

CONDOMINIUM PUBLIC REPORT

Prepared & Issued By: John D. Sheveland and Wendy Laurel-Sheveland, husband and wife, and Developer James B. Sheveland, a married man Business Address 157 Ala Hoku Street, Lahaina, Hawaii 96761 Project Name (*): Nalei Condominium Address: 155 and 157 Ala Hoku Place, Lahaina, Hawaii 96761 Registration No. 5982 (conversion) Effective Date: May 28, 2009 Expiration Date: June 28, 2010

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] No prior reports have been issued
[] This report supersedes all prior public reports
[] This report must be read together with
X SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[X] Final Public Report dated: April 14, 2006
[] Supplementary Public Report dated:
And [] Supersedes all prior public reports.
[X] Must be read together with Said Final Public Report dated 04-14-06
[X] This report reactivates the Final public report(s) which expired on June 10, 2007

(*) 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 Not Required – Disclosures covered in this report.

Summary of Changes from Earlier Public Report:

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:

Pages 1, 2, 2-A, 2-B (added), 5, 6, 10, 11, 14, 15, 19, 21, Exhibit "A", Exhibit "B" and Exhibit "C" have been revised to reflect updated information discussed in items 1 and 2 below:

1. The Developer has been amended as follows: Unit A was conveyed to Co-Developers John D. Sheveland and Wendy Laurel-Sheveland, husband and wife, and Unit B was conveyed to Co-Developer James B. Sheveland, a married man.
2. Limited Common Element "B-1" that was appurtenant to Apartment B is now appurtenant to Apartment A as described in the First Amendment to Declaration of Condominium Property Regime of Nalei Condominium Condominium File Plan No. 4196, which recorded Amendment is shown on the updated Title Report from Title Guaranty of Hawaii, Inc. dated March 3, 2009.

Note: The Final Public Report (which must be read together with this Supplementary Public Report) expired on June 10, 2007. Pursuant to section 16-107-19, Hawaii Administrative Rules, sales contracts executed during this period that the Public Report was not in effect may be rescinded at the option of the purchaser and all monies refunded to purchaser. Purchaser's rights to rescind under this rule shall be void thirty calendar days after receipt of written notification of these rights from the developer or his agent.

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The lines on the Condominium Map dividing the land into limited common element land areas are for illustration purposes only and should not be construed to be formal subdivision lines.

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

There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property. Apartment A is an existing farm dwelling, and Apartment B is an existing farm dwelling.

Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example, if one owner builds or adds to a structure in a manner which violates height limits, size limit, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.

The condominium is served by a single water meter and water use for both apartments will be billed to the Association of Apartment Owners by the County of Maui Department of Water Supply in a single bill. The Association is responsible for paying said charges and will allocate them among the apartment owners as common expense assessments. The method of allocation shall be by individual use meters ("submeters") apportioning the County's billings between both apartments by proportionate metered water usage.

The County of Maui Department of Water Supply has adopted a policy to require that each apartment in a condominium have its separate water meter. This condominium has only one meter, which is shared. This sharing may be in violation of these rules. WATER SERVICE IS NOW BEING PROVIDED TO BOTH APARTMENTS AND DEVELOPER KNOWS OF NO INSTANCE WHERE THE WATER DEPARTMENT HAS TERMINATED WATER SERVICE TO A CONDOMINIUM UPON CONVERSION. HOWEVER BUYER IS CAUTIONED THAT BUYER MAY BE REQUIRED TO OBTAIN A METER AS A CONDITION TO THE BUYER'S USE, EXPANSION OR CONSTRUCTION OF BUYER'S APARTMENT, OR THE ISSUANCE OF A BUILDING PERMIT FOR ANY PURPOSE. BUYER SHOULD CONSULT WITH HIS OR HER LEGAL COUNSEL OR CONTACT THE DEPARTMENT OF WATER SUPPLY FOR ADDITIONAL INFORMATION.

The capacity of the single 5/8" water meter is limited. If an apartment owner desires to expand an apartment or build a new structure, the size of the meter may be insufficient and the County of Maui may deny the requested building permit. A larger water meter or an additional meter may not be available. BUYERS ARE URGED TO CONSULT WITH THEIR LEGAL COUNSEL OR WITH APPROPRIATE COUNTY OF MAUI AGENCIES.

1. Both apartments currently share one septic disposal system. The location of the shared system appurtenant to both apartments is within Limited Common Element A, and is shown on the Condominium Map. County and sewer service is not available. The owners of each apartment shall share equally in the cost of maintaining, operating and/or replacing the shared system. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of said System.
2. The County of Maui Planning Department has recently adopted a strict enforcement policy requiring agriculture-zoned land to be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. Also, County approval of farm plans shall be required as well as actual ongoing implementation. Dwellings may only be constructed and used as "farm dwellings". BUYER SHOULD CONSULT WITH AN ATTORNEY OR THE MAUI COUNTY PLANNING DEPARTMENT FOR ADDITIONAL INFORMATION.
3. Recently enacted State law prohibits all restrictions on agricultural uses and activities on agricultural zoned land. Any such restrictions are invalid if created after July, 2003. BUYER UNDERSTANDS THAT ACTIVITIES SUCH AS RAISING ANIMALS OR IRRIGATION AND FERTILIZATION OVERSPRAY ON NEARBY PROPERTIES MAY CAUSE NUISANCES AND INCONVENIENCES TO BUYER.
4. Under the current zoning ordinance, only one full size farm dwelling (which may be limited in size by the rules of the County of Maui) and one farm dwelling with a living area of 1000 square feet or less are permitted, and no other dwellings. Apartment B was designated as the apartment which is subject to the 1000 square feet limitation, and may not be expanded beyond this limitation, and Apartment A was designated as the full size farm dwelling. THE PROSPECTIVE PURCHASER IS CAUTIONED TO CONSULT WITH HIS OR HER LEGAL COUNSEL CONCERNING THE REQUIREMENTS OF A FARM DWELLING AND THE PERMITTED USES OF THE LAND AND DWELLING IN THE AGRICULTURAL ZONE.

Also the Developer has further restricted the use of a portion of Limited Common Element B, noted on the Condominium Map as "B-1", so that no structures are permitted within that area.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: John D. Sheveland, Wendy Laurel-Sheveland, and James B. Sheveland Phone: (808) 665-5709
Name* (Business)
157 Ala Hoku Place
Business Address
Lahaina, Hawaii 96761

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or a manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A

Real Estate Broker*: SRH, Inc. Phone: (808) 879-1511
dba: ERA Maui Real Estate (Business)
Name
225 Piikea Ave., #92
Business Address
Kihei, Hawaii 96753

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 871-2200
Name (Business)
80 Puunene Avenue
Business Address
Kahului, Hawaii 96732

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

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

Attorney for Developer: Thomas D. Welch Jr. Phone: (808) 871-8351
Mancini, Welch & Geiger LLP (Business)
Name
33 Lono Avenue, # 470
Business Address
Kahului, Hawaii, 96732-1681

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

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2006-056381
 Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instrument [state name of document, date and recording/filing information]: First Amendment to Declaration of Condominium Property Regime of Nalei Condominium Condominium File Plan No. 4196, dated April 12th, 2007, recorded as Document No. 2007-072449.

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. 4196
 Filed - Land Court: Condo Map No. _____

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

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2006-056382
 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]:

John D. Sheveland and Wendy-Laurel Sheveland, husband and wife, and James B. Sheveland, a married man

Fee Owner: _____
Name

Lessor: N/A
Name

Business Address

C. Buildings and Other Improvements:

1. New Building(s)
 Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building: Apt. A: 1
Apt. B: 1
 Exhibit A contains further explanations.
3. Principal Construction Materials:
 Concrete Hollow Tile Wood
 Other _____
4. Uses Permitted Use by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Agricultural	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

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

There are no limited common elements in this project.

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

described in Exhibit A*.

as follows:

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

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

described in Exhibit _____.

as follows: Apartment A shall have a 50% undivided interest and Apartment B shall have a 50% undivided interest (referred to as the "common interests") in all common elements of the Project and a said same respective share in all common profits and common expenses of the Project and for all other purposes, including voting.

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

Exhibit B describes the encumbrances against the title contained in the title report dated March 3, 2009 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>
All liens and encumbrances are Described in the attached Exhibit B.	Buyer may lose his or her unit but buyer's deposit to be refunded, less any escrow cancellation fee. All mortgage liens will be paid in full out of the proceeds of the sale of the first apartment and the apartments will be released from the liens at that time.

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

There are no warranties.

2. Appliances:

There are no warranties.

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 (a) Unrecorded Right of Entry Agreement, as set forth in Deed dated January 20, 1978, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 13023 at Page 325; (b) Elevation Agreement, dated August 6, 1979, recorded in said Bureau in Liber 13950 at Page 270; and (c) Declaration, dated December 1, 1980, recorded in said Bureau in Liber 15189 at Page 12.

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

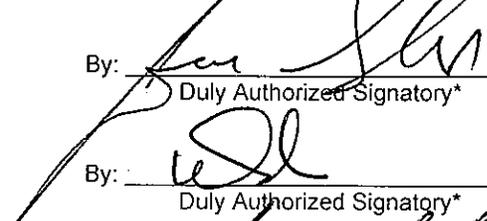
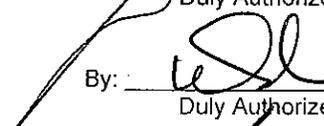
This Public Report is a part of Registration No. 5982 filed with the Real Estate Commission on April 19, 2006.

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

YELLOW paper stock WHITE paper stock PINK paper stock

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

John D. Sheveland, Wendy-Laurel Sheveland and James B. Sheveland, a married man
 Printed Name of Developer

By: 	4/15/09
Duly Authorized Signatory*	Date
By: 	4/15/09
Duly Authorized Signatory*	Date
By: 	4-16-09
Duly Authorized Signatory*	Date

John D. Sheveland, Wendy-Laurel Sheveland, James B. Sheveland: Owners/Developer
 Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, _____ County of Maui

Planning Department, _____ County of Maui

**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 (Revised)

NALEI CONDOMINIUM

DESCRIPTION OF BUILDINGS:

The condominium consists of two separate apartments, each of which is a farm dwelling. Each apartment is located on that portion of the land defined on the Condominium File Plan as a limited common element appurtenant to and for the exclusive use of said apartment. Each building is constructed primarily of wood, glass and related materials. Upon expansion, relocation, construction or reconstruction of any apartment by any owner(s) thereof as provided in the Declaration, the modified or new building containing any apartment may be constructed of any other building material meeting applicable building codes, including but not limited to concrete, masonry, plaster, wood, glass or related materials.

DESCRIPTION OF APARTMENTS:

The condominium shall consist of two (2) apartments designated Apartment "A" and Apartment "B", with Apartment "A" the northern most and Apartment "B" the southern most. Each apartment is shown on the Condominium File Plan.

Apartment "A" is a one-story farm dwelling, containing 1685 square feet of net living area, and includes three bedrooms, two bathrooms, a kitchen, dining room, living room, laundry room, closet spaces, deck and covered porch.

Apartment "B" is a one-story farm dwelling, containing 958 square feet of net living area, and includes two bedrooms, two bathrooms, a kitchen, dining room, living room, entryway, closet spaces, porch, lanais and attached garage (containing 156 square feet).

Apartment A has direct access to its appurtenant limited common element on which the apartment is located, which in turn provides access to the Common Element Driveway, which in turn provides access to a private roadway (Ala Hoku Place), which provides access to a public road (Honoapiilani Highway).

Apartment B has direct access to its appurtenant limited common element on which the apartment is located, which in turn provides access to the Common Element Driveway, which in turn provides access to a private roadway (Ala Hoku Place), which provides access to a public road (Honoapiilani Highway).

The boundaries of each apartment shall consist of the exterior finished surface of all exterior walls, roofs, doors, windows, and also include all foundations and underpinnings, and other appurtenant structures and facilities within said boundaries. The responsibility for maintenance, repair, replacement and reconstruction and insurance of each apartment is delegated to the owner(s) of said apartment, and all of the cost thereof shall be borne by the owner(s) of said apartment, at no cost to the owner(s) of any other apartment or the association.

LOCATION, RELOCATION, AND NUMBERING OF APARTMENTS:

Each apartment is located as shown on the condominium file plan. The apartments are lettered "A" and "B" consecutively from north to south. As provided in Section K.2. of the Declaration, at the option of the owner(s) of each apartment, said apartment may be relocated to any other location within the limited common element appurtenant to said apartment, and the boundaries of said apartment may be changed, by amendment to the Declaration as provided in Section K.2. of the Declaration; provided however, that (a) all construction in connection therewith shall comply with all applicable zoning and building codes; and (b) no portion of the structure comprising an apartment or other structure shall be constructed outside of the boundaries of the area designated for said unit as its limited common element as shown on the Condominium File Plan, or within any required setbacks.

APPROXIMATE FLOOR AREA OF APARTMENTS:

<u>Apartment</u>	<u>Floor Area</u>
A	1685 square feet of living area 300 square feet of covered porch & deck
B	958 square feet of living area 156 square feet of garage 250 square feet of porch & lanais

NOTE: THE FLOOR AREAS ARE APPROXIMATE ONLY. THE DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR APARTMENT.

COMMON ELEMENTS:

The common elements include (a) the land in fee simple, (b) the shared water meter, and any shared water lines and appurtenances; (c) the shared septic system within Limited Common Element A, including but not limited to a septic tank, leach field, septic lines and appurtenances; (d) any shared electrical, telephone and cable television lines and appurtenances, including but not limited to conduit and concrete vaults; (e) the Common Element Driveway as shown on the Condominium Map; (f) a non-exclusive easement and right of access for ingress and egress purposes over and across Roadway Lot 17 (Hine Way) and Roadway Lot 18 (Ala Hoku Place) of the Kahana Hui Subdivision, as shown on the map entitled "KAHANA HUI SUBDIVISION", which said map was filed in the Bureau of Conveyances of the State of Hawaii as File Plan No. 1708; and (g) the limited common elements described below. The common elements shall also include any other utility installations serving more than one apartment.

LIMITED COMMON ELEMENTS:

Each apartment has appurtenant to it and for its exclusive use the land described in the condominium file plan as appurtenant thereto. Limited Common Element B-1 and Limited Common Element A shall both be appurtenant to Apartment A; and Limited Common Element B-2 shall be appurtenant to Apartment B. Each area is appurtenant to and for the exclusive use of its apartment and which is physically located on said limited common element as shown on the condominium file plan. Each limited common element includes the land located underneath the apartment located thereon.

EXHIBIT B (Revised)
Encumbrances against Title

1. Real Property Taxes which may be due and owing. Reference is made to the Tax Assessor's Office, County of Maui.

2. Title to all mineral and metallic mines reserved to the State of Hawaii.

3. Unrecorded right-of-entry agreement in favor of the State of Hawaii, as set forth in Deed dated January 20, 1978, recorded in Liber 13023 at Page 325.

(This agreement does not affect the use or enjoyment of the units in the condominium for their permitted uses.)*

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Elevation Agreement, dated August 6, 1979, recorded in Liber 13950 at Page 270, by and between Meyer M. Ueoka and the County of Maui, through its Department of Water Supply.

(This agreement recognizes that the property is at an elevation that cannot be assured of adequate County water service and fire protection, and certain items are required of the property owner in order for the County to approve a water service application, including installation of a tank, pump and air gap.)*

5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Restrictive Covenants, dated December 1, 1980, recorded in Liber 15189 at Page 12.

(Certain uses are governed by this Declaration of Restrictive Covenants, some examples include, but are not limited to, the following: (a) all buildings and structures shall be constructed of entirely new material; (b) the construction of any dwelling or building shall be substantially completed within twelve (12) months after the visible commencement of construction; (c) a minimum of 1200 square feet of enclosed living area within the main farm dwelling which may be constructed within Limited Common Element A.)*

6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Declaration of Condominium Property Regime for "Nalei Condominium" Condominium Project, dated March 8, 2006, recorded as Document No. 2006-056381, covered by Map 4196 and any amendments thereto.

7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in By-Laws of the Association of Apartment Owners, dated March 8, 2006, recorded as Document No. 2006-056382.

8. AS TO UNIT A ONLY:

A. Mortgage in favor of Mortgage Electronic Registration Systems, Inc., solely as a nominee for Central Pacific Home Loans, Inc., a Hawaii corporation, dated February 22, 2008, recorded in the Bureau of Conveyances as Document No. 2008-030121.

B. Mortgage in favor of Central Pacific Bank, a Hawaii corporation, dated July 23, 2008, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2008-120522.

(These mortgages will be released from title prior to the conveyance of Unit A to a buyer.)*

9. AS TO UNIT B ONLY:

A. Mortgage in favor of Wells Fargo Bank, N.A., a national association organized and existing under the laws of the United States of America, dated April 20, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-074686.

B. Home equity line of credit mortgage in favor of Wells Fargo Bank, N.A., a national bank organized and existing under the laws of the United States, dated November 13, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-205389.

(These mortgages will be released from title prior to the conveyance of Unit B to a buyer.)*

*Comments in parenthesis are explanations provided by Developer's attorney to assist Buyers in understanding the disclosures in this Exhibit "B". They are not approved by the title company and will not be set forth or referred to in Buyer's title insurance policy to be issued in this purchase.

EXHIBIT C

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>
A	\$132.50 per month x 12 = \$1590.00 per year
B	\$132.50 per month x 12 = \$1590.00 per year

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

[] common elements only

[] common elements and apartments

Elevator

Gas

[] common elements only

[] common elements and apartments

Refuse Collection

Telephone

Water (†)

\$40.00/month x 12 months = \$480.00

Maintenance, Repairs and Supplies

Building

Grounds

Common waterlines and appurtenances

\$5.00/month x 12 months = \$60.00

Common electrical lines and appurtenances

\$5.00/month x 12 months = \$60.00

Common Element Driveway

\$10.00/month x 12 months = \$120.00

Septic system

\$20.00/month x 12 months = \$240.00

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

Liability Insurance premiums

\$150.00/month x 12 months = \$1800.00

Reserves(*)

Replace common waterlines and appurtenances

\$5.00/month x 12 months = \$60.00

Replace common electrical lines and appurtenances

\$5.00/month x 12 months = \$60.00

Replace Common Element Driveway

\$10.00/month x 12 months = \$120.00

Replace Septic system

\$10.00/month x 12 months = \$120.00

Taxes and Government Assessments

Audit Fees

\$5.00/month x 12 months = \$60.00

Other

TOTAL

\$265.00/month x 12 months = \$3180.00

I, the undersigned condominium developer for the Nalei 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.

JOHN D. SHEVELAND

(Signature)

4-15-09

Date

WENDY LAUREL-SHEVELAND

(Signature)

4/15/09

Date

JAMES B. SHEVELAND

(Signature)

4-16-09

Date

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

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.

This reserve amount is not based on a reserve study required by Hawaii law. The reserve study will be performed by the Association of Apartment Owners.

(†) Water use will be metered and billed based on actual amounts used by each apartment.

ATTACHMENT 1 TO ESTIMATE OF
MAINTENANCE FEE DISBURSEMENTS

The Developer, in arriving at the figure for "Reserves" in the attached estimate, has not conducted a reserve study in accordance with HRS §514A-83.6 and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Upon its formation, the Association should conduct a replacement reserve study for (a) the Common Element Driveway, (b) the shared septic system, and (c) the shared water and electrical lines and appurtenances.