipt and Contract (hereinafter the "Agreement") has been submitted to the Real Estate Commission as part of the registration. The Agreement contains the purchase price, description of the apartment to be conveyed to a buyer, and the terms and conditions under which a buyer will agree to buy an apartment in the Project.

The Agreement provides in part:

1. Financing of Purchase. If the buyer will utilize mortgage financing to pay any portion of the purchase price, then the buyer agrees to take certain actions within designated time periods including, but not limited to, submitting a complete loan application package to Island Home Mortgage to obtain a pre-qualification letter. Buyer will pay any and all processing or other fees or charges associated with the issuance of the pre-qualification letter. The pre-qualification letter will not constitute financing or loan approval by Island Home Mortgage nor will the buyer be obligated to use Island Home Mortgage to obtain financing in connection with the purchase of the apartment.

In addition to Island Home Mortgage, the buyer may also elect to submit a complete loan application package to one or more recognized lending institutions of the buyer's choice (the "Buyer's Permanent Lender") for the purpose of obtaining a mortgage loan for the purchase of the apartment (the "Buyer's Permanent Loan"). Buyer will be obligated to pay to Buyer's Permanent Lender any loan or other fees required by such lender to process and review the loan application and any loan commitment or placement fees. The buyer shall obtain a final loan commitment for Buyer's Permanent Loan from Buyer's Permanent Lender within certain time periods.

The buyer represents that the financial data to be submitted to Developer, Island Home Mortgage or any of Buyer's Permanent Lender(s) is true and accurate. If the buyer elects to obtain financing from a lender other than Island Home Mortgage, Buyer consents to and authorizes Developer and/or Developer's designated representative, Island Home Mortgage, to request and obtain a complete copy of the buyer's loan package from the Buyer's Permanent Lender. Developer agrees that such information shall be kept confidential and shall be used solely for the purpose of verifying the buyer's credit and financial ability to qualify for a loan, or in the event of a subsequent loss of the commitment for the buyer's loan, to see whether Island Home Mortgage can place a substitute loan for the buyer to enable the buyer to satisfy its obligations under the Agreement.

The Agreement provides the Developer with certain rights, including the right to terminate the Agreement if the buyer fails to comply with the various requirements.

2. Closing Date. The terms "Date of Closing" and "Closing Date" as used in the Agreement shall mean the date selected by the Developer and noticed to the buyer in writing, within thirty (30) calendar days after the "Date of Occupancy" (date upon which the Architect certifies that the Apartment is ready for occupancy). On the Date of Closing, the Developer and the buyer shall have each carried out all of their obligations under the Agreement and escrow is closed by the recording in the Bureau of Conveyances the Apartment Deed and also any mortgage in favor of the Buyer's Permanent Lender, and making all payments required from funds received.

3. What the Buyer is Required to Do at Preclosing. On or about thirty (30) calendar days prior to the estimated Date of Closing, and upon ten (10) calendar days' prior written notice to the buyer, the buyer agrees to execute and deposit with Escrow all necessary documents for such preclosing, including irrevocable escrow instructions. On the date of preclosing, the buyer agrees to pay into Escrow all sums due from the buyer at closing, excluding only the Buyer's Permanent Loan proceeds, if applicable.

4. Closing Costs. All taxes, assessments and charges of any kind assessable against the land or buildings or apartments will be prorated as of the Date of Closing, whether or not the buyer takes actual occupancy thereof. Closing costs to be paid by the buyer include, but shall not be limited to, any mortgages and all costs related to obtaining same, all acknowledgement fees, the cost of drafting the conveyance document, all recording fees, the title insurance premium, the escrow fee, and the applicable conveyance taxes. On the date of preclosing, the buyer will pay, in addition to the estimated closing costs and prorations, the Project start-up fee, and one month's estimated maintenance fees for the Apartment. These sums are in addition to and are not part of the Purchase Price.

5. The Buyer's Acceptance of the Apartment. The buyer agrees to close the sale of the apartment on time and accept possession of the apartment (a) even if the common elements of the Project have not yet been fully completed and/or construction activity is still in progress, and (b) notwithstanding the existence of any defects in or damage to the apartment which does not render the apartment unusable. The buyer also promises to indemnify and hold harmless the Developer from any loss or damage, including interest and attorneys' fees and costs, resulting from the buyer's failure to close the sale or to accept possession of the apartment as required above.

6. Conditions of the Project. The Agreement contains various disclosures made in the Agreement regarding the condition of the Project and the surrounding areas that could affect the buyer's use or enjoyment of an apartment in the Project, including ongoing construction and sales activities and the possible construction and expansion of Phase II of the Project, and that neither the Association of Apartment Owners nor Developer or its affiliates are responsible for providing security for the Project. The Agreement also contains disclosures regarding the approximate area of the apartments, potential mold, electricity charges for certain exterior lighting, the Developer's right to modify the plans and specifications for the production homes, the right to increase or decrease the purchase price of any apartment.

7. Disclosures Regarding Ongoing Sales and Advertising Activities. The Agreement discloses that the Developer and others shall have the right to conduct extensive sales activities on the common elements (excluding the limited common elements appurtenant to any sold apartments) and any unsold apartments and limited common elements appurtenant thereto until the date that all of the residential units proposed for development in the Project are sold and conveyed.

8. Developer's Limited Warranty for the Apartment. The buyer acknowledges the Developer's limited warranty regarding the apartment, which is described in the Disclosure Abstract attached to this public report as Exhibit "K".

9. Interest on the Buyer's Deposits. All interest earned on the buyer's deposits shall accrue to the credit of and shall be paid to the Developer unless (a) the buyer instructs escrow to establish a separate interest-bearing account on the buyer's behalf ("Buyer's Account") and pays escrow a processing fee of \$25.00 (or such other amount as escrow may establish from time to time) and complies with all other requirements of escrow, or (b) a Buyer's Account is established pursuant to the escrow agreement (in which case the buyer agrees to pay the processing fee provided thereunder).

10. No Rental Representations. The buyer agrees that the buyer has entered into the Agreement without any reference or representation by the Developer or any of its representatives: (a) that the Developer or anyone affiliated with the Developer or any unaffiliated third party will provide, directly or indirectly, any services relating to the rental of the apartment; (b) as to income from the apartment or any other economic benefit to be derived from the rental of the apartment. The buyer agrees to be solely responsible for any rental or other disposition of the apartment.

11. Default by Buyer. If the buyer fails to make any payment when it is due or fails to keep any of the other promises or agreements of the buyer set forth in the Agreement, the buyer shall be in default under the Agreement, and the Developer shall have the right to do the following:

(a) In the event of default by the buyer prior to the Agreement becoming a binding contract, Developer may cancel the Agreement by giving the buyer written notice of cancellation. The Developer shall refund all moneys paid under the Agreement to the buyer, including any and all interest accrued thereon to the extent provided in the Agreement, less any cancellation fee imposed by Escrow and any other actual expenses incurred. All costs, including reasonable attorneys' fees, incurred by reason of the default by the buyer shall be paid by the buyer promptly upon the Developer's demand for such payment.

(b) In the event of default by the buyer which occurs after the Agreement becomes a binding contract, the Developer may elect to terminate the Agreement and keep all sums deposited by the buyer, including any and all interest accrued thereon (notwithstanding the establishment of a Buyer's Account), as "liquidated damages" (i.e., the amount agreed to by the buyer and the Developer as properly payable in settlement for breach of contract), in lieu of actual damages and not as a penalty, or pursue any other rights which the law allows, including, for example, a lawsuit for

"specific performance," which means a lawsuit to require the buyer to pay the total purchase price and keep all of the buyer's promises under the Agreement.

12. Prohibition Against Assignment. The buyer may not assign its rights or obligations under the Agreement without the prior written consent of the Developer, which consent may be given or withheld in the Developer's sole discretion. Any assignment made by Buyer without the Developer's written consent shall be void and unenforceable against the Developer. If the Buyer breaches the Agreement by making an unauthorized assignment, the Developer may elect to cancel or terminate the Agreement and refund or retain sums similar to paragraphs 11.(a) and 11.(b) above, or pursue other remedies, including seeking injunctive relief, specific performance or damages caused by such breach, as are permitted in law or equity.

THE FOREGOING IS A SUMMARY OF SOME OF THE PERTINENT PROVISIONS OF THE AGREEMENT FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE AGREEMENT. THE FULL TEXT OF THE ORIGINAL DOCUMENT SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

NOTE: The Developer is offering the buyer a selection of optional upgrades, floor plans and appliances which buyer will select under a separate option and upgrades agreement, each at various prices, and which, if selected, will increase the Purchase Price by the cost of any of the optional items that the buyer elected to purchase. The buyer's selections, once made, are final. The buyer agrees to pay an option deposit at the time of the order. If the buyer cancels the purchase of the Apartment, the option deposit will be returned only in the case where the Apartment has re-sold and closed escrow, and the Developer has been able to recover the full cost of all such options/upgrades. In the event it is necessary to discount the price of the Apartment, this amount will be deducted from the deposits that have been retained. In the event that the discount is larger than the amount of the option deposit, the option deposit will not be refunded to the buyer.

EXHIBIT "M"

Nihilani at Princeville Resort, Phase II

Summary of Escrow Agreement

An executed Escrow Agreement has been submitted to the Real Estate Commission as part of this registration. The Escrow Agreement identifies Title Guaranty Escrow Services, Inc. as the escrow agent ("Escrow"). The Escrow Agreement sets up an arrangement under which Escrow will hold deposits that a buyer makes to the Developer under a Reservation Agreement and Sales Contract (the "Sales Contract") for the purchase of an apartment in the Project. The Escrow Agreement provides in part:

1. Payment of Funds to Escrow. The Developer shall pay over to Escrow any monies received by the Developer from a buyer under a Sales Contract, including all disbursements made on loan commitments, if any, from lending institutions to the buyer. Escrow shall deposit all funds so received in accordance with written instructions from the Developer in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State.

2. Return of Funds to a Buyer. A buyer shall be entitled to a refund of the buyer's funds held in Escrow as follows:

(a) Escrow shall refund to the buyer all of the buyer's entire deposit together with all interest earned thereon, if: (i) the buyer entered into the Sales Contract pursuant to a Contingent Final Public Report; (ii) the Real Estate Commission does not issue an effective date for a Final Public Report by the date on which the Contingent Final Public Report expires; and (iii) the Developer or the buyer elects to rescind the buyer's Sales Contract.

(b) Escrow shall refund to the buyer all of the buyer's entire deposit, with all interest earned thereon and less any Escrow cancellation fees, if any one of the following has occurred: (i) the Developer and the buyer request in writing that Escrow return the buyer's funds to the buyer; (ii) the Developer notifies Escrow of the Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the Developer; (iii) the buyer notifies Escrow of buyer's exercise of buyer's right to cancel the Sales Contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or (iv) the buyer notifies Escrow of buyer's exercise of buyer's right to rescind the Sales Contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

3. Buyer's Default under Sales Contract. If the Developer terminates a Sales Contract due to a default thereunder by the buyer, Escrow shall thereafter treat all funds of the buyer paid on account of such buyer's Sales Contract as funds of the

Developer and not as funds of the buyer. Thereafter, such funds shall be free of the escrow established by the Escrow Agreement and shall be held by Escrow for the account of the Developer.

THE FOREGOING IS A SUMMARY OF SOME OF THE PERTINENT PROVISIONS OF THE ESCROW AGREEMENT FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE ESCROW AGREEMENT. THE FULL TEXT OF THE ORIGINAL DOCUMENT SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

EXHIBIT "N"

Nihilani at Princeville Resort, Phase II

Description of the Nihilani at Princeville Resort Design Guidelines

The Design Review Committee Design Rules and Guidelines (the "Design Guidelines") have been prepared in order to preserve and maintain the character of the Nihilani at Princeville Resort condominium project (the "Project"). A copy of the proposed Design Guidelines has been submitted to the Real Estate Commission as part of this registration.

The Design Guidelines, administered by the Design Review Committee, have been prepared to preserve and maintain architectural and design standards concerning alterations to apartments in the Project and to ensure harmonious aesthetic relationships between individual apartments, buildings and their sites. The Design Guidelines are both prescriptive and restrictive and include, but are not limited to, examples of acceptable improvements, materials, decorations, and Design Review Committee application procedures.

As the Project is part of the Princeville at Hanalei master-planned community (see Section V.C.1 of the public report for a description of the Project and Princeville at Hanalei), the Design Guidelines have also been developed in accordance with applicable portions of the Declaration of Restrictions, Covenants, and Conditions for Princeville at Hanalei (see Exhibit "O" for a description of this document). In addition, any and all construction and alteration of improvements may be subject to the review and approval by the Princeville at Hanalei Community Design Committee.

THE FOREGOING IS A DESCRIPTION OF THE DESIGN GUIDELINES FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THESE DESIGN GUIDELINES. THE FULL TEXT OF THE DESIGN GUIDELINES SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

EXHIBIT "O"

Nihilani at Princeville Resort, Phase II

Description of the Declaration of Restrictions, Covenants, and Conditions for Princeville at Hanalei

As mentioned in Section V.C.1 of the public report, the Project is part of the master-planned community known as Princeville at Hanalei and will therefore be subject to the terms and conditions set forth in that certain Declaration of Restrictions, Covenants, and Conditions for Princeville at Hanalei, dated March 1, 1971, recorded at Liber 7944 on Page 93, as may hereafter be further amended and/or supplemented from time to time (the "Master Declaration"). The Master Declaration was prepared and executed by EAGLE COUNTY DEVELOPMENT CORPORATION ("Declarant"), however, by Declaration of Declarant dated May 16, 1985, recorded at Liber 18662 at Page 485, PRINCEVILLE DEVELOPMENT CORPORATION was declared and designated the Declarant under said Declaration. The interest of PRINCEVILLE DEVELOPMENT CORPORATION was subsequently assigned to PRINCEVILLE AT HANALEI COMMUNITY ASSOCIATION by Notice of Transfer and Assignments dated May 1, 1990, recorded as Document No. 94-009984.

The purpose of the Master Declaration is to enhance and protect the value, desirability and attractiveness of the land within the master-planned community, and to provide for the formation of the Princeville at Hanalei Community Association (the "Master Association") that administers the master-planned community. The following is a brief description of some of the significant provisions of the Master Declaration (unless defined herein, capitalized terms shall be defined as set forth in the Master Declaration).

1. Scope. Exhibit "A" to the Master Declaration describes the land subject to the Princeville at Hanalei restrictions, covenants and conditions set forth in the Master Declaration (the "Property"). The Master Declarant has reserved the right to annex to the Property all or any part of the land owned by it at the time of such annexation located in the District of Hanalei.

2. Master Association Membership/Voting. Each Owner of a lot which is subject to assessment by the Master Association is a member of the Master Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment. Voting rights of members are set forth in the Charter and Bylaws of the Master Association.

3. Master Association Powers and Duties. The Master Association has broad powers to administer the Property. Generally, the Master Association has the power: (i) to acquire, hold, and dispose of property; (ii) to pay, compromise or contest any or all real property taxes and assessments levied on any portion of the Common Areas; (iii) to enforce the Master Declaration; (iv) to enter into contracts for the purpose of carrying out its duties under the Master Declaration (including management contracts); (v) to collect assessments; and (vi) to maintain the Common Areas and improvements located on the Common Areas.

4. Assessments. The Master Association has the right to assess Owners common assessments for the expenses incurred by the Master Association (see generally Article VI). Each Owner's proportionate share of the maintenance and special assessments is based on the land area of the Owner's lot multiplied by a weighting factor for the lot classification (single family, multiple unit or hotel use).

In addition to maintenance assessments which are used exclusively for the purpose of financing the Master Association functions and duties, the Master Association is also entitled to levy further assessments against an Owner when an Owner defaults in the performance of its obligations under the Master Declaration, and to make up a shortfall in receipts due to Owner delinquencies. A special assessment for the purpose of defraying the cost of construction may also be levied, provided that at least two-thirds (2/3) the vote of each class of members who vote in person or proxy at a meeting duly called for that purpose assents.

Nonpayment of any assessment will give rise to a lien against the Owner's apartment in an amount equal to the unpaid assessments plus interest, attorney's fees, and costs of collection, and the Master Association may foreclose on such lien as provided by law.

5. Design Standards. All construction and alteration of improvements within the Property are subject to approval by the Community Design Committee ("Committee"). Such construction or alteration of improvements must be in compliance with the Community Design Committee Rules and restrictions contained in the Master Declaration (see generally Article III), including, but not limited to, dwelling cost, quality and size, building location, and landscaping.

6. Additional Reserved Rights of Master Declarant. The Master Declarant has reserved the right to (i) amend or repeal the Master Declaration upon vote of at least 75% of Master Association members at a duly held meeting, and recordation of such amendment; and (ii) delegate, transfer, assign, convey or release rights vested in the Master Declarant pursuant to the Master Declaration to the Master Association.

7. Term. The term of the Master Declaration shall be for a period of fifty five (55) years beginning March 1, 1971, and ending February 28, 2026. Thereafter, the Master Declaration shall automatically be extended for successive periods of five (5) years unless terminated by a recorded instrument approved by at least 75% of the total votes in the Master Association.

THE FOREGOING IS A GENERAL DESCRIPTION OF THE MASTER DECLARATION FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE MASTER DECLARATION. THE FULL TEXT OF THE MASTER DECLARATION SHOULD BE EXAMINED AND CONTROLS OVER THIS DESCRIPTION.