

**DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	HALE MALUHIA
Project Address	280 Huina Street Kapaa, Hawaii 96746
Registration Number	6192 (conversion)
Effective Date of Report	May 17, 2007
Developer(s)	DANA R. NADEAU and ALISON H. NADEAU

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; or (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

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

0701.REC DPR

SPECIAL ATTENTION

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 two (2) residential structures on the project.
2. 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, nor does it imply that all County codes, ordinances and subdivision requirements have been complied with.
3. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit, as shown on the Condominium Map, is designated as a limited common element 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.
4. 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.
5. The corner of the residence on Unit 2 encroaches into the building setback required for the project. Lot 16-D is owned by the State of Hawaii and the Developer is purchasing a portion of Lot 16-D to resolve the set back issue by consolidating and resubdividing the land to eliminate the encroachment. See page 12, 18 and Exhibit J.
6. A condominium property regime is created upon the recordation of the master deed together with a declaration. The developers have not recorded the documents necessary to create a condominium property regime. A developer and its agents may solicit prospective purchaser to encourage them to acquire a unit. However, the solicitation activities are subject to the following limitations:

A) The developer shall not collect any moneys from prospective purchasers or anyone of behalf of prospective purchasers, whether or not the moneys are to be placed in an escrow account, or whether or not the moneys would be refundable at the request of the prospective purchaser, and

B) The developer shall not require or request that a prospective purchaser execute any document other than a non-binding preregistration agreement. The preregistration agreement shall not incorporate the terms and provisions of the sales contract for the unit and, by its terms, shall not become a sales contract. Notwithstanding anything contained in the preregistration agreement to the contrary, the preregistration agreement may be canceled at any time by either the developer or the prospective purchaser by written notice to the other.

The developer plans to record the documents within two months of the effective date. Upon recordation of the documentation necessary to create a condominium property regime, the developer must submit an amendment to this public report.

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

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	N/A
Address of Project	280 Huina Street Kapaa, Hawai'i 96746
Address of Project is expected to change because	each future unit will receive it's own address
Tax Map Key (TMK)	(4) 4-2-014-030
Tax Map Key is expected to change because	each future unit will receive it's own Tax Map Key
Land Area	24,197 sq.ft.
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A

1.2 Buildings and Other Improvements

Number of Buildings	Two (2)
Floors Per Building	One (1)
Number of New Building(s)	N/A
Number of Converted Building(s)	Two (2)
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
Unit 1	1	5/3 2-½ bath	2,251 sf	Covered Entry	41 sf.	560
				Utility/bath area	92 sf.	
				Storage area	27 sf.	
				Carport	400 sf.	
				Sewing Room		
Unit 2	1	3/1 2-½ bath	960 sf	Covered Entry	64 sf	559
				Utility/bath area	73 sf	
				Storage area	42 sf	
				Carport	380 sf.	
See Exhibit <u>C</u> .						

2	Total Number of Units
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Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stalls in the Project:	Two (2)
Number of Guest Stalls in the Project:	N/A
Number of Parking Stalls Assigned to Each Unit:	One (1)
Attach Exhibit <u>N/A</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. N/A	

1.5 Boundaries of the Units

Each Unit shall be deemed to include the physical or spatial portion of the condominium designated for separate ownership or occupancy, the undivided interest in the common elements of the project; all improvements and structures constructed or to be constructed on each Unit; and all easements rights, and appurtenances intended for use in connection with the condominium which together are appurtenant to the Unit and are shown on the Condominium Map for the Project.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): Permitted alterations to Units are as allowed by County of Kauai zoning ordinances and recorded restrictions on the project, if any. Each Unit may include a private residential dwelling and accessory buildings as allowed Kauai County Zoning Ordinance.

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is: Unit 1 = 50% and Unit 2 = 50%

Described in Exhibit C.

As follows:
See Exhibit C

1.8 Recreational and Other Common Facilities (Check if applicable):

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

1.9 Common Elements

<p>Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.</p>	
<p>Described in Exhibit <u>E</u>.</p>	
<p>Described as follows:</p> <p>A Common Element driveway for access and utilities.</p>	
Common Element	Number
Elevators	-0-
Stairways	-0-
Trash Chutes	-0-

1.10 Limited Common Elements

<p>Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.</p>
<p>Described in Exhibit <u>E</u>.</p>
<p>Described as follows:</p> <p>See Exhibit E</p>

1.11 Special Use Restrictions

<p>The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.</p>	
<input checked="" type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Section 10.1, Section 13.2, and Section 13.3
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).</p>
<p>Exhibit <u>F</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: August 17, 2006 and revised November 14, 2006</p>
<p>Company that issued the title report: Title Guaranty of Hawai'i, Inc.</p>

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning			
Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input checked="" type="checkbox"/> Residential	Two (2)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	R-4
<input type="checkbox"/> Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Other(specify)		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.		N/A	

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a nonconforming or illegal use, structure or lot.</p>

	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed: N/A</p>
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1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>Based on the Architect's Condition Report dated August 24, 2004 prepared by Palmer W. Hafdahl, Registered Professional Architect, No. 8387, the Developer states that the structural components, mechanical and electrical installations of structures located on Units 1 and 2 appear to be in satisfactory condition for the stated age thereof and appear to be in satisfactory condition for their ages.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>Based on the Architect's Condition Report dated August 24, 2004 prepared by Palmer W. Hafdahl, Registered Professional Architect, No. 8387, the Developer states that the structures and related systems and components have an expected useful life of approximately 25 years for Unit 1, and approximately 25 years for Unit 2.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>N/A</p>	
<p>Estimated cost of curing any violations described above:</p> <p>N/A</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>J</u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p> <p>N/A</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation. N/A</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance. N/A</p>	
<p>Other disclosures and information: N/A</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project. N/A</p>	
<p>The nature and the scope of services to be provided. N/A</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses. N/A</p>	
<p>The duration of the provision of the services. N/A</p>	
<p>Other possible impacts on the project resulting from the provision of the services. N/A</p>	
<p>Other disclosures and information. N/A</p>	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer	Name: DANA R. NADEAU and ALISON H. NADEAU Business P. O. Box 813 Address: Kilauea, Hawaii 96754 Business Phone Number: (808) 652-7411 E-mail Address:
Names of officers and directors of developers that 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
2.2 Real Estate Broker	Name: (None at this time – See Page 18) Address: Business Phone Number: E-mail Address:
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Address: 235 Queen Street, First Floor Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: N/A Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Self-Managed by the Association of Unit Owners Address: Business Phone Number:
2.6 Attorney for Developer	Name: Glen T. Hale Hale & Goldberg LLP Address: 2970 Kele Street, Suite 210 Lihue, Hawaii 96766 Business Phone Number: (808) 245-4100

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Restated Declaration of CPR	August 23, 2006	Unrecorded

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
N/A		

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Restated Bylaws	August 23, 2006	Unrecorded

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number
N/A		

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.	
Land Court Map Number	
Bureau of Conveyances Map Number	Unrecorded
Dates of Recordation of Amendments to the Condominium Map: Restated Declaration of CPR (unrecorded)	

3.4 House Rules

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

The House Rules for this project:

Are Proposed	<input checked="" type="checkbox"/>
Have Been Adopted and Date of Adoption	<input type="checkbox"/>
Developer does not plan to adopt House Rules	<input type="checkbox"/>

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>A. Execute and/or record any easement required by any State or County agency or as may be required by a private or public utility company;</p> <p>B. Execute and/or record any document required by any State or County agency to complete the development of the Project and/or to obtain approval of the Project's Public Report.</p> <p>C. The Developer is in the process of purchasing a section of Hawaii State owned land adjacent to the Project (hereinafter referred to as "State land"). Kauai County granted "Final Approval" for the consolidation of a portion of Lot 3 and Lot 16-D on June 14, 2006 and the Final Subdivision Map, Metes and Bounds, Planning Department Final Approval and Engineering Certification were recorded on July 17, 2006 as Document No. 2006-130372.</p> <p>D. The State of Hawaii, Department of Land and Natural Resources, Land Division provided contingent approval of the State land purchase by way of its letter dated March 21, 2005. As a result, the Developer reserves the right, if necessary, to unilaterally amend the Declaration to incorporate the State land upon completion of its purchase from the State of Hawaii. Developer makes no representations nor extends any warranties of any kind to subsequent purchasers of this Project that the addition of the State Land to the Project will be approved or completed.</p> <p>E. Developer reserves the right, upon completion of the purchase of the State Land, to redefine the boundaries of the Units and/or Common Elements of the project and to file an amendment to the Declaration without first obtaining the written consent of either Unit</p> <p style="text-align: center;">(See Page 11a)</p>

	<p>owner (if different from the Developer). Notwithstanding this reservation, the Developer may not decrease the square footage of the land area assigned to Unit 2 (although Developer may alter the boundaries of Unit 2). The Developer may incorporate the State Land into the land area of Unit 1 or the Developer may sell the State Land to the owner of Unit 2.</p> <p>F. The owner of Unit 2 (if different from the Developer) grants a Special Power of Attorney to the Developer to sign and record all documents, deeds and applications on their behalf, and to take any and all other reasonable action required by the State of Hawaii or Kauai County to conclude the State land purchase. The developer may, pursuant to the Special Power of Attorney, prepare, sign and submit applications, forms or letters, to the County of Kauai to consolidate and resubdivide the State land with the land comprising this Project</p>
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4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.	
The Initial Condominium Managing Agent for this project is (check one):	
<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.
Exhibit <u>H</u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>B</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: August 31, 2006 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>D</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit <u> </u> .
<input type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	See Exhibit F. 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 (less any escrow cancellation fees) and the sales contract between Seller and Buyer shall be cancelled.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements: None
Appliances: None

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

<p>Status of Construction:</p> <p>Unit 1 was completed in 1987.</p> <p>Unit 2 was completed in 1990.</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract: N/A</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A</p>

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance (N/A)

<input type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p>If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.</p>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing (N/A)

<p>Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):</p>	
<input type="checkbox"/>	<p>For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or</p>
<input type="checkbox"/>	<p>For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.</p>

In connection with the use of purchaser deposits (check Box A or Box B): (N/A)

<p>Box A</p> <p><input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B</p> <p><input type="checkbox"/></p>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1. **Developer's Public Report**
2. **Restated Declaration of Condominium Property Regime (and any amendments)**
3. **Restated Bylaws of the Association of Unit Owners (and any amendments)**
4. **Condominium Map (and any amendments)**
5. House Rules, if any (and any amendments)
6. Escrow Agreement
7. Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8. Other:
Declaration of Restrictive Covenants for Mountain View Half Acres Subdivision; Amendment to Declaration of Restrictive Covenants; and Mortgages.

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 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

- (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

A. This is a condominium project, not a subdivision. Units purchased are not on subdivided lots. To determine whether your expectations can be realized, you should carefully review the contents of this Report, especially Exhibit "I" to this report which is a summary of the recorded restrictive covenants for the subdivision within which this project is located. Among other things, the restrictive covenants govern land use, building type and materials, possession of animals, and cultivation of crops. You should also conduct your own investigations and ascertain the validity of information provided.

B. Residential improvements are located on Units 1 and 2 of the project. These can be replaced or remodeled as allowed by law and project documents. 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 514B-34, 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").

C. Except as limited specifically by the condominium documents and subdivision restrictive covenants, all uses permitted in the residential 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 the respective zones.

D. 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.

E. The corner of the residence on Unit 2 is encroaching into the setback required for the project. Please review the CPR map attached as Exhibit A. Lot 16-D is owned by the State and a portion is being purchased by the Developer. Developer reserves the right to purchase a portion of Lot 16-D from the State of Hawaii and to add the portion to the limited common element of Unit 2 by way of a consolidation and resubdivision application to be submitted to Kauai County. Developer's reserved right includes the right to increase the size of the limited common element of Unit 2 by the amount of land purchased from Lot 16-D. The Developer's reserved right will involve the amendment of the declaration and the CPR map. A subsequent Buyer of Unit 2 shall grant to the Developer, or Developer's successor in interest, a limited power of attorney to unilaterally sign and record an amended declaration, an amended CPR map and/or other necessary documents to accomplish the purposes stated herein. See Page 2a.

F. The Developer plans to sell the Units in the project, but is not prepared to make any current offerings of sale. When the Developer begins selling or offers to sell, the Developer will use a real estate broker for the sale of an Unit, prior to entering into a binding contract for such sale. The Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the disclosure abstract to the purchaser together with a copy of this public report.

G. The Developer is in the process of purchasing a section of Hawaii State owned land adjacent to the Project (hereinafter referred to as "State land"). Kauai County granted "Final Approval" for the consolidation of a portion of Lot 3 and Lot 16-D on June 14, 2006 and the Final Subdivision Map, Metes and Bounds, Planning Department Final Approval and Engineering Certification were recorded on July 17, 2006 as Document No. 2006-130372.

(See Page 18a)

H. The State of Hawaii, Department of Land and Natural Resources, Land Division provided contingent approval of the State land purchase by way of its letter dated March 21, 2005. As a result, the Developer reserves the right, if necessary, to unilaterally amend the Declaration to incorporate the State land upon completion of its purchase from the State of Hawaii. Developer makes no representations nor extends any warranties of any kind to subsequent purchasers of this Project that the addition of the State Land to the Project will be approved or completed.

I. Developer reserves the right, upon completion of the purchase of the State Land, to redefine the boundaries of the Units and/or Common Elements of the project and to file an amendment to the Declaration without first obtaining the written consent of either Unit the owner (if different from the Developer). Notwithstanding this reservation, the Developer may not decrease the square footage of the land area assigned to Unit 2 (although Developer may alter the boundaries of Unit 2). The Developer may incorporate the State Land into the land area of Unit 1 or the Developer may sell the State Land to the owner of Unit 2.

J. The owner of Unit 2 (if different from the Developer) grants a Special Power of Attorney to the Developer to sign and record all documents, deeds and applications on their behalf, and to take any and all other reasonable action required by the State of Hawaii or Kauai County to conclude the State land purchase. The developer may, pursuant to the Special Power of Attorney, prepare, sign and submit applications, forms or letters, to the County of Kauai to consolidate and resubdivide the State land with the land comprising this Project.

K. A project of the same name exists on the Island of Hawaii.

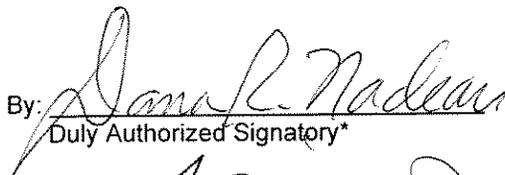
The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

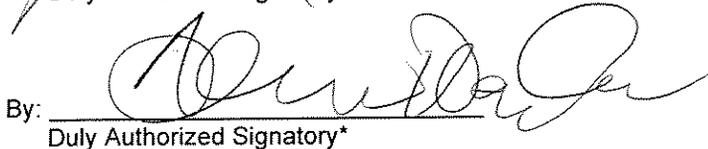
DANA R. NADEAU and ALISON H. NADEAU

Name of Developer

By: 
Duly Authorized Signatory*

5-9-07

Date

By: 
Duly Authorized Signatory*

5-9-07

Date

DANA R. NADEAU and ALISON H. NADEAU, Owners/Developer

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

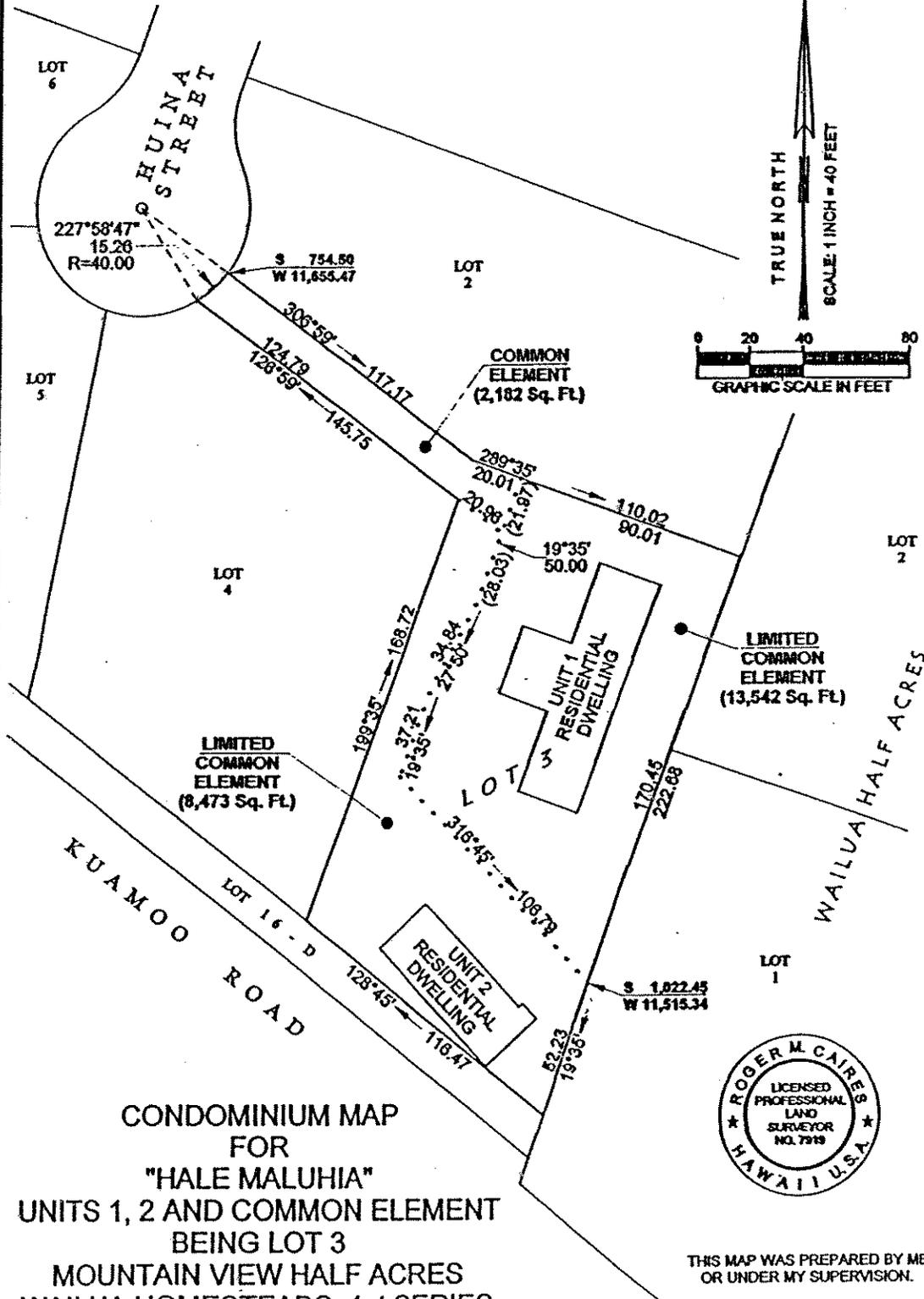
***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

370610.04

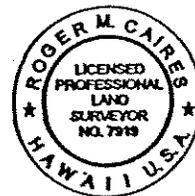
EXHIBIT A
CONDOMINIUM MAP, UNIT LOCATIONS, FLOOR PLANS AND ELEVATIONS

NOTES:

1. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.
2. Underground utilities, septic tanks, etc. were not field located except as shown.
3. The location, existence, size, depth, condition, capacity, etc. of any drainage system, sub-surface water system, cesspool/septic tank system, sewer line, or utility lines to the property, except as shown, are not a part of this map. The appropriate governmental and/or utility agencies should be contacted for this information.
4. Information on adjoining ownership was obtained at the Real Property Mapping Branch.
5. All coordinates based on Government Survey Triangulation Station "NONOU".



CONDOMINIUM MAP
FOR
"HALE MALUHIA"
UNITS 1, 2 AND COMMON ELEMENT
BEING LOT 3
MOUNTAIN VIEW HALF ACRES
WAILUA HOMESTEADS, 1st SERIES
WAILUA, KAUAI, HAWAII
 Tax Map Key: (4) 4 - 2 - 014: 030
 Area: 24,197 Sq. Ft.
 Owners: Robert B. Hallman and Rebecca L. Hallman
 Date: June 21, 2004



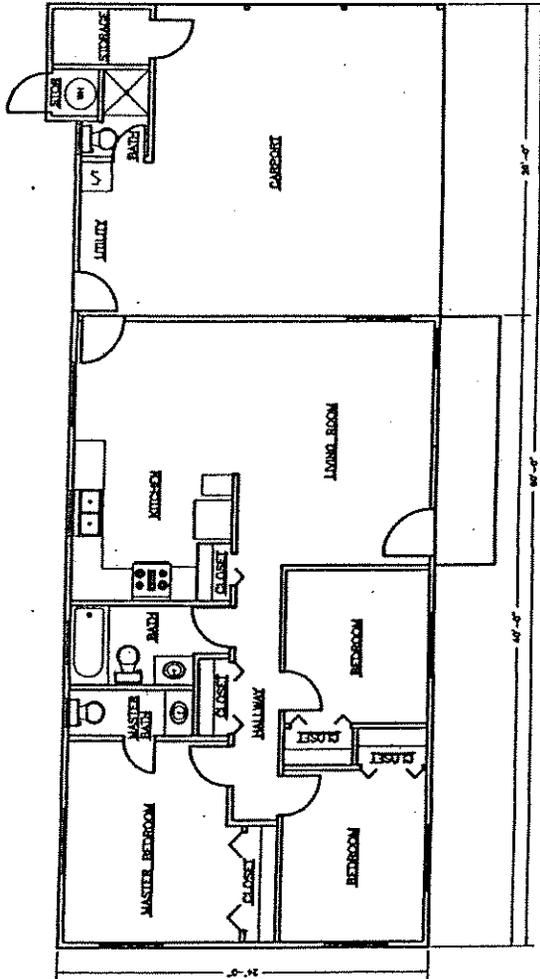
THIS MAP WAS PREPARED BY ME
OR UNDER MY SUPERVISION.

Roger M. Cairns
 Signature
 CAIRES LAND SURVEYING
 P.O. Box 777
 Kalaheo, Kauai, Hawaii 96741



THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION
Yell 05/04 DATE
PALMER W. HAFDAHL

EXISTING STRUCTURES
RESIDENCE 990.00 SQ.FT.
ENCLOSED LIVING 63.61 SQ.FT.
CLOSET 12.00 SQ.FT.
CORRIDOR 23.00 SQ.FT.
UTILITY/BATH 42.12 SQ.FT.
STORAGE 1,518.39 SQ.FT.
TOTAL

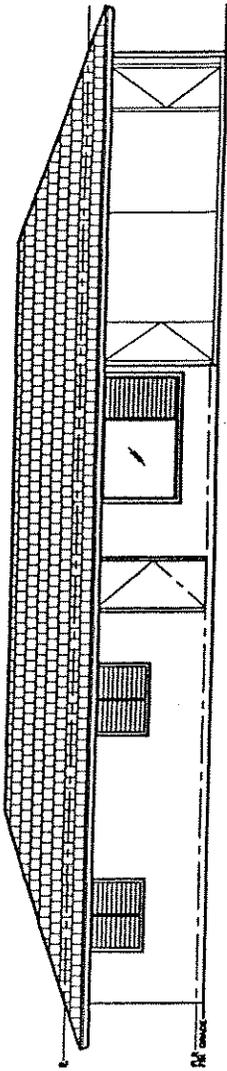


FLOOR PLAN
SCALE 1/8" = 1'-0"

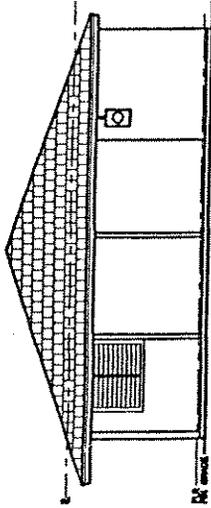
IF SHEET IS USED FROM
THIS SET, IT IS A REDUCED PRINT -
SCALE REDUCED ACCORDINGLY

NO.	ISSUING RELEASE	DESCRIPTION	DATE
1		HALE MALUHIA 280 UNIT 2, MAUNA STREET KAPAA, HI 96748	
FLOOR PLAN			
1	8	14	30
4	2	14	30
DRAWN BY: B. LORENZO			
DATE: 4/10/04 SCALE: 1/8" = 1'-0"			
SHEET 1 of 2			

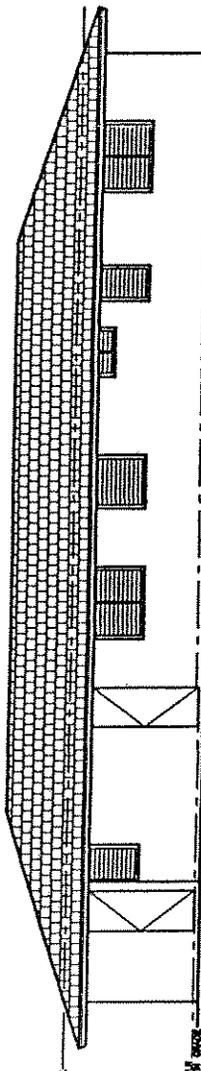
A-1



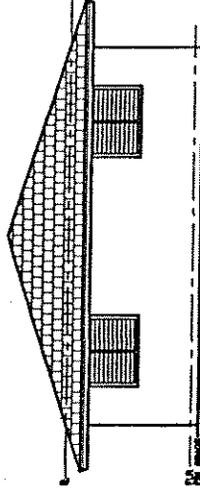
FRONT ELEVATION
SCALE: 1/8" = 1'-0"



RIGHT ELEVATION
SCALE: 1/8" = 1'-0"



REAR ELEVATION
SCALE: 1/8" = 1'-0"



LEFT ELEVATION
SCALE: 1/8" = 1'-0"



THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION

by Palmer W. Hafdahl DATE 05/01
PALMER W. HAFDAHL

IF SHEET IS USED FROM
THIS SET, IT IS A REDUCED PRINT -
SCALE REDUCED ACCORDINGLY

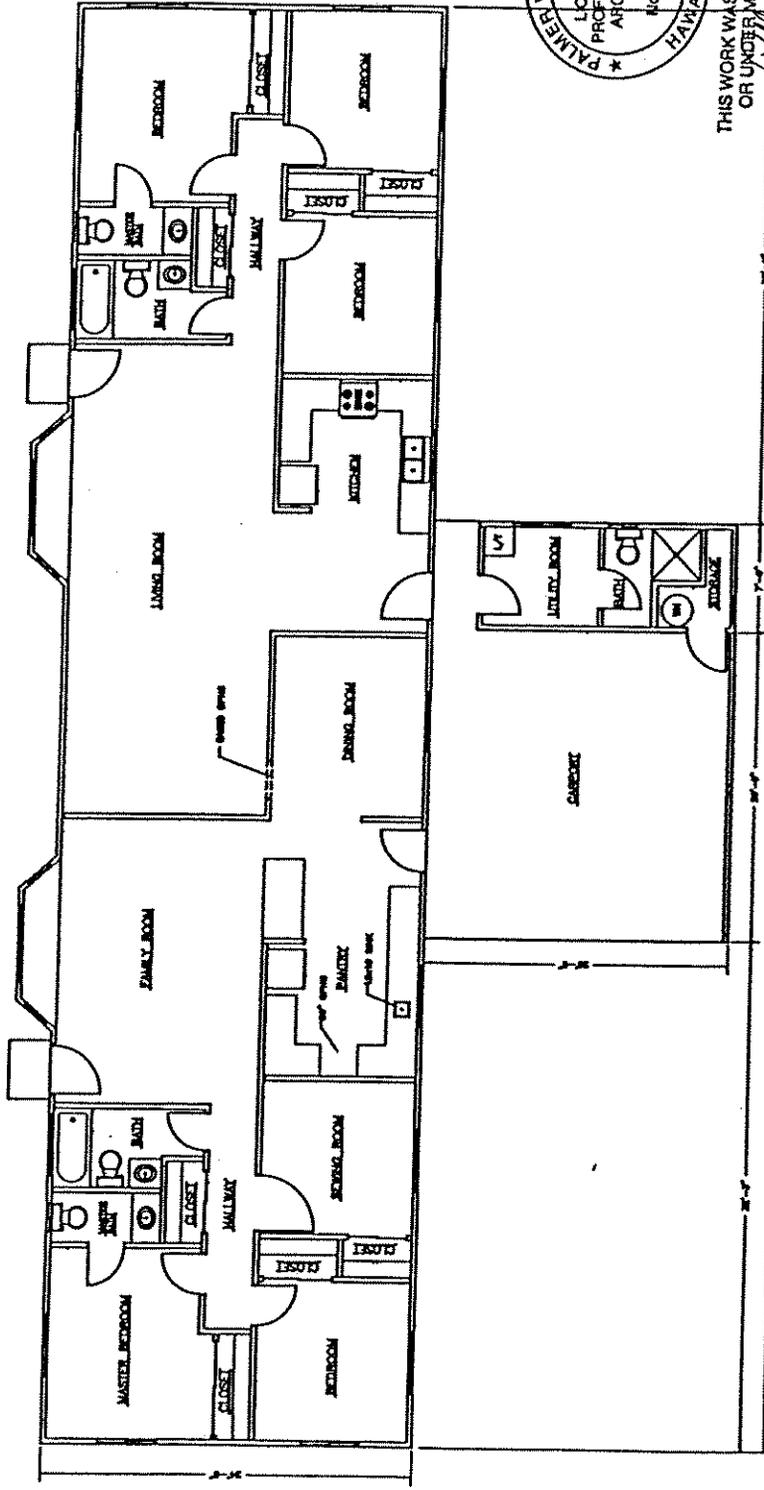
NO.	CHANGED RELEASE	DESCRIPTION	DATE
1			8/23/04

HALE MALUHIA
280 UNIT 2, PALUA STREET
KAPAA, HI 96748

EXTERIOR ELEVATIONS

NO.	DATE	BY	CHKD.	APP'D.	SCALE	SHEET	TOTAL
1	4/19/04	B. LUDENSO			1/8" = 1'-0"	2	2

A-2



THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION
Yell 10/04/05
PALMER W. HAFDAHL DATE

FLOOR PLAN
SCALE 1/8" = 1'-0"

EXISTING STRUCTURES

DESCRIPTION	AREA (SQ. FT.)
ENCLOSED LIVING	2,841
COVERED ENTRY	41
SUPPORT	400
UTILITY/WORK	83
STORAGE	27
TOTAL	3,392

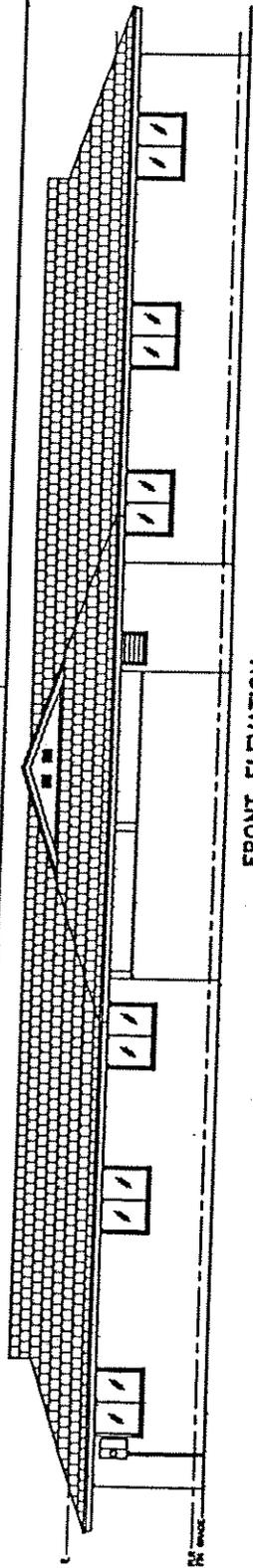
A-1

NO.	REVISION	DATE
1	ISSUED FOR PERMITS	10/04/05
2	FOR CONSTRUCTION	10/04/05
3	FOR RECORDS	10/04/05

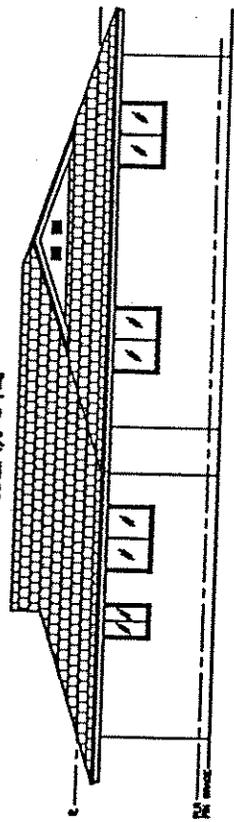
HALE MALUHIA
280 PALUA STREET UNIT #1
PALUA, HI 96744

FLOOR PLAN

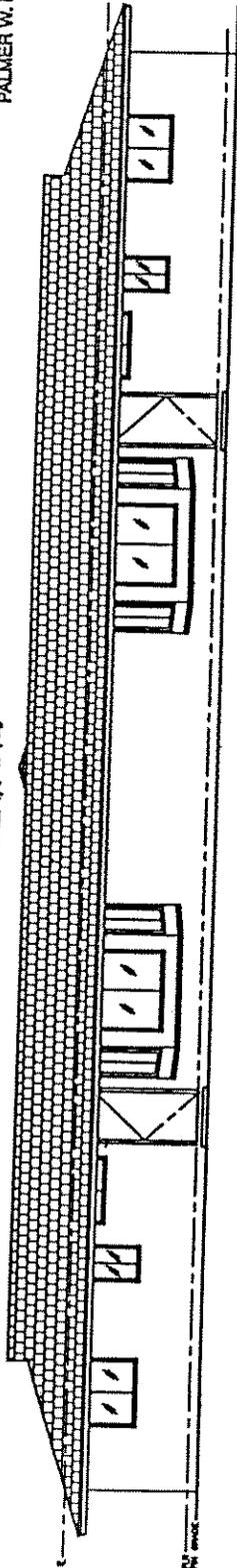
DATE: 10/04/05



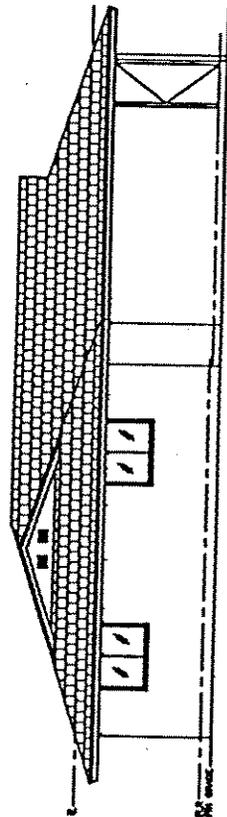
FRONT ELEVATION
SCALE: 1/8" = 1'-0"



RIGHT ELEVATION
SCALE: 1/8" = 1'-0"



REAR ELEVATION
SCALE: 1/8" = 1'-0"



LEFT ELEVATION
SCALE: 1/8" = 1'-0"



THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION
W. Hafdahl 10/04/05
PALMER W. HAFDAHL DATE

NO.	REVISION	DATE	BY
1	ISSUED FOR PERMITS	07/19/05	WPH
2	FOR REVIEW	08/11/05	WPH
3	FOR REVIEW	08/11/05	WPH
4	FOR REVIEW	08/11/05	WPH

HALE MALUHIA
200 HANA STREET UNIT #1
KAHALA, HI 96741

EXTERIOR ELEVATION

A-2

EXHIBIT B

SUMMARY OF SALES CONTRACT

The HALE MALUHIA 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 the developer's 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 developer's 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 or by 31 days after the public report effective date is issued, whichever is later.
 - (d) After issuance of the Developer's Public Report effective date and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514B-86, 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 OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONTRACT, THE CONTRACT WILL CONTROL NOT THIS SUMMARY.

END OF EXHIBIT B

EXHIBIT C

SCHEDULE OF APARTMENTS AND COMMON INTERESTS

Quantity	Unit No.	Area of Limited Common Element* (Sq. Ft.)	No. of Br./Bath	Appx. Net Living Area (Sq. Ft.)	Appx. Other Area (Sq. Ft.)	% of Common Interest
1	Unit 1	13,542	5/5	2,251	41 (entry)	50%
					92 (utility/bath) 27 (storage) 400 (carport)	
1	Unit 2	8,473	3/2.5	960	64 (entry)	50%
					73 (utility/bath) 42 (storage) 380 (carport)	

Pursuant to Section 16-107-5, Hawaii Administrative Rules, reference is hereby made to the method by which the 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 TITLE GUARANTY ESCROW SERVICES, INC. ("Escrow"), and DANA R. NADEAU and ALISON H. NADEAU, husband and wife ("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 all funds will be paid to Seller.
3. Escrow will release from the trust fund and disburse Buyer's funds at closing, unless: (a) Buyer has elected within seven days of signing the sales contract to cancel and receive all funds paid, without deduction; or (b) the Real Estate Commission has not issued a Developer's Public Report on the project or the requirements of the sales contract have not been met; or (c) Seller has not satisfied Escrow that all other requirements of Hawaii Revised Statutes have been met.
4. Escrow will return deposited sums to the Buyer without interest if Seller and Buyer give Escrow written notice to return the funds to Buyer, if there is a right to cancellation and refund of monies under the sales contract or otherwise. If there is a cancellation under the seven-day right, no fees will be charged Buyer. Thereafter, in the event of a cancellation as a matter of agreement or right, Buyer's funds shall be returned to Buyer less Escrow's cancellation fee, if any, and all other costs incurred in connection with the Escrow, not less than \$25.00.
5. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract.
6. As Escrow's compensation for its performance under this Agreement, Escrow will receive its schedule rate for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. The cost of title insurance will be an additional amount, based upon schedule rate.

7. In the event of buyer's default and 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. a 2,182 square foot common element driveway for access and utility purposes;
- C. all commonly used present or future ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, telephone equipment, pipes, wiring, and other central and appurtenant installations over, under and across the Project which serve more than one Unit for services such as power, light, water, gas (if any), cablevision (if any), sewage, refuse, telephone, radio and television signal distribution, and irrigation; and
- D. any and all other future elements and facilities in common use or for the benefit of unit owners 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 mortgage(s) of any condominium unit(s) which are filed of record.

LIMITED COMMON ELEMENTS OF THE PROJECT

Certain parts of the common elements, herein referred to as the "limited common elements", are hereby designated and set aside for the exclusive use of one or more Units. Such Unit(s) shall have appurtenant thereto 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 designated on the Condominium Map and the table below:

<u>Apartment Unit Number</u>	<u>Area of Limited Common Element</u>
1	13,542 square feet
2	8,473 square feet

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

INSTRUMENT: DECLARATION

DATED: May 23, 1985

RECORDED: Liber 18696 Page 603

Said Declaration was amended by instrument dated October 30, 1985, recorded in Liber 19143 at Page 136.

3. Structure position discrepancies as shown on the survey map prepared by Dennis M. Esaki, Land Surveyor, with Esaki Surveying & Mapping, Inc. dated December 11, 1989.

4. MORTGAGE

MORTGAGOR: ROBERT B. HALLMAN and REBECCA L. HALLMAN,
 husband and wife

MORTGAGEE: BANK OF HAWAII, a Hawaii corporation

DATED: May 13, 2004

RECORDED: Document No. 2004-099084

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

INSTRUMENT: RESTATED DECLARATION OF CONDOMINIUM
 PROPERTY REGIME OF "HALE MALUHIA"
 CONDOMINIUM PROJECT

DATED: August 23, 2006

RECORDED: Document No. _____

MAP: _____, and any amendments thereto

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

INSTRUMENT: RESTATED BY-LAWS OF THE ASSOCIATION OF
 APARTMENT OWNERS

DATED: August 23, 2006

RECORDED: Document No. _____

8. PURCHASE MONEY REAL PROPERTY SECOND MORTGAGE

MORTGAGOR: DANA R. NADEAU and ALISON H. NADEAU, husband
 and wife

MORTGAGEE: ROBERT B. HALLMAN and REBECCA L. HALLMAN,
 husband and wife, and EXCHANGE ACCOMODATORS,
 INC., a Hawai'i corporation

DATED: November 26, 2004

RECORDED: Document No. 2004-240255

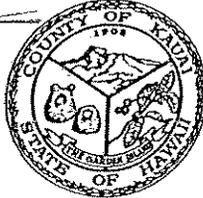
END OF EXHIBIT F

EXHIBIT G

MEMORANDUM FROM THE COUNTY OF KAUAI PLANNING DEPARTMENT

BRYAN J. BAPTISTE
MAYOR

GARY K. HEU
ADMINISTRATIVE ASSISTANT



COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHUE, KAUAI, HAWAII 96766-1326

TELEPHONE: (808) 241-6677 FAX: (808) 241-6699

IAN K. COSTA
DIRECTOR OF PLANNING

MYLES S. HIRONAKA
DEPUTY DIRECTOR OF PLANNING

DATE: February 14, 2006

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

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Recertification of Inspection of Existing Buildings
Project Name: HALE MALUHIA
Condominium Project (200)
Tax Map Key: (4) 4-2-014: 030

The attorney for the above-mentioned condominium project has resubmitted documents stating that there are no zoning violations as indicated in our letter dated November 18, 2004. Therefore, this office as an agency of the County of Kauai having reviewed the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, (Section 515A-40 (b), (1), Hawaii Revised Statutes. We found the following:

The developer has contracted architect Palmer Hafdahl to certify that the existing buildings on the proposed project referred to as Unit 1 and Unit 2 are in compliance with all ordinances, codes, rules, regulations and other requirements. The Planning Department conducted a site inspection on February 8, 2006 to verify the submitted documents. The Planning Department found that the Use Agreement document executed between the

Senior Condominium Specialist
Hale Maluhia Condominium
TMK: (4) 4-2-014: 030
February 14, 2006
Page two

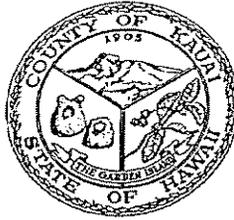
developer and the County of Kauai to ensure that the existing residence remain as a single family dwelling has been illegally converted into two (2) dwelling units. The owner was notified on November 18, 2004 of the violation and upon follow-up inspection on February 8, 2006, we found the violation to still exist.

We request that you do not issue an Effective Date for the Condominium Project until the developer of said condominium project has rectified all outstanding violations of the County of Kauai's Comprehensive Zoning Ordinance.

If you have any questions, please contact Sheilah Miyake at (808) 241-6677.

cc: Dana Nadeau, Project Developer
Glen Hale, Attorney at Law

BRYAN J. BAPTISTE
MAYOR



IAN K. COSTA
DIRECTOR OF PLANNING

GARY K. HEU
ADMINISTRATIVE ASSISTANT

IMAIKALANI P. AIU
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUAI
PLANNING DEPARTMENT
4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHU'E, KAUAI, HAWAII 95766-1326

TEL (808) 241-6677 FAX (808) 241-6699

CERTIFIED MAIL

March 19, 2007

Dana Nadeau
Post Office Box 813
Kilauea, Kauai Hawaii 96754

SUBJECT: Zoning Violation on:
TMK: (4) 4-2-014: 030 Kawaihau District
280 Huina Street Kapaa, Kauai Hawaii

A follow-up inspection was conducted on March 13, 2007, at which time it was noted that such violation regarding the conversion of the Single Family Dwelling on Unit 1 as a Multi-Family Dwelling has been rectified. An interior connection (36' passage way) was placed inside of Unit 1's Single Family Dwelling. The Single Family Dwelling is not being used as a Multi-Family Dwelling. Further, the use of the Pantry for preparing food (Kitchen) has ceased.

The Department would like to inform you that at no time in the future should the use and or construction is re-established without proper permits. The re-establishment without proper permits of such shall be deemed a violation according to the Comprehensive Zoning Ordinance (CZO) of the County of Kauai.

Should have any questions, please contact me at (808) 241-6677.

SHEILAH N. MIYAKE
Planning Inspector III

AN EQUAL OPPORTUNITY EMPLOYER

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

NOTE:

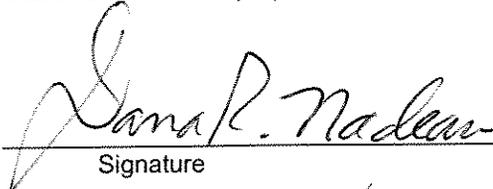
1. Pursuant to **Section 6.3** of the project Bylaws, each Unit owner is responsible to insure the dwellings and/or other structures located within the Unit's Limited Common Element. The estimated insurance premium set forth on page 2 of this Exhibit applies only to common improvements, if any, on the project.
2. Estimated ground maintenance costs are provided in the event the Unit Owners decide, pursuant to the Association Bylaws, to jointly maintain any portion of the project.
3. There are no estimated reserve costs because the project does not have common improvements that require periodic maintenance. If the Association determines there is a portion of the project that requires joint maintenance, the necessary funds may be assessed through a special assessment.

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:

	<u>Monthly Fee</u> x 12 months = <u>Yearly Total</u>	
	\$	\$
Utilities and Services		
Air Conditioning		
Electricity		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Elevator		
Gas		
<input type="checkbox"/> common elements only		
<input type="checkbox"/> 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

We, DANA R. NADEAU and ALISON H. NADEAU, the condominium developers, for the HALE MALUHIA 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

August 23, 2006

 Date



 Signature

August 23, 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 Section 514B-148, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to Section 514B-148, HRS, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

END OF EXHIBIT H

EXHIBIT I

SUMMARY OF PROTECTIVE COVENANTS AND HOUSE RULES FOR HALE MALUHIA

This is a summary of the recorded Declaration of Protective Covenants and House Rules ("House Rules") for the condominium Project. This is not meant to completely recite the actual provisions of the House Rules, nor to cover every issue in which a purchaser might have interest. The prospective purchaser is urged to obtain a full copy of the House Rules from the condominium Developer prior to entering into an agreement to purchase a unit in this Project.

Building Permits: Any owner desiring to construct improvements on a unit will have to comply with County of Kauai building and zoning codes.

Water and Utilities: Each unit owner will be required to connect water, electricity and telephone to his/her improvements at his/her own cost and expense.

Wastewater Treatment: Each unit will be required to have its own state-approved wastewater treatment system located within its own limited common element area.

Construction: There are limits on materials and types of construction.

Pets/Noise in General: There are restrictions on types and numbers of animals as well as the levels of noise and dust permissible within the Project.

Common Area Land: The Association shall determine and control the common area land, if any.

Noxious Activities: There are restrictions regarding the spraying of chemicals and pesticides.

Common Element Expenses and Enforcement: The Association shall provide for common area expenses necessary to maintain the project in acceptable condition.

Repeal or Modification: These Covenants may be modified by an affirmative vote of the holders of 75% of the common interests in the Project.

Arbitration: Disputes concerning any unit owner, the Association, its Board, Managing Agent or the condominium documents shall be submitted to arbitration.

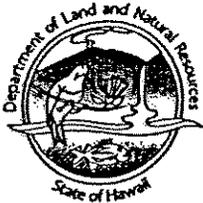
END OF EXHIBIT I

EXHIBIT J

LINDA LINGLE
GOVERNOR OF HAWAII



PETER T. YOUNG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

3060 Eiwa Street, Room 306
Lihue, Hawaii 96766
PHONE: (808) 274-3492
FAX: (808) 274-3438

May 17, 2005

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

File: 04KD-264

Dana and Alison Nadeau
c/o Glen T. Hale
Hale & Goldberg LLP
2970 Kele Street, Suite 210
Lihue, Hawaii 96766

Subject: Sale of Remnant to Dana R. and Alison H. Nadeau, Wailua Half Acres,
Units I & II, FP 1472 & 1475, Wailua, Kawaihau, Kauai, TMK
4th/4-2-14: por. 80

Dear Glen:

We are pleased to inform you that at its meeting of May 13, 2005, under agenda item D-3, the Board of Land and Natural Resources amended and approved your request to purchase an abandoned ditch remnant related to the above referenced subject matter. The amendment was related to DOT Highways revised comments. You may commence with the removal of the ti plants, to be replaced with the same type of hedge presently located near the rear of your property.

You may also commence with the consolidation and resubdivision process with the County Planning Department. Once you receive final subdivision approval, you will need to provide us with a copy of the final subdivision map, and a survey map and description of the State remnant piece, according to State DAGS standards and at Applicant's own cost. Also to be provided at that time will be State, Federal and County tax clearances for the Nadeau's.

Also, please note condition #5 related to unauthorized use of State lands - please forward a check in the amount of \$500 to us, made payable to the State of Hawaii.

If you have any questions, please feel free to contact me at 274-3491.

Aloha,


MICHAEL L. LAURETA
Kauai Land Agent 

Encl

cc: Land Board Member
Central Files
District Files

AMENDED

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

May 13, 2005

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 04KD-264

KAUAI

Sale of Remnant to Dana R. and Alison H. Nadeau, Wailua Half Acres, Units I & II, FP 1472 & 1475, Wailua, Kawaihau, Kauai, Tax Map Key 4th/ 4-2-14: por. 80

APPLICANT:

Dana R. and Alison H. Nadeau, married, as tenants by the entirety, represented by Glen T. Hale, Hale & Goldberg LLP, 2970 Kele Street, Suite 210, Lihue, Hawaii 96766

LEGAL REFERENCE:

Section 171-52, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Kawaihau, situated at Wailua Half Acres, Units I & II, FP 1472 & 1475, Wailua, Kawaihau, Kauai, identified by Tax Map Key: 4th/4-2-14: por. 80, as shown on the attached map labeled Exhibit A.

AREA:

24,197 square feet, more or less.

ZONING:

State Land Use District: Urban
County of Kauai CZO: Residential District R-2

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Vacant and unencumbered.

As Amended
APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON *me*

May 13, 2005

ITEM D-3

CONSIDERATION:

One-time lump sum payment of fair market value to be determined by independent or staff appraiser, subject to review and approval by the Chairperson.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1 that states "Operations, repairs, or maintenance of existing structures, facilities, equipment or topographical features involving negligible or no expansion or change of use beyond that previously existing."

DCCA VERIFICATION:

Place of business registration confirmed: N/A
Registered business name confirmed: N/A
Applicant in good standing confirmed: N/A
N/A - Applicant is a landowner and, as such, is not required to register with DCCA

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Pay for an appraisal to determine the one-time payment of fair market value for the remnant;
- 2) Consolidate the remnant with the Applicant's abutting property through the County subdivision process:
 - a. The subdivision map shall indicate "No Access Permitted" onto Kuamoo Road.
 - b. A fence, wall or equal shall be erected and maintained along the Kuamoo Road right-of-way prior to receiving final subdivision approval. No gates will be permitted through this barrier; and,
- 3) Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost.

REMARKS:

Reason for purchase of remnant. An original owner of parcel 30 constructed a second dwelling unit on the property up against the rear property line, thereby violating the County's 10 ft. rear building setback requirement. A portion of this residential structure's roof overhang encroaches onto State land. Prior owner Robert Hallman sought the purchase of a portion of the abutting

Robert Hallman sought the purchase of a portion of the abutting abandoned ditch right-of-way in late 2004 in order to provide a 10 ft. setback from the rear property line.

Comments provided by the DOT Highways Division initially indicated that DOT was interested in obtaining this remnant. However, in April 2005 DOT reconsidered citing maintenance concerns and anticipated future needs. They had no objection to the sale of the remnant, provided certain limitations and restrictions were adhered to.

Remnant. Pursuant to section 171-52, HRS, a remnant is defined as "a parcel of land economically or physically unsuitable or undesirable for development or utilization as a separate unit by reason of location, size, shape, or other characteristics." The subject parcel has been determined to be a remnant by this definition for the following reasons:

The parcel is an abandoned ditch right-of-way.

Applicant is the owner of abutting parcel (4th) 4-2-14: 30 as staff has confirmed by warranty deed recorded 11/29/04 as Doc. No.2004-240254. There are no other abutting properties to this portion of the subject remnant parcel. According to Section 171-52, HRS, if there is more than one abutting owner who is interested in purchasing the remnant, it shall be sold to the one submitting the highest sealed bid or if the remnant abuts more than one parcel, the Board may subdivide the remnant so that a portion may be sold to each abutting owner.

Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

Agency comments. Agency comments were requested from the Department of Health, Department of Hawaiian Home Lands, DOT Highways Division, Office of Hawaiian Affairs; County Planning, Public Works and Water Departments. The following agencies submitted comments:

- Department of Transportation, Highways Division, Kauai, by letter dated 4/15/05, and amended on 4/22/05: Based on further investigations, reconsideration of maintenance concerns and anticipated future needs, we hereby withdraw our requests to DLNR to turn over these parcels to the Highways Division.

The Highways Division has no objection to DLNR selling these parcels to the adjoining neighbors but request the following conditions be imposed:

1. There shall be no access to Kuamoo Road from the adjoining properties. The subdivision map(s)

combining the properties shall indicate the No Access Permitted onto Kuamoo Road.

2. In the special case of TMK 4-2-14: 30:
 - a. Remove the ti plants previously planted to prevent access to Kuamoo Road and replace with the same type of hedge presently near the rear of the property;
 - b. Property owner shall provide all maintenance of the hedge;
 - c. Property owner shall remove the hedge within 45 days written notice at their own expense.
- County Water Department, 12/28/04: We have no objections to the proposed request to purchase portion of Parcel 80. However, the applicant is made aware that any actual development of this area will be dependent on the adequacy of the source, storage and transmission facilities existing at that time.
 - County Public Works Department, 12/17/04: The subject state remnant does not involve the existing drainage system from Mountain View Half Acres Subdivision which drainage system discharges and outlets on the shoulder of Kuamoo Road. We understand that the roadway remnant is the area between the vegetation line above the Kuamoo roadway shoulder. As such, we have no objections to the sale of the subject roadway remnant.
 - Office of Hawaiian Affairs, 11/10/04: Subject parcel 4-2-14: 80 is not Remnant State Land. It functions as a drainage easement extending the entire block along Kuamoo Road. Selling this portion to private ownership could disrupt the entire drainage system in the area. It should not be done. [Staff note: see Public Works comments]

RECOMMENDATION:

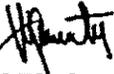
That the Board:

1. Find that the subject lands are economically or physically unsuitable or undesirable for development or utilization as a separate unit by reason of location, size, shape, or other characteristics and, therefore, by definition is a remnant pursuant to Chapter 171, HRS.
2. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and

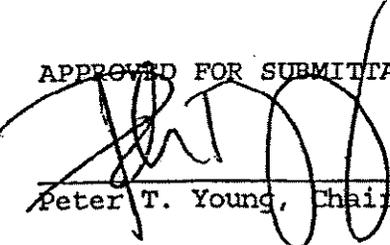
Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.

3. Authorize the subdivision and consolidation of the subject remnant by the Applicant.
4. Subject to the Applicant fulfilling all of the Applicant Requirements listed above, authorize the sale of the subject remnant to Dana R. and Alison H. Nadeau covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current deed or grant (remnant) form, as may be amended from time to time;
 - b. Review and approval by the Department of the Attorney General; and
 - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
5. Impose a fine of \$500 for unauthorized use of State Land.

Respectfully Submitted,


MICHAEL L. LAURETA
Kauai Land Agent

APPROVED FOR SUBMITTAL:


Peter T. Young, Chairperson

Approved as amended. The Board amended the Recommendation Section by changing Recommendation No. 4 as follows:

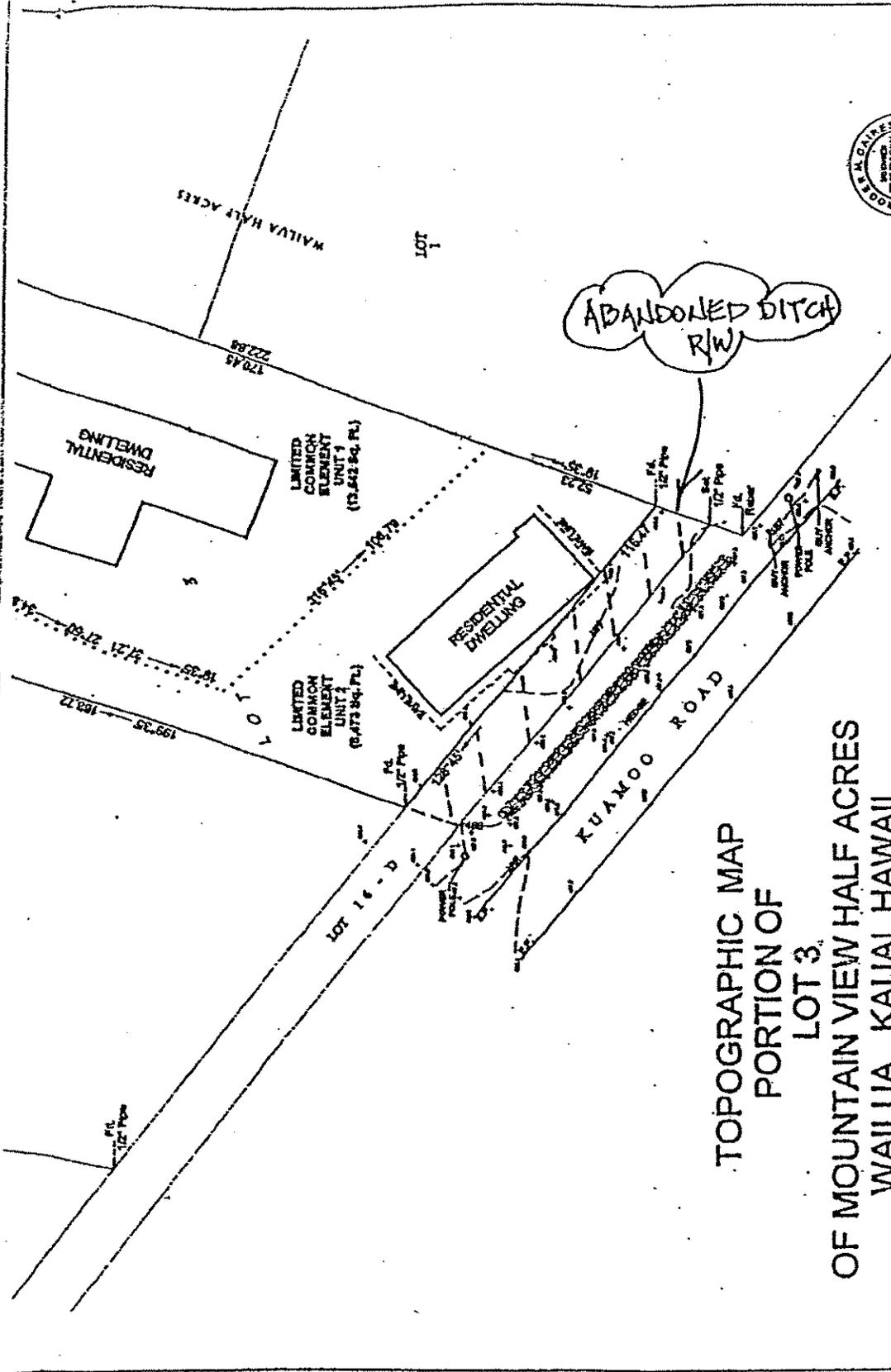
4. Subject to the Applicant fulfilling all of the Applicant Requirements listed above, authorize the sale of the subject remnant to Dana R. and Alison H. Nadeau covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

- a. Remove the Ti plants previously planted to prevent access to Kuamoo Road and replace with the same type or hedge presently near the rear of the property;
- b. Property owner shall provide all maintenance of the hedge;
- c. Property owner shall remove the hedge at his own cost within 45 days written notice by the State;
- d. The standard terms and conditions of the most current deed or grant form, as may be amended from time to time;
- e. Review and approval by the Department of the Attorney General; and
- f. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.



THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION.

Robert A. Gates
ROBERT A. GATES
Licensed Professional Land Surveyor
Certificate Number 7919
Expires 04/2008



TOPOGRAPHIC MAP
PORTION OF
LOT 3,
OF MOUNTAIN VIEW HALF ACRES
WAILUA, KAUAI, HAWAII
Tax Map Key: (4) 4 - 2 - 014: 030

Map Prepared For: Dana Nadeau

Date of Topo: February 23, 2005

EXHIBIT A

END OF EXHIBIT J