

**AMENDMENT ONE TO  
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:	<b>October 31, 2007</b>
MUST READ TOGETHER WITH DEVELOPER'S PUBLIC REPORT DATED:	May 17, 2007
DEVELOPER(S):	Dana R. Nadeau and Alison H. Nadeau

**Preparation of this Amendment**

The Developer prepared this amendment pursuant to the Condominium Property Act, Section 514B-56, Hawaii Revised Statutes (HRS), as amended from time to time. Section 514B-56, HRS, requires that after the Commission has issued an effective date for the Developer's Public Report, if there are any changes, either material or pertinent changes, or both, regarding the information contained in or omitted from the Developer's Public Report, or if the developer desires to update or change the information set forth in the Developer's Public Report, the developer shall immediately submit to the Commission an amendment to the Developer's Public Report or an amended Developer's Public Report clearly reflecting the change, together with such supporting information as may be required by the Commission, to update the information contained in the Developer's Public Report.

The law defines "material change" as used in parts IV and V of Chapter 514B, HRS means 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 law defines "pertinent change" to mean, as determined by the commission, a change not previously disclosed in the most recent public report that renders the information contained in the public report or in any disclosure statement inaccurate, including, but not limited to (1) The size, construction materials, location, or permitted use of a unit or its appurtenant limited common element; (2) The size, use, location, or construction materials of the common elements of the project; or (3) The common interest appurtenant to the unit. A pertinent change does not necessarily constitute a material change.

The filing of an amendment to the Developer's Public Report or an amended Developer's Public Report, in and of itself, shall not be grounds for a purchaser to cancel or rescind a sales contract. A purchaser's right to cancel or rescind a sales contract shall be governed by sections 514B-86 and 514B-87, HRS, the terms and conditions of the purchaser's contract for sale, and applicable common law.

This Amendment 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 amendment to the 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, material changes, or pertinent changes about the project have been fully or adequately disclosed; and (3) is not the

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Commission's judgment of the value or merits of the project.

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 amendment may be used by the Developer for promotional purposes only if it is used with the last Developer's Public report in its entirety.

Prospective purchasers and purchasers are encouraged to read this amendment carefully and to seek professional advice.

Summary of Changes from Earlier Developer's Public Report are Described Beginning on the Next Page

Summary of Changes from Earlier Developer's Public Report:

This summary contains a general description of the changes, if any, made by the developer since the last Developer's Public Report was issued an effective date. It is not necessarily all inclusive. Prospective purchasers and purchasers must read this amendment together with the last Developer's Public Report with the effective date as noted on the top of page 1 if they wish to know the specific changes that have been made.

Changes made are as follows (include a description of what the change is and page number and or exhibit alphabet or number; additional pages may be used):

The Developer stated in Article 20 of the unrecorded Restated Declaration of Condominium Property Regime of Hale Maluhia and page 18 and 18a of the Developer's Public Report for a Condominium that a small portion of land was being purchased to resolve a set-back violation on the property by adding sufficient property to the Lot to eliminate the set-back problem. The Developer has completed the purchase of the land from the State of Hawaii (hereinafter referred to as the "State Land") and this amendment to the Public Report reflects the changes to the project as a result.

1. Page 1a, paragraph 5: Paragraph 5 has been amended to reflect the purchase of the State Land and its addition to the project.
2. Page 1a, paragraph 6: Paragraph 6 has been deleted because the developer recorded the project's restated declaration and bylaws.
3. Page 3, paragraph 1.1: The land area has been amended to reflect the addition of the State Land.
4. Page 5, paragraph 1.12: The date of the title report is amended to reflect the current title report dated August 28, 2007, a copy of which has been submitted simultaneously with this Amendment One to Developer's Public Report for a Condominium (hereinafter referred to as "Amended Public Report).
5. Page 9, paragraph 2.2: Listing Agreements for Units 1 and 2 have been submitted to the Real Estate Commission with this Amendment One to the Developer's Public Report for a Condominium. The Real Estate Broker's name and address are as follows:

Name: Makai Properties, LLC  
Address: 1941-B Poipu Road  
Koloa, Hawaii 96756

Business Phone Number: (808) 635-6580

6. Page 10, paragraphs 3.1, 3.2, and 3.3: The Restated Declaration of Condominium Property Regime of Hale Maluhia Condominium and Restated Bylaws were recorded in the Bureau of Conveyances, State of Hawaii, on August 27, 2007 as Document Nos. 2007-153193 and 2007-153194, respectively. The Amended Condominium Map was recorded with the Restated Declaration and is identified as Amended Condominium Map No. 3846, as amended. Recorded copies of the Restated Declaration and Restated Bylaws have been submitted to the Real Estate Commission simultaneously with this Amendment One to the Developer's Public Report for a Condominium.

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Changes continued:

7. Page 11 and 11a, paragraph 3.6: Additions have been made to the Developer's reserved rights.
8. Page 16, paragraph 5.7, item 8, has been revised to include additional documents referring to the State Land Remnant addition.
9. Page 18, paragraph E - J: Paragraphs, E, G, H, I and J have been amended to reflect the purchase of the State Land. Paragraph F is deleted because the Developer has submitted listing agreements for the two CPR units. Page 18a has been created due to these revisions of Page 18.
10. Exhibit A: The Condominium Map has been amended to reflect the addition of the State Land Remnant.
11. Exhibit C: Changes were made to the Limited Common Elements effecting Unit 2, reflecting the addition of the State Land Remnant.
12. Exhibit E: Changes were made to the Limited Common Elements effecting Unit 2, reflecting the addition of the State Land Remnant.
13. Exhibit F: The Restated Declaration and Restated Bylaws recording information is added to items 10 and 11 of Exhibit F.
14. Specimen Apartment Conveyance: Exhibit A to the sample apartment deed is amended to include the Restated Declaration and Restated Bylaws recording information. A separate copy of the Specimen Apartment Conveyance has been submitted to the Real Estate Commission simultaneously with this Amended Public Report.
15. The signed but unrecorded Restated Declaration of Condominium Property Regime of Hale Maluhia Condominium ("unrecorded declaration") has been changed. The signed and recorded Restated Declaration of Condominium Property Regime of Hale Maluhia Condominium ("declaration") replaces the unrecorded declaration. Significant changes to the declaration include the following:
  - a. Article 6 Limited Common Elements: Section 6.1 includes the square footage of each Apartment Unit.
  - b. Article 10 Purposes of Buildings and Use Restrictions: Section 10.2 includes Coverage restrictions.
  - d. Article 20 Developer's Reserved Rights: Section 20.1 includes additional reserved rights as set forth in paragraph 3.6 of Amendment One to the Developer's Public Report for a Condominium.
  - e. Various changes were made throughout the document with respect to the use of the term "Apartment Unit" together with several heading changes.

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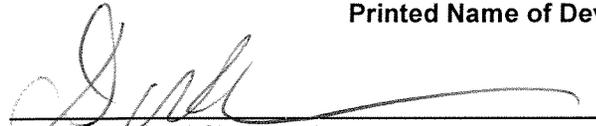
The Developer declares subject to the penalties set forth in Section 514B-69, HRS that this project continues to conform to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-6 and 32(a) (13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report as amended, and, if purchaser deposits are to be used 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 as amended, 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 as amended and the exhibits attached to this report (if any) as amended 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 as amended 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 as amended at least 40 days prior to the anniversary date of the effective date of this report.

DANA R. NADEAU and ALISON H. NADEAU

Printed Name of Developers

BY:   
Duly Authorized Signatory\*

September 1, 2007  
DATE

BY:   
Duly Authorized Signatory\*

September 1, 2007  
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.**

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## 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 encroached into the building setback required for the project prior to June 18, 2007. Lot 16-D was owned by the State of Hawaii and the Developer purchased a portion of Lot 16-D to resolve the set-back issue by consolidating and resubdividing the land to eliminate the set-back problem. See page 12, 18 and Exhibit J.

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

# 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	26,042 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	<b>Total Number of Units</b>
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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.

**1.9 Common Elements**

<p><u>Common Elements</u>: 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>	
<b>Common Element</b>	<b>Number</b>
Elevators	-0-
Stairways	-0-
Trash Chutes	-0-

**1.10 Limited Common Elements**

<p><u>Limited Common Elements</u>: 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 28, 2007</p>
<p>Company that issued the title report: Title Guaranty of Hawai'i, Inc.</p>

## 2. PERSONS CONNECTED WITH THE PROJECT

<b>2.1 Developer</b>	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
<b>2.2 Real Estate Broker</b>	Name: Makai Properties, LLC Address: 1941-B Poipu Road Koloa, Hawaii 96756  Business Phone Number: (808) 635-6580 E-mail Address:
<b>2.3 Escrow Depository</b>	Name: Title Guaranty Escrow Services, Inc. Address: 235 Queen Street, First Floor Honolulu, Hawaii 96813  Business Phone Number: (808) 521-0211
<b>2.4 General Contractor</b>	Name: N/A Address:  Business Phone Number:
<b>2.5 Condominium Managing Agent</b>	Name: Self-Managed by the Association of Unit Owners Address:  Business Phone Number:
<b>2.6 Attorney for Developer</b>	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 24, 2007	2007-153193

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 24, 2007	2007-153194

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	3846 as amended	
Dates of Recordation of Amendments to the Condominium Map: August 27, 2007		

### 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> <ul style="list-style-type: none"> <li>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;</li> <li>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.</li> <li>C. The Developer purchased 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.</li> <li>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. The Developer reserves the right, if necessary, to unilaterally amend any project documents including the Declaration to incorporate any provision required or that may be required by the State of Hawaii or Kauai County.</li> </ul> <p style="text-align: center;">(See Page 11a)</p>

	<p>E. Developer reserves the right to redefine the boundaries of the Apartment Units and/or Common Elements of the project and to file an amendment to the Declaration without first obtaining the written consent of either Apartment Unit owner (if different from the Developer) if required by the State of Hawaii. Notwithstanding this reservation, the Developer may not decrease the square footage of the limited common element land area assigned to Apartment Unit 2 (although Developer may alter the boundaries of Apartment Unit 2).</p> <p>F. The owner of Apartment 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 in connection with 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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## 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; Mortgages; Land Patent No. 12,107; and Warranty Deed.

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 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](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://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

## 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 encroached into the setback required for the project. Please review the original CPR map attached as Exhibit A to the Developer's Public Report for a Condominium. Lot 16-D is owned by the State and a portion has been purchased by the Developer. Developer has added a portion of Lot 16-D to the limited common element of Unit 2 by way of a consolidation and resubdivision application approved by Kauai County. Any subsequent Buyer of Unit 2 grants to the Developer, or Developer's successor in interest, a limited power of attorney to unilaterally sign and record any amendment to the Declaration, amendment to the CPR map and/or any other necessary documents, if required by the State of Hawaii or Kauai County to accomplish the purposes stated herein.

F. Deleted

G. The Developer purchased 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.

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. The Developer reserves the right, if necessary, to unilaterally amend any project documents including the Declaration to incorporate any provision required or that may be required by the State of Hawaii or Kauai County.

(See Page 18a)

I. Developer reserves the right to redefine the boundaries of the Apartment Units and/or Common Elements of the project and to file an amendment to the Declaration without first obtaining the written consent of either Apartment Unit owner (if different from the Developer) if required by the State of Hawaii. Notwithstanding this reservation, the Developer may not decrease the square footage of the limited common element land area assigned to Apartment Unit 2 (although Developer may alter the boundaries of Apartment Unit 2).

J. The owner of Apartment 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 in connection with 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.

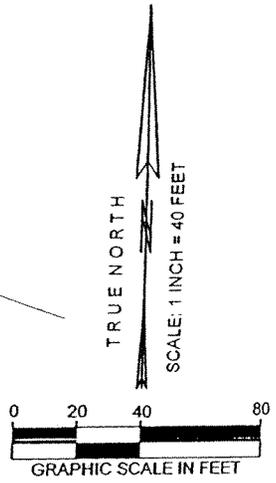
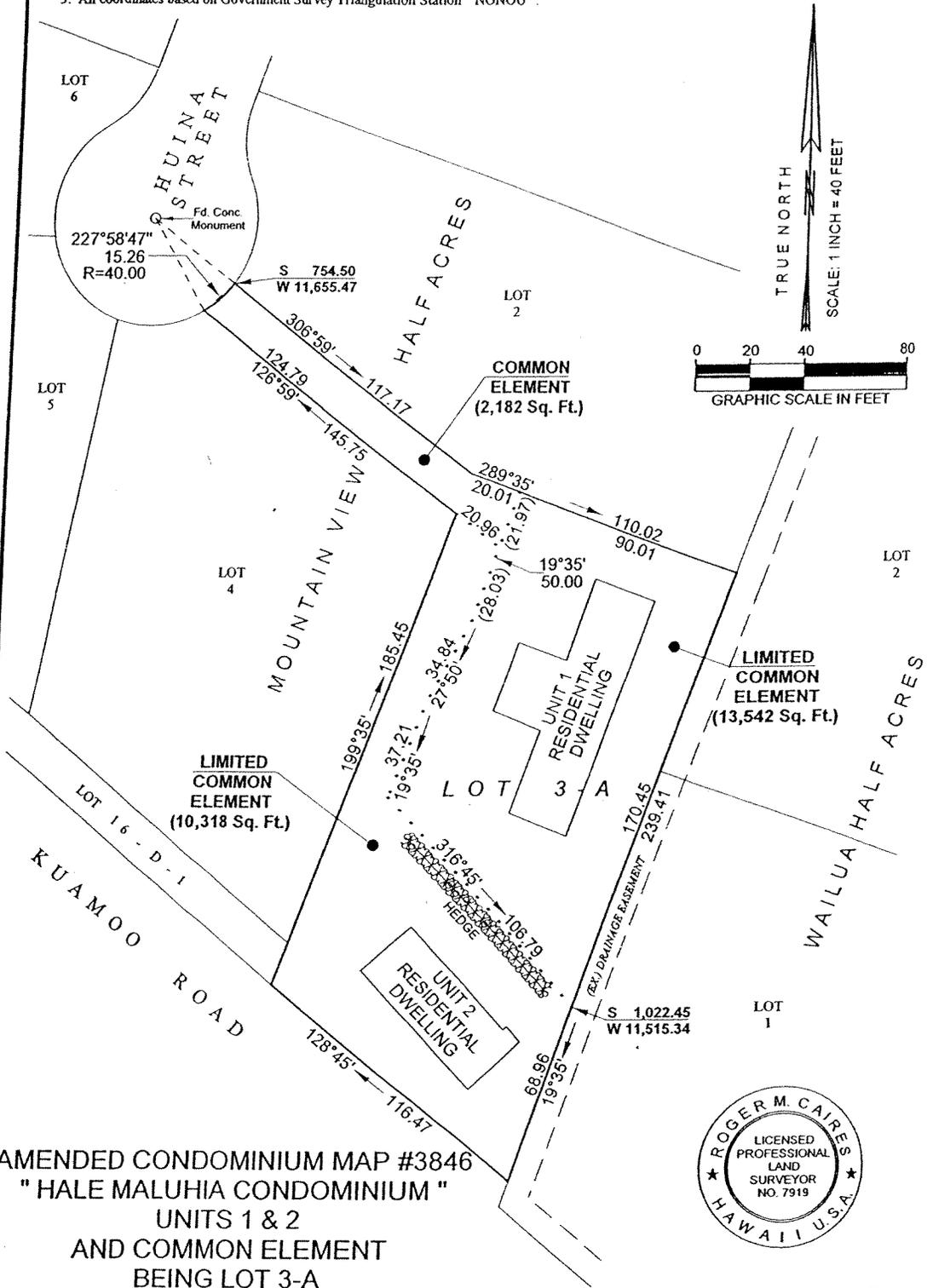
K. A project by the same name exists on the Island of Hawaii.

NOTES:

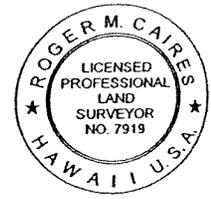
1. This project does not involve the sale of individual subdivided lots. The dotted lines on the Condominium Map are for illustration purposes only. They represent either a limited common element or common element.
2. Underground utilities, septic tanks, etc. were not field located except as shown.
3. 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. Map is based on Map showing the Consolidation of Lot 3 and Lot 16-D by Wagner Engineering Services, Inc.
5. All coordinates based on Government Survey Triangulation Station "NONOU".

CLS HAWAII  
 Land Surveying & Mapping  
 P.O. Box 777  
 Kalaheo, Kauai, Hawaii 96741  
 808.635.3700 • fax 808.332.8910  
 surveyor1@CLSHawaii.com

EXHIBIT A  
 AMENDED CONDOMINIUM MAP AND UNIT LOCATIONS



AMENDED CONDOMINIUM MAP #3846  
 "HALE MALUHIA CONDOMINIUM"  
 UNITS 1 & 2  
 AND COMMON ELEMENT  
 BEING LOT 3-A  
 MOUNTAIN VIEW HALF ACRES  
 WAILUA HOMESTEADS, 1st SERIES  
 WAILUA, KAWAIHAU, KAUAI, HAWAII  
 Tax Map Key: (4) 4 - 2 - 014: 030  
 Area: 26,042 Sq. Ft.



THIS WORK WAS PREPARED BY ME  
 OR UNDER MY DIRECT SUPERVISION

*Roger M. Cairns*  
 ROGER M. CAIRNS  
 Licensed Professional Land Surveyor  
 Certificate Number 7919  
 Expires 04/30/08

August 14, 2007

**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 Int.
1	Unit 1	13,542	5/5	2,251	41 (entry 92 (utility/bath) 27 (storage) 400 (carport)	50%
1	Unit 2	10,318	3/3	960	64 (entry) 73 (utility/bath) 42 (storage) 380 (carport)	50%

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

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

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

**END OF EXHIBIT C**

**EXHIBIT E**

**COMMON ELEMENTS OF THE PROJECT**

The common elements of the project are:

- A. The land in fee simple;
- B. 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 Apartment Unit for services such as power, light, water, gas (if any), cablevision (if any), sewage, refuse, telephone, radio and television signal distribution, and irrigation;
- C. any and all other future elements and facilities in common use or for the benefit of Apartment Unit owners or necessary to the existence, maintenance and safety of the Project;
- D. the limited common elements and all other portions of the project, other than the Units, necessary or convenient to the project's existence, maintenance and safety or that are normally in common use and which are not included as part of a Unit, including, but not limited to those common elements described and shown on the Condominium Map; and
- E. a 2,182 square foot common element driveway for access and utility purposes.

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 Apartment 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	10,318 square feet

Any shutters, storage closets, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but which are located outside the Unit's boundaries, are limited common elements appurtenant exclusively to that Unit.

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

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

**END OF EXHIBIT E**

## EXHIBIT F

### ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes. Check with the County of Kauai, Department of Finance, Real Property Tax Division, for detailed information.

2. The terms and provisions contained in the following:

INSTRUMENT: LAND PATENT NO. 12,107

DATED: June 12, 1951

The foregoing includes, but is not limited to, matters relating to water reservation.

3. The terms and provisions contained in the following:

INSTRUMENT: DEED

DATED: June 24, 1985

RECORDED: Liber 19149 Page 173

4. The terms and provisions 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.

5. 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.

6. 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

7. The terms and provisions contained in the following:

INSTRUMENT: DECLARATION

DATED: September 22, 2004  
RECORDED: Document No. 2004-201701

Said Declaration was amended by instrument dated September 7, 2005, recorded as Document No. 2005-210604.

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

9. The terms and provisions contained in the following:

INSTRUMENT: DEED

DATED: June 1, 2007  
RECORDED: Document No. 2007-108863

The foregoing includes, but is not limited to, matters relating to reservation of minerals, water and prehistoric remains.

10. 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 24, 3007  
RECORDED: Document No. 2007-153193  
MAP: 3846, and any amendments thereto

The foregoing Restated Declaration restates the original Declaration dated September 22, 2004, recorded as Document No. 2004-201699, and any amendments thereto.

