

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

CONDOMINIUM PROJECT NAME	NAKASONE CONDOMINIUM
Project Address	5918 Kiinani Place Kapaa, Kauai, Hawaii 96746
Registration Number	6322 (Partial Conversion)
Effective Date of Report	June 4, 2007
Developer(s)	Tracy T. Nakasone

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; and (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, including any omitted material facts, 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.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

1. This public report does not constitute an "approval" of the project by the Hawaii Real Estate Commission.
2. The project has no initial managing agent; as such, authority for payment of the common expenses and determination and collection of the common charges and the manner of collecting common expense, expenses, costs and fees recoverable by the Association of the project, as well as any penalties and late charges, is vested in the Board of Directors of the Association of the project.

PURCHASER IS ALSO ADVISED THAT:

1. This Public Report does not constitute an approval of the project nor does it warrant that all County Codes, Ordinances and subdivision requirements have been complied with. Subsequent development and use shall comply with all applicable County Codes and Ordinances.
2. This project does not involve the sale of individual subdivided lots. The land area beneath and appurtenant to each apartment is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map are for illustration purposes only and should not be construed to be the property lines of legally subdivided lots.
3. 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 be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

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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	not applicable	
Address of Project	5920A Kiinani Place Kapaa, Kauai, Hawaii 96746	
Address of Project is expected to change because	not applicable	
Tax Map Key (TMK)	(4) 4-4-05:76	
Tax Map Key is expected to change because	not applicable	
Land Area	19,436 sq. ft.	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	not applicable	

1.2 Buildings and Other Improvements

Number of Buildings	Two (2)
Floors Per Building	One (1)
Number of New Building(s)	0
Number of Converted Building(s)	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
1	1	1/1	500	292	deck	792
2	1	0/1	430	496	garage	926
See Exhibit _____.						

2	Total Number of Units
---	------------------------------

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:	1
Number of Guest Stalls in the Project:	* (see below)
Number of Parking Stalls Assigned to Each Unit:	* (see below)
Attach Exhibit ____ 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. *Each unit has ample area within its appurtenant limited common element for parking purposes to park at least one car.	

1.5 Boundaries of the Units

Boundaries of the unit:
The boundaries of each unit are defined by the perimeter walls of the building located within the limited common element appurtenant to each unit, the legal description for which is attached to the Declaration of Condominium Property Regime, and which are shown on the Condominium Map relating to 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):

Units may be altered in accordance with the Declaration of Condominium Property Regime, the applicable County Building Code, Zoning and Subdivision ordinances, and Building and House Rules, if any.

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:

Described in Exhibit _____

As follows:

	Land area	Common Interest
Unit 1	10,815 sq.ft.	50%
Unit 2	8,621 sq.ft.	50%

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>A</u></p>	
<p>Described as follows:</p>	
<p>See attached Exhibit "A"</p>	
Common Element	Number
Elevators	not applicable
Stairways	not applicable
Trash Chutes	not applicable

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>B</u></p>
<p>Described as follows:</p>
<p>See attached Exhibit "B"</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 type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: No rooming house, timesharing, transient vacation rental, or hotel use.
<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>C</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: March 30, 2007</p>
<p>Company that issued the title report: Title Guaranty of Hawaii, Inc.</p>

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				Use Permitted by Zoning		Zoning
	Type of Use	No. of Units				
<input checked="" type="checkbox"/>	Residential	2	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Residential	
<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 checked="" 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.						

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots

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.

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.

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

	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"/>

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:

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: Pursuant to the Architect's Condition Report of Ian K. Costa dated May 8, 2006, the systems and components of the structures in the Project, including visible structural, electrical and plumbing, appear to be in satisfactory and sound condition for the stated age thereof.</p>	
<p>Developer's statement of the expected useful life of each item reported above: The structure and related systems and components have an expected useful life of about 42 years for Unit 1 and about 54 years for Unit 2.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p>Verified Statement from a County Official Regarding any converted structures in the project, attached as Exhibit <u>D</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: (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> <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>
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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.</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.</p>	
<p>Other disclosures and information:</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.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer(s)</p>	<p>Name: Tracy Nakasone</p> <p>Business Address: 5920A Kiinani Place, Kapaa, HI 96746</p> <p>Business Phone Number: 652-4919 E-mail Address: not applicable</p>
<p>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).</p>	
<p>2.2 Real Estate Broker</p>	<p>Name: Kauai Realty, Inc. Business Address: 2970 Kress Street, Lihue, HI 96766</p> <p>Business Phone Number: 651-4766 E-mail Address: carolc@aloha.net</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, 1st Floor, Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-0211</p>
<p>2.4 General Contractor</p>	<p>Name: not applicable Business Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: self-managed by the Association Business Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Galen Nakamura; Shiramizu Loo & Nakamura Business Address: 4357 Rice Street, Suite 201 Lihue, Hawaii 96766</p> <p>Business Phone Number: (808) 632-2267</p>

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
Bureau of Conveyances	February 9, 2007	2007-025644

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

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
Bureau of Conveyances	February 9, 2007	2007-025645

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

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	not applicable
Bureau of Conveyances Map Number	4385
Dates of Recordation of Amendments to the Condominium Map:	

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 type="checkbox"/>
Have Been Adopted and Date of Adoption		<input type="checkbox"/>
Developer does not plan to adopt House Rules		<input checked="" 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> <ol style="list-style-type: none"> 1. Upon alteration of any apartments in the Project owned by the Developer, the Developer shall amend the Declaration and the condominium Map in accordance therewith. Declaration, Sections 14.0 and 22.0. 2. Anytime prior to the first conveyance to a party other than Developer, and to file the "as-built" verified statement required by chapter 514B, Hawaii Revised Statutes, The Developer can amend the Declaration, Bylaws and/or Condominium Map. Declaration, Section 20.0 3. The right to grant certain easements and amend the Declaration and Condominium Map in accordance therewith. Declaration, Section 21.0. 4. The right to amend the Declaration, Bylaws and the Condominium Map to comply with laws that apply to the Project. Declaration, Section 23.0.

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p>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.</p>	
<p>The Initial Condominium Managing Agent for this project is (check one):</p>	
<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

<p>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.</p>
<p>Exhibit <u>E</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.</p>

4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>	
<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

<p>If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:</p>	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input 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>F</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: April 16, 2007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>G</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 _____.
<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.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
mortgages	Buyer's interest may be terminated, in which event Buyer will be entitled to a refund of deposit less an escrow cancellation fee.

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: The structure on Unit One was constructed in about 1988. The structure on Unit Two was constructed as a workshop in about 2000 but converted to a dwelling unit in an owner self-build project in November 2006.</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: not applicable.</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: not applicable.</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

<input checked="" 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. 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>
-------------------------------------	---

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

<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):

<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. **Declaration of Condominium Property Regime (and any amendments)**
3. **Bylaws of the Association of Unit Owners (and any amendments)**
4. **Condominium Map (and any amendments)**
5. House Rules, if any
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:

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

Pursuant to Paragraph 21.0 of the Declaration, up until December 31, 2016, Developer has reserved certain rights to grant and realign easements and rights of way over the common elements of the Project to facilitate the optimum use of the property.

SUBJECT TO ALL EXISTING LAWS, THE DECLARATION AND THE OTHER PROJECT DOCUMENTS OF RECORD, OWNERS MAY CONSTRUCT ADDITIONAL STRUCTURES AND/OR IMPROVEMENTS WITHIN AN UNIT'S LIMITED COMMON ELEMENT LAND AREA OR ALTER EXISTING STRUCTURES AND/OR IMPROVEMENTS WITHIN THE LIMITED COMMON ELEMENT LAND AREA; PROVIDED, HOWEVER, THAT PURSUANT TO PARAGRAPH 7.0 OF THE DECLARATION, UNIST 1 AND 2 ARE EACH ENTITLED TO OCCUPY ONLY ONE "SINGLE-FAMILY RESIDENTIAL DWELLING UNIT", AS DEFINED IN THE COMPREHENSIVE ZONING ORDINANCE OF THE KAUAI COUNTY CODE ("CZO"). EACH OWNER IS SOLELY RESPONSIBLE FOR OBTAINING ALL REQUIRED GOVERNMENTAL APPROVALS AND PERMITS PRIOR TO ALTERATION OR CONSTRUCTION. SEE PARAGRAPH 22.0 OF THE DECLARATION. PURCHASER IS STRONGLY ADVISED TO INVESTIGATE THE PERMITTED USES AND RESTRICTIONS AND OTHER REQUIREMENTS APPLICABLE TO THE PROJECT AND THE UNIT TO ASCERTAIN WHETHER THE PURCHASER WILL BE ABLE TO LEGALLY USE THE UNIT IN THE MANNER PURCHASER INTENDS AND FOR THE PURPOSE THE UNIT IS BEING PURCHASED.

PURCHASERS ARE ADVISED THAT OWNERS WHO DEVELOP THEIR UNITS OR PROPERTIES LATER THAN OTHERS IN THE PROJECT MAY FIND THAT LAND USE AND ZONING CHANGES OR INSUFFICIENT UTILITY CAPACITIES MAY THWART OR OTHERWISE AFFECT THEIR EXPECTATIONS. OWNERS SHALL ASSUME THE RISK OF CHANGES IN THE REQUIREMENTS FOR THE ISSUANCE OF THE GOVERNMENTAL APPROVALS TO CONSTRUCT DWELLINGS AND/OR IMPROVEMENTS IN ADDITION TO IMPROVEMENTS ALREADY EXISTING IN THE UNIT AND ITS APPURTENANT LIMITED COMMON ELEMENT. PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT WITH THE APPROPRIATE KAUAI COUNTY AGENCY WITH JURISDICTION OF THE FOREGOING AND OTHER MATTERS OF CONCERN PRIOR TO PURCHASE OF AN UNIT AND, BEFORE CONSTRUCTION.

THE PURCHASER SHOULD CONSULT WITH THE APPROPRIATE COUNTY AGENCY PRIOR TO PURCHASE OF AN UNIT TO DETERMINE WHAT REQUIREMENTS APPLY TO THE CONSTRUCTION OF A RESIDENTIAL DWELLING OR ANY OTHER TYPE OF STRUCTURE OR IMPROVEMENT ON THE PROPERTY.

PURCHASER SHOULD INVESTIGATE THE AVAILABILITY OF WATER FOR FUTURE DEVELOPMENT AND USE PRIOR TO PURCHASE OF AN UNIT.

PURCHASER IS ALSO ADVISED THAT THE STRUCTURE ON UNIT 2 IS SUBJECT TO CHAPTER 444, H.R.S., SPECIFICALLY §444-2(7), H.R.S., AND MAY NOT BE OFFERED FOR SALE OR LEASE WITHIN ONE YEAR OF NOVEMBER 28, 2006. IF UNIT 2 IS OFFERED FOR SALE THE DEVELOPER IS REQUIRED TO AMEND THIS DEVELOPER'S REPORT.

HAZARDOUS MATERIALS

The Developer neither prepared nor commissioned a Phase I Environmental Site Assessment and makes no representations or warranties whatsoever. The Developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or

reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous materials", "hazardous wastes" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The Developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the Developer from any liability to Buyer if any hazardous materials are discovered.

LEAD WARNING STATEMENT

Pursuant to federal law, 42, U.S.C 4852(d), the residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damages, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

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.

TRACY T. NAKASONE

Printed Name of Developer

By:  _____
Duly Authorized Signatory*

May 22, 2007
Date

TRACY T. NAKASONE

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.**

Exhibit "A"

COMMON ELEMENTS
Nakasone Condominium Project

The common elements of the Project consist only of the following:

- (a) All of the Land in fee simple.
- (b) The central and appurtenant facilities for services such as power, light, gas, telephone, sewer, hot and cold water and like utilities, when and only when, those items are on shared installations.
- (c) The shared septic system, comprised of an absorption bed with leaching chambers, distribution box, and common sewage transmission lines, located underground within Easements S-1 and S-2, as noted on the Condominium Map.
- (d) All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project, or normally in common use.

*****end of Exhibit A*****

Exhibit "B"

LIMITED COMMON ELEMENTS

Nakasone Condominium Project

The limited common elements of the Project consist only of the following:

(a) The land surrounding and under each unit is a limited common element of the unit and is for the exclusive use of said unit, for the support of the building(s) and other improvements comprising said unit and for driveway, parking, recreation and yard purposes. The limited common element areas appurtenant to each unit are more particularly described in Exhibits "D" and "E" attached to the Project's Declaration of Condominium Property Regime.

(b) Any other common elements or improvements of the Project which are rationally related to and/or used by less than all of the units or buildings shall be limited common elements appurtenant to such units or buildings.

end of Exhibit B

EXHIBIT "C"

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes, if any, that may be due and owing ; reference is made to the Department of Finance, County of Kauai.

2. The terms and provisions contained in the following:

INSTRUMENT : ROAD WIDENING RESERVE AGREEMENT

DATED : June 26, 1991

RECORDED : Document No. 91-099330

PARTIES : CONRAD H. PARDUCCI and LAURIAN E. PARDUCCI,
"Applicant", and COUNTY OF KAUAI PLANNING
DEPARTMENT, "Department"

3. MORTGAGE

MORTGAGOR : TRACY T. NAKASONE, unmarried

MORTGAGEE : BANK OF HAWAII, a Hawaii corporation

DATED : July 31, 2003

RECORDED : Document No. 2003-162418

AMOUNT : \$153,000.00

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : December 1, 2003

RECORDED : Document No. 2003-277974

4. The terms and provisions contained in the following:

INSTRUMENT : ROAD WIDENING RESERVE AGREEMENT

DATED : December 16, 2004

RECORDED : Document No. 2005-001207

PARTIES : TRACY NAKASONE, "Applicant", and COUNTY OF KAUAI
PLANNING DEPARTMENT, "Department"

5. MORTGAGE

MORTGAGOR : TRACY T. NAKASONE

MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC.,
solely as nominee for QUICKEN LOANS INC., a Michigan
corporation

DATED : January 30, 2006

RECORDED : Document No. 2006-044474

AMOUNT : \$105,000.00

6. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
"NAKASONE CONDOMINIUM" CONDOMINIUM PROJECT

DATED : January 30, 2007

RECORDED : Document No. 2007-025644

MAP : 4385 and any amendments thereto

7. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : January 30, 2007

RECORDED : Document No. 2007-025645

**End of Exhibit "C" **

Exhibit "D"

STATEMENT FROM COUNTY OFFICIAL
Nakasone Condominium Project

(See attached)

BRYAN J. BAPTISTE
MAYOR

GARY K. HEU
ADMINISTRATIVE ASSISTANT



IAN K. COSTA
DIRECTOR OF PLANNING

IMAIKALANI P. AIU
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUAI
PLANNING DEPARTMENT

4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHU'E, KAUAI, HAWAII 96766-1326
TEL (808) 241-6677 FAX (808) 241-6699

COPY

DATE: March 28, 2007

APR 2 2007

TO: Cynthia M.L. Yee, Esq.
Senior Condominium Specialist
Real Estate Commission - P & VLD/DCCA
335 Merchant Street, Room 333
Honolulu, Hawaii 96813

FROM: Imaikalani P. Aiu, Deputy Director of Planning

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: NAKASONE
Condominium Project (431)
Tax Map Key: (4) 4-4-005: 076

The attorney for the above-mentioned condominium project has requested that this office, as an agency of the County of Kauai, review the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, Sections 514 B-5 & B-6, Hawaii Revised Statutes, subject to the disclosures and waivers (item "5" below) specified herein, we certify the following:

1. The developer has contracted architect Ian Costa to certify that the buildings on the proposed project referred to as Nakasone Condominium Unit 1 and Unit 2 are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it pertains to the rules and regulations administered solely by the Department.

Exhibit "D"

Senior Condominium Specialist
Nakasone Condominium
TMK: (4) 4-4-005: 076
March 28, 2007
Page two

2. The parcel does not contain any outstanding nonconforming uses or structures as a result of the adoption or amendments of any ordinances or codes and regulations.
3. There are no notices of violation of County building or zoning codes outstanding according to our records.
4. There are no variances approved for the subject property.
5. WAIVER
The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements relating to the regulations of condominiums under subsection 514 B-5, Hawaii Revised Statutes.

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

cc: Galen Nakamura, Attorney at Law
Tracy Nakasone, Project Developer

Exhibit "E"

ESTIMATED MAINTENANCE FEES

Nakasone Condominium Project

Due to the character of the Project, where there are minimal common elements requiring maintenance, a substantial portion of the common elements constitute limited common elements appurtenant to a particular unit and the requirement that each unit owner maintain at the unit owner's expense the limited common elements appurtenant to the unit owner's apartment, it is anticipated that funds for the operation and maintenance of the common areas will be collected by special assessments rather than regular monthly assessments. Accordingly, no initial maintenance fees are anticipated.

Where one of the common elements requiring maintenance is a common septic system, an annual inspection of the system will be required. Further, pumping of the septic system will be periodically required.

I hereby certify that the above estimate of initial maintenance fee assessments was based on generally accepted accounting principles.



TRACY T. NAKASONE

5/22/07
Date

end of Exhibit E

Exhibit "F"

SUMMARY OF SALES CONTRACT

Nakasone Condominium Project

The Sales Contract contains the price and other terms and conditions under which a buyer will agree to buy a unit in the Project. Among other things, the Sales Contract says:

- (a) A buyer must obtain his own financing. In this case, deadlines may apply for the application for the financing and the delivery of a prequalification letter and a loan commitment, as well as satisfaction of conditions of the loan commitment. If these deadlines are not met, then the seller may terminate the contract.
- (b) That the buyer's money will be held in escrow, under the terms of the Escrow Agreement.
- (c) That the unit will be subject to various legal documents, including the Declaration, Bylaws, Developer's Public Report, Escrow Agreement, Unit Deed, Certificate of Architect and Condominium Map, and any other documents which the buyer is given a copy of and for which the buyer has received.
- (d) That the buyer must close the purchase on a date certain and pay closing costs, in addition to the purchase price.
- (e) If the buyer defaults, and the seller is not in default, seller may terminate the Sales Contract and retain the buyer's deposits as liquidated damages. Seller may in addition pursue any other remedy, and all costs by reason of such default shall be borne by the buyer in accordance with the Sales Contract.
- (f) If the buyer has made all payments required under the Sales Contract, the buyer shall be entitled to seek specific performance.

The Sales Contract contains various other provisions with which the buyer should become acquainted.

*****end of Exhibit F*****

Exhibit "G"

SUMMARY OF ESCROW AGREEMENT

Nakasone Condominium Project

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral third party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let purchasers know when payments are due.
- (b) Escrow will arrange for purchasers to sign all necessary documents.
- (c) No disbursements of funds held in escrow will be made unless, among other requirements, the following has occurred:
 1. Seller shall have delivered to the purchaser a true copy of the Public Report including all amendments, with effective date(s) issued by the Real Estate Commission and Seller's attorney delivers a written opinion to Escrow that the Sales Contract has become effective;
 2. Seller delivers a written opinion to Escrow that the requirements of Sections 514B-82 to 514B-93 of the Condominium Act have been met, and if this is a conversion project, that Section 521-38 of the Residential Landlord-Tenant Code has been complied with, as applicable;
 3. Seller shall have delivered the notice of purchaser's 30-day right of cancellation to the purchaser which purchaser has waived or is deemed to have waived; and
 4. Escrow receives a statement from Seller's architect that the project complies with the Federal Fair Housing Amendments Act of 1988, if applicable.
 5. Escrow shall have received owner-occupant affidavits affirmed by the owner-occupant(s), along with proof of the date of receipt of the final public report, if applicable.
- (d) A refund of purchaser's funds will be made upon request by purchaser under the following conditions:
 1. Escrow receives a written request from seller to return purchaser's funds held by Escrow; or
 2. Escrow receives written notification of seller's exercise of any option to cancel or rescind the Sales Contract pursuant to any right under the Sales Contract or otherwise available to seller; or
 3. The conditions providing for a refund under Sections 514B-86, 87 or 89 of the Condominium Property Regime Act have been met.

(e) Upon a purchaser's default under the Sales Contract, the purchaser's funds will be retained by the Seller as liquidated damages.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted.

Note: Section 514B-87 of the Condominium Act provides for rescission rights to a purchaser under a binding contract if there is a material change in the project.

end of Exhibit G