

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

CONDOMINIUM PROJECT NAME	KAMALANI HALE
Project Address	3930 Kaumualii Highway, Lawai, Hawaii 96765
Registration Number	6377 ( Conversion)
Effective Date of Report	<b>September 21, 2007</b>
Developer(s)	Evan D. Vasconcelles and Cheree A. Vasconcelles

**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.

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*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.]

### **PURCHASER IS ADVISED THAT:**

1. 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.
2. This Public Report does not constitute an approval of the project. Current and subsequent development shall comply with all applicable County Codes and Ordinances.
3. 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.
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 be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.
5. See page 8, Sec. 1.16 of this Public Report regarding roll-back taxes.

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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	3930 Kaumualii Highway, Lawai, Hawaii 96765	
Address of Project is expected to change because	not applicable	
Tax Map Key (TMK)	(4) 2-5-05:88	
Tax Map Key is expected to change because	CPR number will be added to the TMK number.	
Land Area	1.933 acres	
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	Two (2)
Number of New Building(s)	0
Number of Converted Building(s)	Two (2)
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood, glass, drywall

**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	3/4	3,291 sq. ft.	597 sq. ft.	carport/garage	3,888 sq. ft.
Unit	1	1/1	1,021 sq. ft.	756 sq. ft.	carport/garage	1,786 sq. ft.
See Exhibit _____						

<b>2</b>	<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.

**1.4 Parking Stalls**

Total Parking Stalls in the Project:	Ample parking within units' limited common element
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 parking 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: Each unit shall include the entire building(s) and/or improvement(s) (exterior and interior) comprising the unit, including but not limited to the exterior finished surfaces of its perimeter walls, roofs, foundations, floors, doors and structural walls.
--

**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, the Building code, applicable zoning and subdivision ordinances, and building and house rules, if any.
--

**1.7 Common Interest**

<u>Common Interest:</u> 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: Unit 1: 50% Unit 2: 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><b>Common Elements:</b> 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>	
<b>Common Element</b>	<b>Number</b>
Elevators	None
Stairways	None
Trash Chutes	None

**1.10 Limited Common Elements**

<p><b>Limited Common Elements:</b> 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> A </u> .</p>
<p>Described as follows:</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: Agricultural/Farm Dwelling requirements as set forth in Declaration (Sec. 7.0), Exhibit "G"
<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> B </u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: <u> June 18, 2007 </u></p>
<p>Company that issued the title report: <u> First Hawaii Title Corporation </u></p>

**1.13 Uses Permitted by Zoning and Zoning Compliance Matters**

Uses Permitted by Zoning							
	Type of Use	No. of Units	Use Permitted by Zoning			Zoning	
<input type="checkbox"/>	Residential		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
<input type="checkbox"/>	Commercial		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
<input type="checkbox"/>	Mix 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 checked="" type="checkbox"/>	Agricultural	2 (farm dwellings)	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	Agricultural
<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
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>

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

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

<p><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input checked="" type="checkbox"/> <b>Applicable</b>  <input type="checkbox"/> <b>Not Applicable</b></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 of the Architect's Condition Report of Avery H. Youn dated December 1, 2006, the systems and components of the structures, including visible structural, electrical and plumbing, appear to be in satisfactory and sound condition for their age, having been constructed in 1992 (as to Unit 1) and 1985 (as to Unit 2).</p>	
<p>Developer's statement of the expected useful life of each item reported above:   The structures and related systems and components have an expected useful life in excess of 35 years for the dwelling on Unit 1 and 25 years for the dwelling on Unit 2.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:   None.</p>	
<p>Estimated cost of curing any violations described above:   not applicable.</p>	

<p><b>Verified Statement from a County Official</b></p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>  C  </u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(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</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <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>

**1.16 Project In Agricultural District**

<p><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b>  <b>If answer is "Yes", provide information below.</b></p>	<p><input checked="" type="checkbox"/> Yes  <input 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 checked="" 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 checked="" type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance. CPR project will cause breach of real property tax agricultural dedication of property. The submission of the <u>land to a CPR results in a breach of real property tax agricultural dedication of the property. (cont'd below)</u></p> <p>Other disclosures and information:  Roll back taxes, penalties, and interest are anticipated. Developer will be responsible for payment of these roll back taxes, penalties, and interest.</p>	

**1.17 Project with Assisted Living Facility**

<p><b>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS?</b>  <b>If answer is "Yes", complete information below.</b></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><b>2.1 Developer(s)</b></p>	<p>Name: Evan D. Vasconcelles and Cheree A. Vasconcelles</p> <p>Business Address: P.O. Box 101, Lawai, HI 96765 (Cheree)</p> <p>Business Phone Number: 742-4451 (Cheree) E-mail Address: Cheree.Vasconcelles@vacationclub.com</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><b>2.2 Real Estate Broker</b></p>	<p>Name: None selected. See page 18. Business Address:</p> <p>Business Phone Number: E-mail Address:</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen St., 1st Floor Honolulu, HI 96813</p> <p>Business Phone Number: (808) 521-0211</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: not applicable Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Self-managed by the Association Business Address: c/o P.O. Box 101 Lawai, Hawaii 96765</p> <p>Business Phone Number: 742-4451</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Galen Nakamura Business Address: 4357 Rice Street, Ste 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	January 30, 2007	2007-017930

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	February 9, 2007	2007-029376
Bureau of Conveyances	May 29, 2007	2007-095499

#### 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
		2007-017931

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	
Bureau of Conveyances Map Number	4375
Dates of Recordation of Amendments to the Condominium Map: May 29, 2007 (Document no. 2007-095499)	

**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 checked="" type="checkbox"/>	January 30, 2007
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> <ol style="list-style-type: none"> <li>1. The Developer has reserved the right to create one or more additional apartments from existing apartments it owns, as long as, among other things, the total common interest appurtenant to the newly created apartment(s) shall equal the common interest appurtenant to the original apartment, as set forth in Section 1.7 herein. Upon alteration of any units 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)</li> <li>2. Anytime prior to the first conveyance to a party other than Developer, and upon filing 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)</li> <li>3. The right to grant certain easements and amend the Declaration and Condominium Map in accordance therewith. (Declaration: Section 21.0)</li> <li>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)</li> </ol>

## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

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

### 4.2 Estimate of the Initial Maintenance Fees

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

### 4.3 Utility Charges to be Included in the Maintenance Fee

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

### 4.4 Utilities to be Separately Billed to Unit Owner

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

## 5. SALES DOCUMENTS

### 5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>E</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: March 9, 2007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>F</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.
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<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 or deposit less escrow cancellation fees.

### 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: Unit 1 dwelling was constructed in 1992. Unit 2 dwelling was constructed in 1985.</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:</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p>

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

<p>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.</p>
---

**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><b>Box A</b> <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><b><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.</b></p>
<p><b>Box B</b> <input type="checkbox"/></p>	<p>The Developer has <b>not</b> 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 <b><u>Important Notice Regarding Your Deposits</u></b> 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, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (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 <b><u>Important Notice Regarding Your Deposits</u></b> 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.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
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](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

- (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 30<sup>th</sup> 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, owners may construct additional structures and/or improvements within a 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, the owners of Units 1 and 2 shall each have the right to construct and/or occupy not more than one "farm dwelling", as that term is defined in Chapter 205 of the Hawaii Revised Statutes (HRS), within a unit's appurtenant limited common element, as well as accessory structures as may be allowed by law. Each owner is solely responsible for obtaining all required governmental approvals and permits prior to alteration or construction. See section 22.0 of the Declaration.

The purchaser should be aware that the land on which the project is located has been designated agriculture by the State of Hawaii and County of Kauai. Except as limited specifically by the project documents, all uses permitted by applicable state and county laws, including but not limited to, HRS Chapter 205 and Article 7 of the Comprehensive Zoning Ordinance of the County of Kauai, are permitted. However, the purchaser may be required to execute a farm dwelling agreement in the form attached hereto as Exhibit G, as part of the county approval to reconstruct or alter a dwelling in the project. A "farm dwelling" is a single-family dwelling located on or used in connection with a farm, where agricultural activity provides income to the family occupying the dwelling. 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, e.g., domestic water service, may thwart or otherwise affect their expectations. Owners shall assume the risk of changes in the requirements of the governmental approvals to construct and alter dwellings and/or improvements in the units. Upon application for building permit approval for a third dwelling on the property, increased fire flow requirements may be imposed. 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 a unit and before construction. Purchasers are further advised that it is the current policy of the Planning Department of the County of Kauai to require 75% of the owners of a parcel of land to consent to the filing of an application for a zoning or other similar permit affecting the land, even though the condominium documents may provide otherwise.

There is no assurance that a purchaser will be able to convert an existing non-residential unit to a residential use. The purchaser should consult with the appropriate county agency to determine whether the purchaser may build a farm dwelling or any other type of structure or improvement on the property prior to purchase of a unit.

### **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.

#### DISCLOSURE RE: NON-SELECTION OF REAL ESTATE BROKER

As of the effective date of this Developer’s Public Report, the Developer has not executed a listing agreement for the sale of this condominium project with any duly licensed Hawaii real estate broker.

Thus, the Developer cannot offer to sell or sell any units in this registered condominium project until: 1) the Developer executes a listing agreement for the sale of this condominium project, 2) amends this Developer’s Public Report to reflect the new information, and 3) delivers this public report and amendment to the prospective purchaser. The conditions for binding sales contract are listed on pages 16-17, section 5.8.1, of this public report.

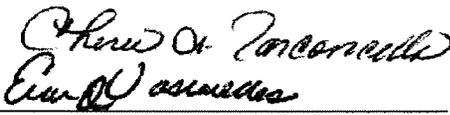
The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located,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

Evan D. Vasconcelles and Cheree A. Vasconcelles

Printed Name of Developer

By:   
Duly Authorized Signatory\*

September 10, 2007  
Date

Evan D. Vasconcelles and Cheree A. Vasconcelles

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 AND LIMITED COMMON ELEMENTS

COMMON ELEMENTS. 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, cesspools, hot and cold water and like utilities, when and only when, those items are on shared installations;
- (c) Any 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.

LIMITED COMMON ELEMENTS. 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 Units 1 and 2 are more particularly described in, respectively, **Exhibits "C" and "D"** to the Declaration.

(b) The septic tanks and related septic systems located in the Project, as shown on the Site Plan of the Condominium Map, shall be limited common elements appurtenant to the unit containing the buildings connected to the septic tanks and related septic systems.

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

EXHIBIT "B"  
ENCUMBRANCES AGAINST TITLE

1. Tax Key: (4) 2-5-005-088  
Real Property Tax as may be due and owing. Check with County tax assessor for further information.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. FARM DWELLING AGREEMENT

By and Between: EVAN D. VASCONCELLES, CHEREE A. VASCONCELLES, and  
KATHERINE VASCONCELLES

Dated: June 11, 1991

Document No. 91-104401

4. GRANT

In Favor Of: CITIZENS UTILITIES COMPANY, a Delaware corporation, and  
GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, a  
Hawaii corporation, now known as VERIZON HAWAII, INC.

Dated: February 24, 1992

Document No. 92-098837

Purpose: granting an easement for utility and incidental purposes

The foregoing Grant of Easement was amended by the following:

AMENDMENT OF GRANT OF EASEMENT

Dated: August 20, 2001

Document No. 2002-051624

The foregoing Grant of Easement was assigned by the following:

ASSIGNMENT OF ELECTRICAL AND UTILITY EASEMENTS

Assignor: CITIZENS COMMUNICATIONS COMPANY, formerly known as  
Citizens Utilities Company, a Delaware corporation, successor-in-  
interest to KAUAI ELECTRIC COMPANY, LIMITED  
Assignee: KAUAI ISLAND UTILITY CO-OP, a Hawaii cooperative  
association  
Dated: December 20, 2004  
Document No. 2004-264421

5. Easement "A" for access and utility purposes, as per survey made by Wayne T. Wada, Licensed Professional Land Surveyor, dated October 1996.
6. Easement "B" in favor of Lot 36-A-1 for landscaping purposes, as per survey prepared by Wayne T. Wada, Licensed Professional Land Surveyor, dated October 1996.
7. A Building setback Line and Drainageway as per survey prepared by Wayne T. Wada, Licensed Professional Land Surveyor, dated October 1996.
8. A vehicular access restriction into and from Kaunualii Highway as per survey prepared by Wayne T. Wada, Licensed Professional Land Surveyor, dated October 1996.
9. The terms, provisions, covenants, easements and reservations as contained in the following:

DECLARATION OF EASEMENTS, COVENANTS AND RESTRICTIONS

Dated: June 29, 1998  
Document No. 98-098175

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

10. MORTGAGE

Mortgagor: EVAN D. VASCONCELLES and CHEREE A. VASCONCELLES,  
husband and wife  
Mortgagee: KAUAI GOVERNMENT EMPLOYEES' FEDERAL CREDIT  
UNION, a corporation or association which was formed and which  
exists under the laws of the of United States Federal Credit Union Act  
Dated: May 31, 2002  
Filed/Recorded: June 06, 2002  
Document No. 2002-09086  
Principal Sum: \$50,000.00  
The present amount due should be determined by contacting the owner  
of the debt.

11. Easement AU-1, for access and utility purposes, in favor of Unit 2, as per survey prepared by  
Wayne T. Wada, Licensed Professional Land Surveyor, dated January 2007, and more  
particularly described in instrument dated January 19, 2007, recorded in the Bureau of  
Conveyances of the State of Hawaii as Document No. 2007-017930.

12. NOTICE OF DEDICATION TO AGRICULTURE

Dated: November 27, 2004  
Effective: January 01, 2005  
Document No. 2004-242849  
Term: 10 years  
Purpose: Agricultural Use

NOTE: Sale of the property may result in special tax assessment retroactive to the date of the  
dedication

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

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "KAMALANI CONDOMINIUM"

Dated: January 19, 2007  
Document No. 2007-017930

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

Condominium Map No. 4375, as amended, to which reference is hereby made.

The foregoing Declaration of Condominium Property Regime was amended by the following:

Document No.	Dated
2007-029376	02/09/07
2007-095499	05/21/07

(The units created by the foregoing instrument are more particularly described in Schedule "1" attached hereto.)

14. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KAMALANI CONDOMINIUM

Dated: January 19, 2007  
Document No. 2007-017931  
to which reference is hereby made

15. ADMINISTRATIVE FINDINGS AND ORDER - FAMILY COURT OF THE FIFTH CIRCUIT - STATE OF HAWAII - FC-APB NO. 0741, - IN THE MATTER OF EVAN VASCONCELLES, RESPONSIBLE PARENT, CSEA NO. 4943085

Dated: January 11, 2007  
Document No. 2007-020497  
Amount: Monthly child support of \$2,500.00 commencing February 01, 2007,  
and child support arrearages in the amount of \$-0-

NOTES:

- 1) Divorce of EVAN D. VASCONCELLES and CHEREE A. VASCONCELLES on June 28, 2005, as evidenced by that certain Decree Granting Divorce and Awarding Child Custody, filed in the Circuit Court of the Fifth Circuit, State of Hawaii, FC-D No. 01-1-0076.
- 2) The records at the State of Hawaii, Department of Health, Vital Statistics Office were unavailable for examination at the time this report was prepared.

RECEIVED JUN 05 2007  
IAN K. COSTA *by mae*  
DIRECTOR OF PLANNING

BRYAN J. BAPTISTE  
MAYOR



GARY K. HEU  
ADMINISTRATIVE ASSISTANT



IMAIKALANI P. AIU  
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUA'I  
PLANNING DEPARTMENT  
4444 RICE STREET  
KAPULE BUILDING, SUITE A473  
LIHU'E, KAUA'I, HAWAII 96766-1326

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

DATE: June 4, 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: Ian K. Costa, Director of Planning *IC*

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: KAMALANI  
Condominium Project (445)  
Tax Map Key: (4) 2-5-005: 088

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 Avery Youn to certify that the buildings on the proposed project referred to as Kamalani 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.

Senior Condominium Specialist  
Kamalani Condominium  
TMK: (4) 2-5-005: 088  
June 4, 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 (808) 241- 6677.

cc: Galen Nakamura, Attorney at Law  
Evan Vasconcelles and Cheree Vasconcelles, Project Developers

EXHIBIT D

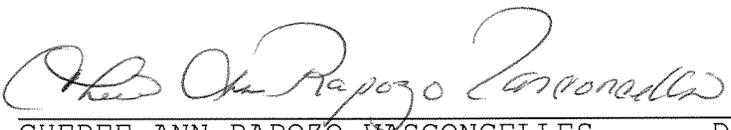
ESTIMATE OF INITIAL MAINTENANCE FEES

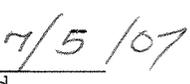
Due to the character of the Project, where there are no common elements requiring maintenance and only limited common elements appurtenant to a particular unit, and the requirement that each unit owner maintain at the unit owner's expense the limited common elements appurtenant to the unit owner's unit,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

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

  
EVAN D. VASCONCELLES  
Declarant

  
Dated

  
CHEREE ANN RAPOZO VASCONCELLES  
Declarant

  
Dated

## EXHIBIT E

### Summary of Sales Contract

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 the satisfaction of conditions of the loan commitment. If these deadlines are not met, 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 buyer waives the right to earn interest on buyer's deposits.

(d) That the unit will be subject to various legal documents, including the Declaration, Bylaws, 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 receipted.

(e) That the buyer must close the purchase on a date certain and pay closing costs, in addition to the purchase price.

(f) 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.

(g) 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.

## Exhibit F

### Summary of Escrow Agreement

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.

EXHIBIT "G"

<u>LAND COURT SYSTEM</u>	<u>REGULAR SYSTEM</u>
Return by Mail (X) Pickup ( )	To:
County of Kauai Planning Department 4444 Rice Street, Suite 473 Lihue, Kauai, Hawaii 96766	

FARM DWELLING AGREEMENT

THIS AGREEMENT made and entered into by and between \_\_\_\_\_,  
 whose mailing address is \_\_\_\_\_

hereinafter called the "APPLICANT(S)", and the COUNTY OF KAUAI PLANNING DEPARTMENT, whose business and mailing address is 4444 Rice Street, Suite 473, Lihue, Hawaii 96766, hereinafter called the "DEPARTMENT",

W I T N E S S E T H

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

WHEREAS, this document pertains only to \_\_\_\_\_  
as shown in Exhibit "B" and made a part hereof; and

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

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

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

WHEREAS, the parcel identified by Tax Map Key No.  
\_\_\_\_\_ is entitled to \_\_\_\_\_ residential units  
and one guest house; and

WHEREAS, this agreement is evidenced that \_\_\_\_\_  
is entitled to one of those residence units; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the \_\_\_\_\_ day of \_\_\_\_\_,

APPROVED:

Applicant(s)

\_\_\_\_\_  
Planning Director  
County of Kauai  
Planning Department

APPROVED AS TO FORM  
AND LEGALITY:

\_\_\_\_\_  
County Attorney