

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Glenn R. Forman and Kimberly Ries Forman, Trustees of the Forman Family Revocable Trust dated October 11, 2005

Address 3880 Wyllie Road, # 6A, Princeville, Hawai'i 96722

Project Name (*): NANA PARADAIISO CONDOMINIUM

Address: Portion of allotment ---3, Kuapuna Hui Land Partition, being also a portion of Grant 535 to James W. Smith, Moloaa, Kawaihau, Kauai, Hawai'i

Registration No. 6087 (Conversion)

Effective date: February 5, 2007 Expiration date: March 5, 2008

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 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

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.

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

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 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:

SPECIAL NOTICE:

This is a condominium project, not a subdivision. There are County restrictions on the number of dwelling units, or other structures, which may be built upon the property. Therefore, unless the purchaser is purchasing an existing dwelling, there is no assurance that the purchaser will be able to build a dwelling unit on the property. There also is no assurance that the purchaser will be able to convert an existing non-residential structure to residential use. The purchaser should consult with the appropriate County agencies to determine whether the purchaser may build a dwelling unit, or any other type of structure.

1. There are presently NO RESIDENTIAL STRUCTURES on the project. The buildings on Units 1 and 2 are shade structures, each of which may be defined as an "apartment" under the Condominium Property Act.
2. The Developer discloses that, in order to process the necessary permits for the construction of a farm dwelling and the processing of a farm dwelling agreement on agriculturally zoned parcels, authorization from at least 75% of the legal and equitable ownership of the entire project shall be required, consistent with the Declaration of Condominium Property Regime and the Bylaws. Except as limited specifically by the project documents of record, all uses permitted in the agricultural zone are permitted. Such uses include, but are not limited to, growing crops, raising animals, residence, diversified agriculture, forestry, orchards and nurseries and wildlife management. See Kauai County Comprehensive Zoning Ordinance, Article 8.7. for detailed information. In relation to specifically permitted uses of buildings and other improvements, structures shall only be occupied or used for agriculture, associated residential uses or other uses permitted by law and the recorded project documents. A farm dwelling may not be constructed unless a unit owner demonstrates to the County his ability to derive income from his property, established and verified prior to any building permit approval.
3. A buyer should understand that development and use of the property shall be in compliance with all County Codes and Ordinances. If County facilities are not already in place, the prospective purchaser is advised that owners in the project will not necessarily receive the same County benefits as owners of approved subdivided lots; owners who develop their properties later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations. Zoning and land use restrictions are subject to change and each purchaser should maintain awareness of such conditions.

SPECIAL NOTICE CONTINUED:

4. Issuance of an effective date for this Public Report does not constitute an approval of the project by the Real Estate Commission, or any other governmental agency, not does it imply that all county codes, ordinances and subdivision requirements have been complied with.
5. The project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted or dash lines on the Condominium Map generally represent the location of the limited common element or easements assigned to each unit.
6. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS, KAUAI COUNTY ORDINANCES AND STATE OF HAWAII LAWS REFERENCED IN THIS PUBLIC REPORT, AS WELL AS CONTACTING STATE AND LOCAL AGENCIES FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Condominium Map and Limited Common Element Locations	
EXHIBIT B: Summary of Sales Contract	
EXHIBIT C: Schedule of Apartments and Common Interest	
EXHIBIT D: Summary of Portions of Escrow Agreement	
EXHIBIT E: Common Elements and Limited Common Elements of the Project	
EXHIBIT F: Encumbrances Against Title	
EXHIBIT G: Sample Farm Dwelling Agreement	
EXHIBIT H: Estimate of Initial Maintenance Fees and Disbursements	
EXHIBIT I: Summary of Easements Covenants and Conditions	

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 of the use and occupancy of apartment 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 apartment 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: Glen R. Forman and Kimberly Ries Forman, Trustees of the Forman Family Revocable Trust dated October 11, 2005
Name* Phone: (808) 828-0681

3880 Wylle Road, # 6A, Princeville, Hawai'i 96722
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):
N/A

Real Estate Broker*: REMAX KAUAI.COM LLC Phone: (808) 639-9221
Name* (Business)
P. O. Box 223609, Princeville, HI 96722
Business Address

Escrow First Hawaii Title Corporation Phone: (808) 826-6812
Name* (Business)
201 Merchant Street, Suite 2000
Business Address
Honolulu, HI 96813

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

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

Attorney for Developer: Joe P. Moss Phone: (808) 246-8884
Name* (Business)
4303 Rice Street, # C4
Business Address
Lihue, Hawai'i 96766

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

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

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

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common element, 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. 2006-063012
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]: Amendment to the Declaration of Condominium Property Regime of Nana Paradaiso Condominium dated 11-27-06 and filed with the Bureau of Conveyances as Document No. 2006-229716.

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. 4202
 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]:

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

The Bylaws for this condominium are:

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

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: Amendment to the Bylaws of the Association of Apartment Owners of Nana Paradaiso Condominium dated 11-27-06 and filed with the Bureau of Conveyances as Document No. 2006-229717.

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 regulation, 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 guest. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u> </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 Paragraph 13 of the Declaration.

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 document 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 amount 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 obligation 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 improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: Portion of allotment -3, Kuapuna Hui Land Partition, being also a portion of Grant 535 to James W. Smith, Moloaa, Kawaihau, Kauai, Hawaii

Tax Map Key (TMK): (4) 4-9-003-012

Address TMK is expected to change because EACH UNIT IS ENTITLED TO ITS OWN ADDRESS

Land Area: 1.2565* square feet acre(s) Zoning: Agricultural

* This is based on Condominium Map.

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- Pets: _____
- Number of Occupants: _____
- Other: Types and numbers of animals limited by Bylaws Article V, Section 3
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: <u>-0-</u>		Stairways: <u>-0-</u>		Trash Chutes: <u>-0-</u>	
Apt.		Net		Net	
<u>Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Living Area (sf)*</u>	<u>Other Area (sf)</u>	<u>Identify</u>
<u>Unit 1</u>	<u>1</u>	<u>0/0</u>	<u>-0-</u>	<u>20</u>	<u>shade shed</u>
<u>Unit 2</u>	<u>1</u>	<u>0/0</u>	<u>-0-</u>	<u>20</u>	<u>shade shed</u>

Total Number of Apartments: two (2)

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

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

Boundaries of Each Apartment: Per Article 4 of the Declaration of Condominium Property Regime, the boundaries of each apartment include the building comprising the apartment, including, but not limited to, all perimeter walls, floors, foundations and roof of such building, and all pipes, wires, conduits, or other utility and service lines in such building, or outside such building, if the same are not utilized for or serve more than one apartment.

Permitted Alteration to Apartments: Permitted alterations to apartments are as allowed by County of Kauai zoning ordinances and recorded restriction on the project, if any. Upon construction of each permanent improvement, an amendment to the Declaration of Condominium Property Regime will be required to disclose actual improvements as a matter of public record. Where structure(s) other than a farm dwelling currently serve as apartment(s), for any unit(s) otherwise allowed to construct a farm dwelling, it is anticipated that a farm dwelling will either replace the existing improvement(s) or be added thereto. The owner of any altered unit shall have the right and duty and shall be required to amend the Declaration and the Condominium Map to reflect any such alteration. As long as all legal requirements are met as required herein, all other unit owners, by acquiring an interest in any other unit, shall be deemed to have been granted a power-of-attorney from all other unit owners to execute an amendment to the Declaration solely for the purpose of describing the alterations to his respective unit.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has N/A elected to provide the information in a published announcement or advertisement.

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u> </u>	<u> </u>
Structures	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

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

Limitation may include restriction 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 designate 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 E.

as follows:

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 E.

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 C.

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 F describes the encumbrances against the title contained in the title report dated June 9, 2006 and issued by First Hawaii Title Corporation.

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.

Type of Lien

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

Mortgage

A lender has priority over a Buyer's rights under a Sales Contract and has a right to terminate a sales contract upon foreclosure of its mortgage before an apartment sale is closed. If foreclosed, Buyer's deposit shall be refunded and the sales contract between Seller and Buyer shall be cancelled.

F. Construction Warranties:

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

1. Building and Other Improvements: None

2. Appliances: None

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

Units 1 and 2 shade sheds were completed in October of 2005.

H. **Project Phases:**

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

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

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 B contains a summary of the pertinent provisions of the escrow agreement.
- Escrow Agreement dated April 19, 2006
Exhibit D contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

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

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

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

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

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final 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 State 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 buy 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 Farm Dwelling Agreement; All grants of easements; Mortgage

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 Registrations No. 6087 filed with the Real Estate Commission on July 25, 2006.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

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

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

There are presently no residential structures on the project. The buildings on Units 1 and 2 are shade structures, each of which may be defined as an "apartment" under the Condominium Property Act. These can be replaced by or remodeled as allowed by law and project documents (refer to Section 10 of the Declaration). The prospective purchaser shall have the right to undertake such work at purchaser's expense. The purchaser shall also, in such event, file the 'as-built' certificate within thirty days of completion of the residence in conformance with Section 514A-12, Hawaii Revised Statutes, and record an amendment of the Declaration of Condominium Property Regime ("Declaration") to describe the residence. The County of Kauai Planning Department, in order to process the necessary permits for the construction of any other structure, requires authorization from at least 75% of the legal and equitable ownership of the entire project, consistent with the Declaration and the Bylaws ("condominium documents").

Except as limited specifically by the condominium documents and subdivision restrictive covenants, all uses permitted in the agricultural zone are permitted. Uses in one zone are not the same as in the other, and the prospective purchaser should consult the appropriate county agency for information on uses and construction in respective zones.

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

Purchasers should be aware that Chapter 205, Hawaii Revised Statutes (HRS), does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".

The term "farm dwelling" is defined in Chapter 205-4.5(a)(4), HRS, as a "single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwelling permitted within agricultural parks developed by the State of where agricultural activity provides income to the family occupying the dwelling."

The penalty for violation of Chapter 205-4.5, HRS, is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.

In order for any purchaser to obtain a building permit to construct a single-family residential ("farm dwelling"), the County of Kauai will require the purchaser to sign a Farm Dwelling Agreement in the form attached hereto as Exhibit "I".

Purchasers should be aware that there is no public sewer system available, which requires the project to comply with the requirements of Chapter 11-62, HAR, "Wastewater Systems". Purchasers of each apartment or unit would bear the cost of designing and installing the wastewater system as part of their construction costs. The County of Kauai may allow the first apartment/unit applying for such a permit to use a cesspool; the second would require a septic system. Any prospective purchaser should verify requirements with the County of Kauai and seek design and installation estimates prior to proceeding with the wastewater system.

Mail boxes and mail delivery services are not provided for this condominium project. Post office boxes must be obtained for mail delivery. Owners are responsible for the cost of their post office boxes.

Glenn R. Forman, Trustee of the Forman Family Revocable Trust dated October 11, 2005, Developer, is a licensed real estate agent with Remax Kauai who is the listing agent for the sale of the CPR units in this project.

Exhibit "I" of this Public Report contains a summary of various easements and other restrictions affecting the units in this Project. Purchasers are advised to review these restrictions and the underlying instruments that created and established each of the restrictions.

- 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 20000) [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 the 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.

Glenn R. Forman and Kimberly Ries Forman, Trustees of the Forman Family Revocable Trust dated October 11, 2005

Printed Name of Developer

By: Glenn R. Forman 1/16/07
 Duly Authorized Signatory* Date

By: Kimberly Ries Forman 1/16/07
 Duly Authorized Signatory* Date

Glenn R. Forman and Kimberly Ries Forman, Trustees of the Forman Family Revocable Trust dated October 11, 2005

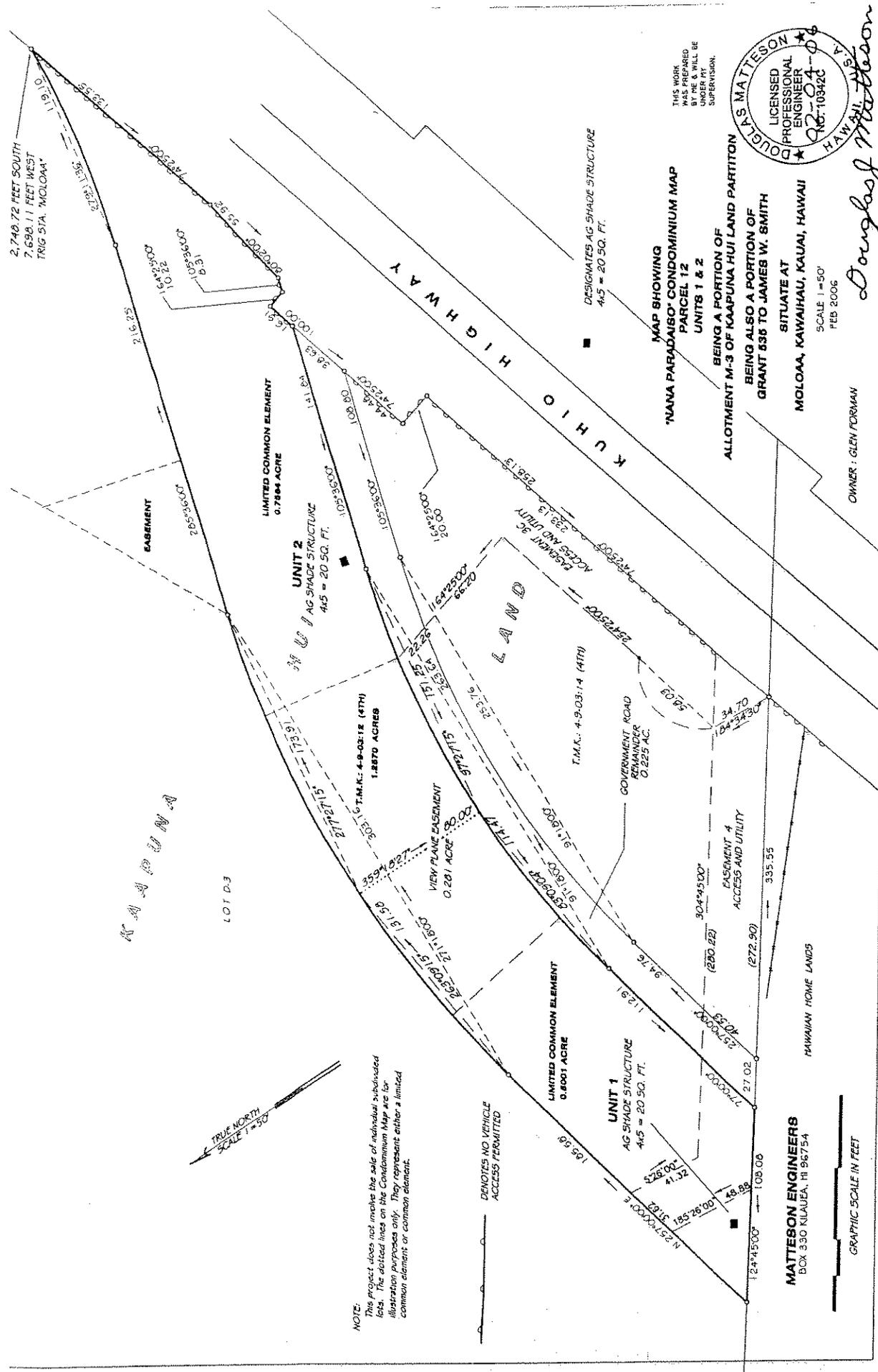
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

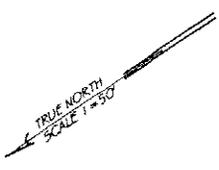
Planning Department, County of Kauai

***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 manger or member; and for an individual by the individual.**



2,740.72 FEET SOUTH
7,698.11 FEET WEST
TRIG STA. "MOLOAA"

KAWAII LAND



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

INDICATES NO VEHICLE ACCESS PERMITTED

DESIGNATES AG SHADE STRUCTURE
4.5 = 20 SQ. FT.

MAP SHOWING
"NANA PAPADAISO" CONDOMINIUM MAP
PARCEL 12
UNITS 1 & 2

BEING A PORTION OF
ALLOTMENT M-3 OF KAAPUNA HUI LAND PARTITION
BEING ALSO A PORTION OF
GRANT 536 TO JAMES W. SMITH

SITUATE AT
MOLOAA, KAWAII, HAWAII

SCALE 1"=50'
FEB 2006

OWNER: GLEN FORMAN



Douglas Matteson

MATTESON ENGINEERS
BOX 530 KILAUEA, HI 96754

GRAPHIC SCALE IN FEET

Exhibit A

EXHIBIT B

SUMMARY OF SALES CONTRACT

The "NANA PARADAIISO" Sales Contract and Receipt (the "contract"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to other terms.
2. The closing date for the purchase.
3. Whether, at the time of execution of the contract, an effective date for a final public report has been issued.
4. The terms and conditions of the sale which include, among other provisions, the following:
 - (a) That Purchaser will receive a copy of the final public report for the project.
 - (b) Purchaser agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement, and Purchaser is subject to all of the terms of the Escrow Agreement.
 - (c) Seller has a right to extend the closing date by 31 days.
 - (d) After issuance of the Final Public Report effective date and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514A-62, Purchaser shall not have the right to rescind the contract.
 - (e) Purchaser has received a copy of the Escrow Agreement.
 - (f) If Purchaser defaults, Seller may cancel the contract or bring legal action against Purchaser to force sale, obtain money damages, or retain Purchaser's deposit money held in escrow.
 - (g) The unit the Purchaser is purchasing is shown on the condominium map attached as Exhibit A to the Sales Contract and Receipt; Purchaser will have the right to cancel if the Unit is different from that shown on said Exhibit A.

- (h) That a deed conveying clear title will be given at closing, subject to certain obligations.
- (i) The Purchaser agrees to give future easements if reasonably required for the project.
- (j) Except for unexpired builder's statutory warranties and assignable appliance warranties, the Purchaser will accept the Unit "AS-IS". Purchaser assumes all risks regarding any potential hazardous materials on the condo property or property adjoining or in the vicinity, including liability for suits by third parties. Seller is, however, unaware of any such conditions on the property.
- (k) The payment of commissions, if any, is set out in the contract.
- (l) Time is of the essence of the obligations of Purchaser under the contract.

SPECIAL NOTICE:

THE FOREGOING SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CONTRACT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE PURCHASER'S RIGHTS AND OBLIGATIONS, THE PURCHASER MUST REFER TO THE PURCHASER'S CONTRACT TO DETERMINE THE BUYER'S ACTUAL RIGHTS AND OBLIGATION. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONTRACT, THE CONTRACT WILL CONTROL AND NOT THIS SUMMARY.

END OF EXHIBIT B

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Unit No.	Limited Common Element* (acres)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	%of Common Int.
1	.5001	None	None	20 (shed)	50%
2	.7564	None	None	20 (shed)	50%

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which common interest has been computed. There are two units, each of which will burden the common elements equally. Therefore, the assessment of undivided interest both for common expense and for voting is 50% for each unit.

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

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

END OF EXHIBIT C

EXHIBIT D

SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between FIRST HAWAII TITLE CORPORATION, a Hawaii corporation ("Escrow"), and Glenn R. Forman, Trustee of the Forman Family Revocable Trust dated October 11, 2005, and Kimberly Ries Forman, Trustee of the Forman Family Revocable Trust dated October 11, 2005 ("Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.
2. Escrow will receive payments under the sales contract and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on an funds will be paid to Seller.
3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) the Real Estate Commission has not issued a Final Public Report on the project or the requirements of the sales contract have not been met; or (b) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met.
4. Escrow will return deposited sums to the Buyer without interest if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$150.00.
5. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract.
6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

7. If Seller subsequently certifies in writing to Escrow that Seller has terminated the sales contract in accordance with the terms thereof, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Seller and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by this Agreement and shall be held by Escrow for the account of Seller.

SPECIAL NOTICE:

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

END OF EXHIBIT D

EXHIBIT E

COMMON ELEMENTS OF THE PROJECT

The common elements of the project are:

- (a) The land in fee simple;
- (b) All pipes, wires, conduits or other utility or service lines, drainage ditches or appurtenant drainage structures, retaining walls (if any) and yard fences, which are located outside the apartments and which are utilized for or serve more than one apartment; and
- (c) All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Condominium Property Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgagee(s) of any condominium unit(s) which are filed of record.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, referred to as the "limited common elements," have been designated and set aside for the exclusive use of one or more units, and such unit(s) have appurtenant exclusive easements for the use of such limited common elements. The limited common elements so set aside, reserved and deemed a limited common element appurtenant to and for the exclusive use of each respective unit is that certain land area upon and around which Units 1 and 2 are located, shown and designated on the Condominium Map and the table below.

<u>Unit Number</u>	<u>Area of Limited Common Element</u>
1	.5001 acre
2	.7564 acre

Except for liability created by negligence or intentional acts, all costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant. Utilities will be connected at the expense of individual unit owners.

*Note: Land areas referenced herein are not legally subdivided lots. Also, See Note at bottom of Exhibit C.

END OF EXHIBIT E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Any unrecorded leases, subleases, and/or tenancy agreements demising a portion of the land herein described, and any encumbrances affecting the same.
4. Restriction of vehicle access rights along Kauai Belt Road F.A.P. F-056-1 (3), also known as Kuhio Highway, as shown on Tax Map, and also shown on Survey Map dated May 16, 2003 by Alva Y. Nomura, Licensed Professional Land Surveyor, Certificate No. 6001, attached to instrument dated November 03, 2003, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-246864.
5. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following:

WARRANTY DEED

Dated: May 17, 2000

Document No. 2000-071619

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons

6. Easement "5", area 0.066 acre, more or less, for utility and access purposes, as per survey made by William Louis Terrell, Licensed Professional Land Surveyor, Certificate No. 9330, being more particularly described in instrument dated September 24, 2003, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2003-216472.

7. GRANT

In Favor Of: MOLOA’A VALLEY ONE, LLC, a Hawaii limited Liability Company
Dated: September 24, 2003
Document No. 2003-216472
Purpose: granting a perpetual non-exclusive easement for utility and access purposed, over, under and across Easement “5”, in favor of Tax Map Key (4) 4-9-11-13, Unit 4

8. Easement “4” for access and utilities purposes, as shown in Declaration of Easements, Options and Conditions dated January 26, 2004, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-020564.

9. Area 1-A (restriction of use); Easement “1-B” for access and utilities purposes; and Easement 2-B for view plane purposes; as shown in Declaration of Easements, Options and Conditions dated January 26, 2004, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-020564.

10. The terms, provisions, covenants, easements and reservations as contained in the following:

DECLARATION OF EASEMENTS, OPTIONS AND CONDITIONS

Dated: January 26, 2004
Document No. 2004-020564
but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) es exempt under Chapter 42, Section 3607 of the United States Code or (b) related to handicap but does not discriminate against handicapped persons

11. WAIVER AND RELEASE AGREEMENT

By: GEOFFREY M. NOBLE and THERESA M. NOBLE
Dated: October 04, 2004
Document No. 2004-215503
Re: no County-supplied water service

12. The terms, provision, covenants, easements and reservations as contained in:

DECLARATION OF WATER CONTRACT

Dated: July 08, 2005
Document No. 2005-138996

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) related to handicap but does not discriminate against handicapped persons

13. Easement "4" for access and utilities purposes, as shown in Declaration of Easement, Options and Conditions dated July 07, 2005, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-138997.

14. Restriction of use of area "1-A" Easement "1-B" for access and utilities purposes; Easement "2-B" for view plane purposes and Easement "W-2" for waterline and access purposes as shown in Declaration of Easements, Options and Conditions dated July 07, 2005, recorded in said Bureau of Conveyances as Document No. 2005-138997.

15. The terms, provisions, covenants, easements and reservations as contained in:

DECLARATION OF EASEMENTS, OPTIONS AND CONDITIONS

Dated: July 07,2005
Document no. 2005-138997

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but des not discriminate against handicapped persons

16. MORTGAGE

Mortgagor: GLENN R. FORMAN and KIMBERLY RIES FORMAN, husband and wife

Mortgagee: GEOFFREY M. NOBLE and THERESA M. NOBLE, husband and wife, as Tenants by the Entirety

Dated: July 11, 2005
Document No. 2005-138999

Principal Sum: \$283,000.00

The present amount due should be determined by contacting the

owner of the debt.

17. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "NANA PARADAISO CONDOMINIUM"

Dated: February 01, 2006

Document No. 2006-063012

but omitting any covenants or restrictions if any, based upon race, color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons

Condominium Map No. 4202 to which reference is hereby made.

(The units created by the foregoing instrument are more particularly described in Schedule "1" attached hereto.) Amendment as filed with the Bureau of Conveyances 2006-229716

18. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF NANA PARADAISO CONDOMINIUM

Dated: February 01, 2006

Document No. 2006-063013

to which reference is hereby made

Amendment as filed with the Bureau of Conveyances 2006-229717

19. The terms, provision, conditions and restrictions, if any, contained in that certain Trust Agreement(s) herein referred to.

20. This report has been prepared as a status of title only, with no liability herein assumed. First Hawaii Title Corporation reserves the right to add additional exceptions and/or title requirements if the report is used in any transaction.

EXHIBIT G

****FOR ILLUSTRATION ONLY****

LAND COURT

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL TO:

COUNTY OF KAUAI
Planning Department
Building A, Suite 473
4444 Rice Street
Lihue HI 96766

Document contains ____

pages

FARM DWELLING AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____,
20____, by and between _____

_____, whose residence and post office address
is _____

_____, hereinafter called the "APPLICANT(S)", and the COUNTY OF KAUAI,
Planning Department, its business and mailing address being Building A,
Suite 473, 4444 Rice Street, Lihue, Hawaii 96766, hereinafter called the
"DEPARTMENT",

WITNESSETH:

WHEREAS, the APPLICANT(S) warrant and represent that he/she/they
is/are the _____ of that certain parcel of land, Tax Map
Key No. (4) _____, more particularly described in Exhibit "A",
attached hereto and made a part hereof; and

WHEREAS, this document pertains only to Unit(s) ____ as shown in Exhibit "B" and made a part hereof; and

WHEREAS, that certain parcel of land is classified Agriculture by the State Land Use Commission and is zoned Agriculture by the County of Kauai; and

WHEREAS, Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations only permit "farm dwellings" within the State Agriculture Land Use District unless otherwise relieved from the restriction by a special permit obtained pursuant to Chapter 205, Section 6, Hawaii Revised Statutes; and

WHEREAS, a "farm dwelling" is defined by Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations as "a single family dwelling located on and used in connection with a farm where agricultural activity provides income to the family occupying the dwelling"; and

WHEREAS, the parcel identified by Tax Map Key No. (4)_____, is entitled to _____ (___) residential units; and

WHEREAS, this Agreement is evidenced that _____ is entitled to one of those residential units; and

WHEREAS, a "family" as used in the definition of a "farm dwelling" is defined by the State Land Use District Regulations as "an individual or two or more persons related by blood, marriage or adoption or a group comprising not more than five persons, not related by blood, marriage or by adoption"; and

WHEREAS, the APPLICANT(S) acknowledge that a violation of Chapter 205, Hawaii Revised Statutes, and the State Land Use District restriction is subject to a citation and fine of not more than \$5,000 pursuant to Chapter 205, Section 13, Hawaii Revised Statutes, as amended; and

WHEREAS, the APPLICANT(S) also acknowledge that failure to abide by this Agreement may result in the removal of the prohibited structure at the owner's expense; and

WHEREAS, the DEPARTMENT is charged with the enforcement of the restriction by Chapter 205, Hawaii Revised Statutes; and

WHEREAS, the APPLICANT(S) wish to construct a dwelling unit on those certain parcels of land described in Exhibit A; and

WHEREAS, the APPLICANT(S) wish to execute this Farm Dwelling Agreement without first obtaining the signatures of all interest holders in the CPR;

NOW, THEREFORE, for and in consideration of the terms, covenants and conditions hereinafter contained, the parties hereby mutually agree as follows:

1. That the dwelling permitted to be constructed on the parcels of land described in Exhibit "A" classified Agriculture by the State Land Use Commission shall be a "farm dwelling" as defined by Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations, as recited herein; and

2. That the dwelling shall only be occupied by a "family", as defined by the State Land Use District Regulations and as recited herein, who derive income from the agricultural activity on the parcels; and

3. That the APPLICANT(S) and all present and future owners, lessees and occupants of said land grant the DEPARTMENT the right of entry at the request of the DEPARTMENT to inspect the premises to assure compliance with the provisions of this Agreement; and

4. That this Agreement shall be a covenant running with the land and be binding on the APPLICANT(S), and all present and future owners, lessees and occupants of said land and anyone claiming under said APPLICANT(S), their heirs, executors, administrators, successors and assigns, as owners or occupants thereof or otherwise; and

5. That this Agreement shall remain in effect so long as the land retains its Agriculture District classification under the State Land Use Commission and the pertinent restrictive provisions of Chapter 205, Hawaii Revised Statutes, and the State Land Use District Regulations remain in effect; and

6. That the APPLICANT(S) expressly set forth the provisions of this Agreement in any subsequent conveyance, deed, lease or rental agreement to said property executed by them, so as to give effect to said covenant; and

7. That this Agreement shall be recorded with the State of Hawaii Bureau of Conveyances, fees to be paid by the APPLICANT(S); and

8. The DEPARTMENT and APPLICANT(S) shall execute the Farm Dwelling Agreement; and

9. The APPLICANT(S), for themselves (himself/herself), their (his/her) heirs, administrators, successors and assigns, do hereby waive and release the DEPARTMENT and the County of Kauai, a political subdivision of the State of Hawaii, whose principal place of business and mailing address is Building A, Suite 473, 4444 Rice Street, Lihue, Hawaii 96766, Lihue, Hawaii 96766, from all claims and causes of action, either legal or equitable, which may hereafter accrue by reason of the DEPARTMENT's execution of said Farm Dwelling Agreement; and

10. The APPLICANT(S) do(es) hereby promise to indemnify and hold the DEPARTMENT and the County of Kauai, its successors, assigns, offices, employees, agents, attorneys or any other person or legal entity connected with or legally responsible to them, harmless from any and all claims, actions, causes of action, lawsuits, demands or liability for damages of whatever kind and nature, arising out of the DEPARTMENT's execution of said Farm Dwelling Agreement; and

11. This Agreement shall be a covenant running with the portion of land described in Exhibit A, and shall be binding on APPLICANT(S) and all present and future owners and occupants of said portion of land and any one claiming under APPLICANT(S), their successors, and assigns, as owners or occupants thereof. The APPLICANT(S) further agree(s) to expressly set forth the provisions of this waiver and indemnify agreement in any subsequent conveyance, deed, lease, or rental agreement so as to give effect to said covenant.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the ____ day of _____, 20__.

APPROVED:

APPLICANT(S)

Planning Director

APPROVED AS TO FORM
AND LEGALITY:

County Attorney

STATE OF _____)
) SS:
COUNTY OF _____)

On this ____ day of _____, 20____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

Notary Public, in and for said
County and State.

Print Name: _____

My commission expires: _____

STATE OF _____)
) SS:
COUNTY OF _____)

On this ____ day of _____, 20____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

Notary Public, in and for said
County and State.

Print Name: _____

My commission expires: _____

STATE OF _____)

COUNTY OF _____) SS:
_____)

On this ____ day of _____, 20____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

Notary Public, in and for said
County and State.

Print Name: _____

My commission expires: _____

End of Exhibit G

EXHIBIT H]

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>
UNIT 1	\$37.50 \$450.00
UNIT 2	\$37.50 \$450.00

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

- Air Conditioning
- Electricity
 - common elements only
 - common elements and apartments
- Elevator
- Gas
 - common elements only
 - common elements and apartments
- Refuse Collection
- Telephone
- Water and Sewer

Maintenance, Repairs and Supplies

Building		
Grounds	\$25.00	\$300.00

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance	\$50.00	\$600.00
-----------	---------	----------

Reserves(*)

Taxes and Government Assessments

Audit Fees

Other

TOTAL	\$75.00	\$900.00
-------	---------	----------

I, Glenn R. Forman, Trustee of the Forman Family Revocable Trust dated October 11, 2005, as agent for/and/or employed by NANA PARADAIISO AOA, the condominium managing agent/developer for the NANA PARADAIISO condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Signature

April 4 2006

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 SS514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to SS514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting

EXHIBIT I

SUMMARY OF EASEMENTS, COVENANTS AND CONDITIONS

1. There exists a restriction of vehicle access rights along Kauai Belt Road F.A.P. F-056-1 (3), also known as Kuhio Highway, as shown on the Tax Map, and also shown on Survey Map dated May 16, 2003 by Alva Y. Nomura, Licensed Professional Land Surveyor, Certificate No. 6001, attached to instrument dated November 03, 2003, and recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2003-246864. This means the units may only be accessed from Kuhio Highway via the driveway shown on the condominium map. No other means of access from Kuhio Highway will be allowed.
2. The units are located near or adjacent to properties which are or may be used for various agricultural and related or ancillary purposes. As such, it is expected that the units will periodically be affected by noise, dust, smoke, soot, ash, odor, or other adverse conditions created by or resulting from such agricultural activities. No one owning either of the units will be able to make a claim for any nuisance, personal injury, illness, or other loss, damage or claim which is caused by or related to the presence, operations and/or development of the adjacent properties for agricultural and related or ancillary purposes. This condition is contained in the Warranty Deed dated May 17, 2000, and recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2000-071619.
3. Unit 1 is affected by an non-exclusive easement for utility and access purposes in favor of Moloa'a Valley One, LLC, or its successors or assigns. Moloa'a Valley One, LLC, its successors or assigns also reserve the right to grant access and utility easements over, under and across the easement area to any other persons, corporations, partnerships, public utilities and governmental bodies, departments or agencies. This easement is described in the Grant of Easement dated September 24, 2003, and recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2003-216472. This easement prohibits the owner of Unit 1 or any of its invitees, licensees, agents, employees or contractors from placing any object or parking any vehicle within the easement area or from using the easement in a manner which will unduly interfere with the use of the easement by others. The owner of Unit 1 may reasonably improve the easement area, but is subject to the right of Moloa'a Valley One, LLC to review and approve any plans and specifications for the improvement of any portion of the easement area. This easement is shown on the condominium map as part of Easement 4.
4. Both units are affected by easement 4 for utility and access purposes as shown in the Declaration of Easements, Options and Conditions dated January 26, 2005, and recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2004-020564. This easement provides access to both units to Kuhio Highway.

This easement consists of two easements named easements 1-B and 3-A. Easement 1-B is that portion of easement 4 shown on the condominium map which is on Unit 1.

This easement is perpetual and non-exclusive. It is 30 feet wide and is for access and utilities purposes. No parking of vehicles within the easement area is permitted. The cost of improving and maintaining the easement will be split between the owner of Unit 1 and the owner of one other parcel which uses this easement.

Easement 3-A is perpetual and non-exclusive. It is 30 feet wide and is for access and utilities purposes. It shall be used only for overflow parking and occasional overnight parking of motor vehicles. It shall not be used for storage of vehicles (except occasional overnight parking), equipment, machinery, or any other use by the owners of Units 1 and 2. No parking use shall involve the erection or construction of any structure, walls, or roofs, except for retaining walls built to existing grade. The cost of improving and maintaining the easement will be split between the owners of Units 1 and 2 and the owner(s) of either one or two of the adjacent properties depending on their usage.

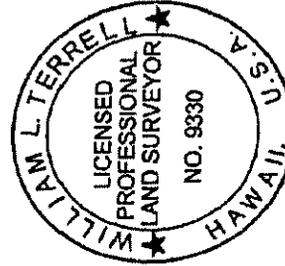
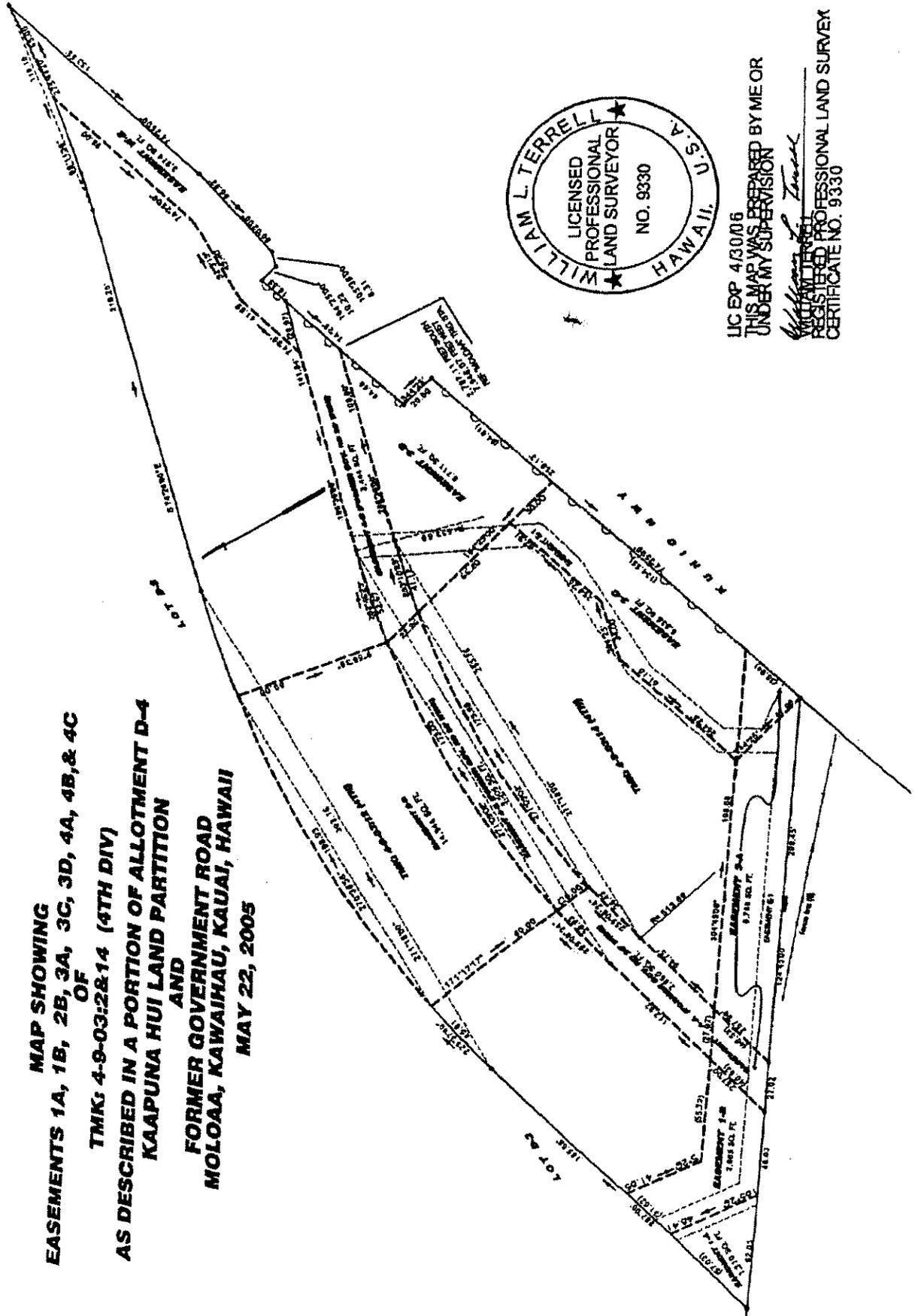
5. Unit 1 is subject to restriction of use regarding the portion of Unit 1 which is west of easement 4, being the triangular piece of land which is between easement 4 and the north and westerly boundaries Unit 1. This area can be used only for overflow parking and occasional overnight parking of motor vehicles. It shall not be used for storage of vehicles (except occasional overnight parking), equipment, machinery, or any other use by the owner of Unit 1 or anyone under, by or through him. No parking use shall involve the erection or construction of any structure, walls, or roofs, except for retaining walls built to existing grade. Notwithstanding this, the owner of Unit 1 may construct a water tank in this area, provided that any such water tank shall not exceed a height of twelve feet as measured from original grade. This restriction is contained in the Declaration of Easements, Options and Conditions dated January 26, 2005, and recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2004-020564.
6. Both units are affected by a view plan easement which is shown on the condominium map. The easement is approximately 110 feet wide and the depth of each of the units. It is a perpetual view plane easement for the purpose of protecting the ocean views of the adjoining parcel 2, which is the land shown as T.M.K.: 4-9-03:14 on the condominium map ("benefitted parcel"). No owner of either unit may construct any improvements or plant any vegetation which intrude into the view plane of the ocean from the benefitted parcel. The owner of the benefitted parcel has the right to reasonably enter unto the view plane easement for the purposes of reasonably trimming and removing any vegetation which blocks his ocean view. All trimming and removal work shall be done no more than twice a year, with reasonable dispatch, and done in such a manner to minimize any adverse effects of such work on Units 1 and 2. The cost and such trimming and removal is borne by the owner of the benefitted parcel. This easement is contained in the Declaration of Easements, Options and Conditions dated January 26, 2005, and recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2004-020564.
7. The easement areas described in the above paragraphs 4 to 6 are to be kept in a clean and presentable manner, and not allowed to be overgrown or infested with noxious vegetation, rodents or other pests. Any disturbance to the grounds of these easements

resulting from installation of utilities or other allowable facilities within the easement areas shall be kept to a minimum, and, except for surfacing of the easement area, as much as reasonably possible the ground shall be restored to the condition existing immediately preceding such installation.

8. Both units are subject to a waiver and release agreement providing that no County supplied water service will be available. This agreement is recorded in the Bureau of Conveyances of the State of Hawai'i as Document No. 2004-215503.
9. Both units are subject to a water contract whereby Craig Maas agrees to provide the owners of the units, and their successor owners, with water from an existing well and storage tanks located on his property. Maas will provide the owners of the units with an unrestricted amount of water for their units. The unit owners have no right to extend water lines beyond their properties, provide water for any other properties, or use water for any commercial use. Maas will maintain the well, pump, tanks and equipment in reasonable order and will meter water flow to owners of the units and bill the owners quarterly at the Department of Water's current price for the water they use. The unit owners have the right to install an in line pump and all necessary equipment to pump water to their units. The unit owners are responsible to maintain the water system from the installed in line pump to their units. The unit owners will pay Maas a maintenance fee of a total of \$200.00 per year, which will be held in an escrow account for the sole purpose of maintaining the equipment. The unit owners agree to hold Maas harmless for any damage to water lines due to grading work up to a depth of 6 inches and to indemnify him for any claims, judgments, damages or expenses arising out of their use of the easement where the water line runs. The unit owners may cancel this agreement at their discretion and receive a refund of \$15,000.00 from Maas.
10. Both units are subject to minimum building setbacks of fifteen (15) feet from all easements on the property and all boundaries of the property.
11. Unit 2 is subject to a perpetual non-exclusive easement for a water line and access to maintain the water line, which is shown as Easement W-2 on the map attached hereto.
12. Unit 2 has an access and utility easement shown as Easement 3C on the condominium map. Unit 2 is responsible for the cost of improving and maintaining this easement. If the owner of T.M.K.: 4-9-03:14 uses this easement for access or utilities, he shall equally share the costs of improving and maintaining this easement.

EXHIBIT A

**MAP SHOWING
EASEMENTS 1A, 1B, 2B, 3A, 3C, 3D, 4A, 4B, & 4C
OF
TMK: 4-9-03:2&14 (4TH DIV)
AS DESCRIBED IN A PORTION OF ALLOTMENT D-4
KAAPUNA HUI LAND PARTITION
AND
FORMER GOVERNMENT ROAD
MOLOAA, KAWAIHAU, KAUAI, HAWAII
MAY 22, 2005**



LIC EXP 4/30/06
THIS MAP WAS PREPARED BY ME OR
UNDER MY SUPERVISION
William L. Terrell
WILLIAM L. TERRELL
REGISTERED PROFESSIONAL LAND SURVEYOR
CERTIFICATE NO. 9330