

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

CONDOMINIUM PROJECT NAME	NANI KAMALI'I II
Project Address	6941-C Kawaihau Road, Kapaa, Hawaii 96746
Registration Number	6750 (conversion)
Effective Date of Report	April 3, 2009
Developer(s)	Harold D. Brown and Norma Jean Brown

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.]

TABLE OF CONTENTS

		<u>Page</u>
Preparation of this Report.....		1
General Information On Condominiums.....		2
Operation of the Condominium Project.....		2
1.	THE CONDOMINIUM PROJECT.....	3
1.1	The Underlying Land.....	3
1.2	Buildings and Other Improvements.....	3
1.3	Unit Types and Sizes of Units.....	3
1.4	Parking Stalls.....	4
1.5	Boundaries of the Units.....	4
1.6	Permitted Alterations to the Units	4
1.7	Common Interest.....	4
1.8	Recreational and Other Common Facilities.....	4
1.9	Common Elements.....	5
1.10	Limited Common Elements.....	5
1.11	Special Use Restrictions	5
1.12	Encumbrances Against Title.....	5
1.13	Uses Permitted by Zoning and Zoning Compliance Matters	6
1.14	Other Zoning Compliance Matters.....	6
1.15	Conversions	7
1.16	Project In Agricultural District.....	8
1.17	Project with Assisted Living Facility.....	8
2.	PERSONS CONNECTED WITH THE PROJECT.....	9
2.1	Developer.....	9
2.2	Real Estate Broker.....	9
2.3	Escrow Depository.....	9
2.4	General Contractor.....	9
2.5	Condominium Managing Agent.....	9
2.6	Attorney for Developer	9
3.	CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS	10
3.1	Declaration of Condominium Property Regime	10
3.2	Bylaws of the Association of Unit Owners	10
3.3	Condominium Map.....	10
3.4	House Rules.....	11
3.5	Changes to the Condominium Documents.....	11
3.6	Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents.....	11
4.	CONDOMINIUM MANAGEMENT.....	12
4.1	Management of the Common Elements	12
4.2	Estimate of the Initial Maintenance Fees.....	12
4.3	Utility Charges to be Included in the Maintenance Fee.....	12
4.4	Utilities to be Separately Billed to Unit Owner	12
5.	SALES DOCUMENTS.....	13
5.1	Sales Documents Filed with the Real Estate Commission.....	13
5.2	Sales to Owner-Occupants.....	13
5.3	Blanket Liens.....	13
5.4	Construction Warranties	13
5.5	Status of Construction, Date of Completion or Estimated Date of Completion.....	14

TABLE OF CONTENTS

	Page	
5.6	Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance	14
5.6.1	Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance.....	14
5.6.2	Purchaser Deposits Will Be Disbursed Before Closing.....	14
5.7	Rights Under the Sales Contract	16
5.8	Purchaser's Right to Cancel or Rescind a Sales Contract	16
5.8.1	Purchaser's 30-Day Right to Cancel a Sales Contract.....	17
5.8.2	Right to Cancel a Sales Contract if Completion Deadline Missed.....	17
5.8.3	Purchaser's Right to Rescind a Binding Sales Contract After a Material Change	17
6.	MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT.....	18
EXHIBIT A:	Condominium Map	
EXHIBIT B:	Schedule of Apartments and Common Interest	
EXHIBIT C:	Common Elements	
EXHIBIT D:	Limited Common Elements	
EXHIBIT E:	Encumbrances Against Title	
EXHIBIT F:	Verified Statement from County Official	
EXHIBIT G:	Developer's Declaration Re: Compliance With County Codes; Developer's Statement	
EXHIBIT H:	Maintenance Fees	
EXHIBIT I:	Specimen Purchase Contract; Summary of Contract	
EXHIBIT J:	Summary of Portions of Escrow Agreement	
EXHIBIT K:	Effect of Foreclosure on Purchaser's Interest And Deposit	
EXHIBIT L:	Letter Re: Method of Computing Percentage of Common Interest	
EXHIBIT M:	Parking Stall Assignment and Description	

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	
Address of Project	6941-C Kawaihau Road, Kapaa, Hawaii 96746
Address of Project is expected to change because	n/a
Tax Map Key (TMK)	(4) 4-4-12-9
Tax Map Key is expected to change because	n/a
Land Area	3.18 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	n/a

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	1
Number of New Building(s)	0
Number of Converted Building(s)	2
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	hollow tile; 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
A	1	3/3	2,095	416	hobby	
				841	garage	
				352	lanai	3,704
B	1	0/0	0	1,664	storage	1,664
See Exhibit <u> A </u> .						

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

1.4 Parking Stalls

Total Parking Stall in the Project:	5
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	3 for Apt. A; 2 for Apt. B
Attach Exhibit <u>M</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit: The boundaries of the units are as depicted in the Condominium Map which is attached hereto as Exhibit "A".
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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): Only as permitted by the Kauai County zoning ordinances. Upon each permanent improvement, an amendment to the Declaration of Condominium Property Regime and Condominium Map will be required to disclose actual improvements as a matter of public record.
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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 <u>B</u> .
As follows:

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

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.

Described in Exhibit C.

Described as follows:

Common Element	Number
Elevators	
Stairways	
Trash Chutes	

1.10 Limited Common Elements

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.

Described in Exhibit D.

Described as follows:

1.11 Special Use Restrictions

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.

<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See page 18
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of 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).

Exhibit E describes the encumbrances against title contained in the title report described below.

Date of the title report: December 8, 2008

Company that issued the title report: Title Guaranty of Hawaii, Inc.

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	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	agricultural
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other (Specify): storage	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	agricultural
Is/Are this/these use(s) specifically permitted by the project's Declaration 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>			

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</p> <p><input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>Based on a report prepared by an independent registered architect, it is the Developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium apartments are presently sound and appear to be in satisfactory working condition.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>Developer makes no representations regarding the expected useful life of each item reported above.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>None.</p>	
<p>Estimated cost of curing any violations described above:</p> <p>n/a</p>	

<p>Verified Statement from a County Official</p>	
<p>Regarding any converted structures in the project, attached as Exhibit <u>F</u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal non-conforming 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 style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>	
<p>Other disclosures and information:</p> <p>Attached as Exhibit "G" is the Developer's Declaration Re: Compliance With County Codes.</p>	

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input 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 checked="" 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> <p>See Section 6 on page 18.</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

2.1 Developer(s)	<p>Name: Harold D. Brown and Norma Jean Brown</p> <p>Business Address: 6941-C Kawaihau Road Kapaa, Hawaii 96746</p> <p>Business Phone Number : (808) 5651-5799 E-mail Address: njb@hawaii.rr.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>n/a</p>
2.2 Real Estate Broker	<p>Name: None selected. See page 18A.</p> <p>Business Address:</p> <p>Business Phone Number:</p> <p>E-mail Address:</p>
2.3 Escrow Depository	<p>Name: First Hawaii Title Corporation</p> <p>Business Address: 201 Merchant St., #2000, Honolulu 96813</p> <p>Business Phone Number: (808) 521-3411</p>
2.4 General Contractor	<p>Name: n/a</p> <p>Business Address:</p> <p>Business Phone Number:</p>
2.5 Condominium Managing Agent	<p>Name: n/a Project self-managed by the Association</p> <p>Business Address:</p> <p>Business Phone Number:</p>
2.6 Attorney for Developer	<p>Name: Kimo C. Leong, Esq.</p> <p>Business Address: 737 Bishop St., #2060, Honolulu, HI 96813</p> <p>Business Phone Number: (808) 528-2222</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 15, 2008	2008-048860

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 7, 2008	2008-180260
Bureau of Conveyances	January 20, 2009	2009-016533

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 15, 2008	2008-048861

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	January 20, 2009	2009-016531

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	4603
Dates of Recordation of Amendments to the Condominium Map:	
n/a	

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 checked="" type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input type="checkbox"/>	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:

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>H</u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

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

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>I</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 6, 2009 Name of Escrow Company: First Hawaii Title Corporation Exhibit <u>J</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
Mortgage	see Exhibit "K" attached hereto

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: None
Appliances: None

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

<p>Status of Construction:</p> <p>Apartment "A" completed in 2001; Apartment "B" completed in 2005.</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

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.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></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.

n/a

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

PROSPECTIVE PURCHASER:

This is a condominium project, not a subdivision. Units purchased are not subdivided lots. You will be required to comply with zoning codes to be allowed to construct a residence on your limited common element.

You should also conduct your own investigations and ascertain the validity of information provided. Please remember that issuance of this Report does not mean the Hawaii Real Estate Commission has approved the project.

The County of Kauai Planning Department has advised that, in order to process the necessary permits for the construction and the processing of a farm dwelling agreement on agriculturally zoned parcels, authorization from at least 75% of the legal and equitable ownership of the entire project shall be required, consistent with the Declaration of Condominium Property Regime and the Bylaws.

Except as limited by the Declaration of Condominium Property Regime, the Bylaws, and other documents of record, all uses permitted in the Agricultural Zone are permitted. Such uses include, but are not limited to growing crops, raising animals, residence, diversified agriculture, forestry, orchards and nurseries and wildlife management. See Kauai County Comprehensive Zoning Ordinance, Article 8.7. In relation to specifically permitted uses of buildings and other improvements, structures shall only be occupied or used for agriculture, associated residential uses, and/or other uses permitted by law and the recorded project documents. An agricultural residence may not be constructed unless the Unit Owner demonstrates to the County his ability to derive income and/or agricultural products from his property. Agricultural use must be established and verified prior to any building permit approval.

The uses on the limited common elements shall be limited to those listed as permissible within the "A" Agricultural District in the State Land Use Commission Rules and Regulations. Farm dwellings on the lot shall mean a single-family dwelling located on and used in connection with a farm or where agricultural activity provides income to the family occupying the dwelling. The structures and uses anticipated by the Developer's promotional plan are in compliance with all applicable state and county land use laws and real property tax laws.

A buyer should understand that development and use of the properties shall comply with all County Codes and Ordinances. If County of Kauai facilities are not already in place, the prospective purchaser is advised that owners in this project will not necessarily receive the same County benefits as owners of approved subdivided lots; owners who develop their properties later than others may find that land use and zoning changes or insufficient utility capacities may thwart their expectations. Zoning and land use restrictions are subject to change and each purchaser should maintain awareness of such conditions.

Encumbrance No. 12 of Exhibit "E" attached hereto (Encumbrances Against Title) states that the "land has no recorded access to a public highway" due to the stream that crosses the property, but that the encumbrance "does not affect that portion of the land between the stream and Kawaihau Road." The stream is owned by the State of Hawaii. Apartment A has recorded access to Kawaihau Road, since Kawaihau Road borders (eastern boundary) the limited common element appurtenant to Apartment A.

Apartment B has recorded access from the limited common element appurtenant to said Apartment ("yard") to Kawaihau Road because the common element driveway/access area connects Kawaihau Road and said yard, as shown on the Condominium Map attached hereto as Exhibit "A". The recorded Declaration of Condominium Property Regime of the Nani Kamali'i II Condominium Project ("Declaration") provides for such access. With respect to access across the stream that crosses Apartment B's yard, there is physical access provided by the culvert that is contained within said yard that allows for vehicular and pedestrian crossing of the stream. The culvert is a limited common element for the exclusive use of Apartment B and it is depicted on the Condominium Map.

The Developer has owned the property since 1973 and the above-described culvert was existing when the Developer acquired title. The Developer has never been contacted by the State or any other entity regarding the stream, access across the stream, or the culvert. The Developer has not attempted to obtain recorded access across the stream.

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 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 a binding sales contract are listed on pages 16-17, paragraph 5.8.1.

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.

Harold D. Brown and Norma Jean Brown

HAROLD D. BROWN & NORMA JEAN BROWN

Printed Name of Developer

By: Harold D. Brown
Norma Jean Brown
Duly Authorized Signatory*

12/17/08
Date

Harold D. Brown and Norma Jean Brown

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.

LAND COURT

REGULAR SYSTEM

08k153

Return by mail () pickup (XX) to:

AKAMAI FOR:

Law Offices of Taylor, Leong & Chee

737 Bishop Street, Suite 2060

Honolulu, Hawaii 96813

Telephone No. 528-2222

CONDOMINIUM MAP NO. 4603

ENGINEER'S CERTIFICATION; SITE PLAN, CERTIFICATE
OF ARCHITECT; ARCHITECT'S CONDITION REPORT;
FLOOR PLANS AND ELEVATIONS OF THE
NANI KAMALII II CONDOMINIUM PROJECT

TAX MAP KEY NO.: 4-4-12-09

Island/Unit No. Kauai/Apartments A & B

(This document consists of 7 pages)

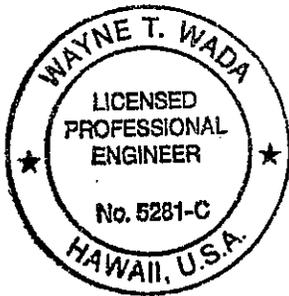
EXHIBIT A

ESAKI SURVEYING AND MAPPING, INC.
1610 HALEUKANA STREET
LIHUE, KAUAI, HAWAII 96766
Phone: (808) 246-0625
Fax: (808) 246-0229
Email: esm@esakimap.com

ENGINEER'S CERTIFICATION

STATE OF HAWAII)
)
COUNTY OF KAUAI) SS

The undersigned being a Licensed Engineer within the State of Hawaii and bearing Registration Number 5281-C, hereby certifies that the Condominium Map for the project known as "NANI KAMALI'I II CONDOMINIUM" accurately reflects the location and division of the apartment units and dimensions of the limited common elements. Floor plans and elevations of the structures, if any, are subject to separate Certification by a Registered Hawaii Architect or Engineer.



Wayne T. Wada

WAYNE T. WADA

Subscribed and sworn to before me this 29th
day of February 2008.

Grace Tanaka

NOTARY PUBLIC, State of Hawaii
Name: Grace Tanaka
My commission expires: 1/7/2010

5

AVERY H. YOUN, ARCHITECT
2980 EWALU STREET
LIHUE, HAWAII 96766

NANI KAMALI'I II CONDOMINIUM
CERTIFICATE OF ARCHITECT
(Substantially As-Built)

STATE OF HAWAII)
) SS.
COUNTY OF KAUAI)

The undersigned, being a licensed architect within the State of Hawaii and bearing Registration Number 3576, hereby certifies that to the best of his knowledge:

(a) the attached condominium map, floor plans and elevations of Units A and B of the NANI KAMALI'I II CONDOMINIUM are on land designated by Tax Map Key, Fourth Division, 4-4-12: 09, consisting of three (3) sheets of which sheet 1 is the condominium map prepared by Wayne T. Wada, a Licensed Professional Engineer, and sheets 2 and 3 are the floor plans and elevations prepared or reviewed by the undersigned.

(b) the condominium map accurately reflects location and division of the apartment units and the dimensions of the limited common elements;

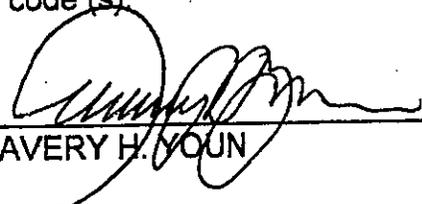
(c) the attached floor plans and elevations of the structures on Units A and B are substantially as-built and constructed;

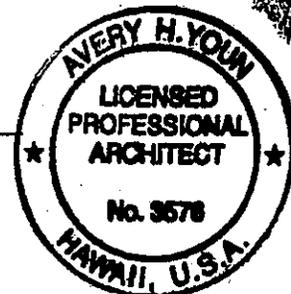
(d) the drawings are true and correct, and copies of portions of those filed with and approved by the County of Kauai officer having jurisdiction over the issuance of building permits for construction of the project; and

(e) the construction of the buildings appear to be in conformity with all ordinances, codes, rules, regulations, laws and other requirements in force at the time of construction.

This is not a warranty of compliance with all rules and regulations, only a warranty that inspection was made and no violations appear to exist. No right shall accrue to any third party for subsequent discovery of any problems with code compliance or for future changes in such code (s).

5


AVERY H. YOUN



Subscribed and sworn to before me this
8th Day of November, 2007

Wanda J. Sugimoto
Notary Public, State of Hawaii
My commission expires: 6-14-2008

AVERY H. YOUN, ARCHITECT
2980 EWALU STREET
LIHUE, HI 96766
PH. (808) 245-9414
FAX (808) 245-5238

ARCHITECT'S CONDITION REPORT
NANI KAMALI'I II CONDOMINIUM

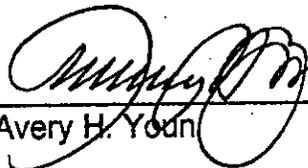
The undersigned, being a licensed architect within the State of Hawaii and bearing Registration Number 3576, has inspected Unit A dwelling, of the NANI KAMALI'I II CONDOMINIUM project and declares as follows:

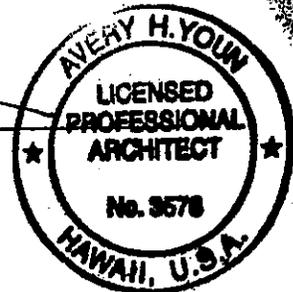
Unit A dwelling constructed in 1989.

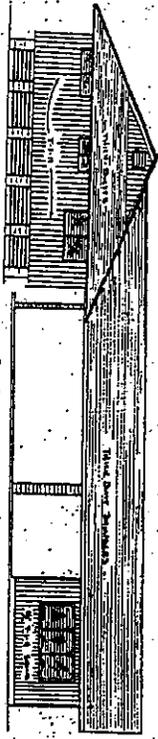
The structure is situated at Kapaa, Kauai, Hawaii and identified as Tax Map Key No. (4) 4-4-12: 09.

The inspection included the exterior roof, foundation, visible electrical and plumbing systems, and I find that the systems and components of the structure, including visible structural, electrical and plumbing, appear to be in satisfactory and sound condition for the stated age thereof. The structure and related systems and components have an expected useful life in excess of thirty five (35) years for Unit A dwelling.

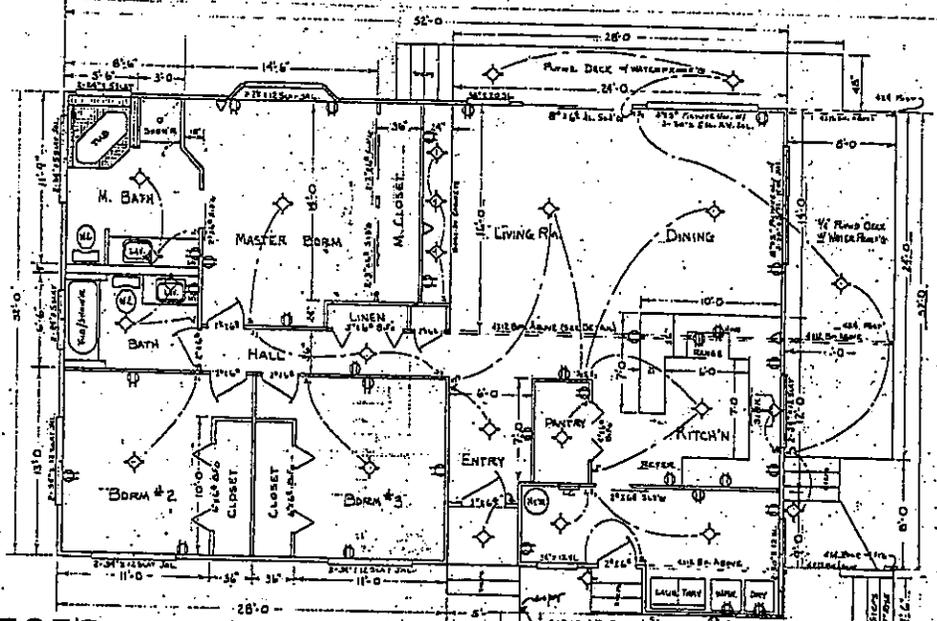
DATED: Lihue, Kauai, Hawaii November 8, 2007.


Avery H. Youn





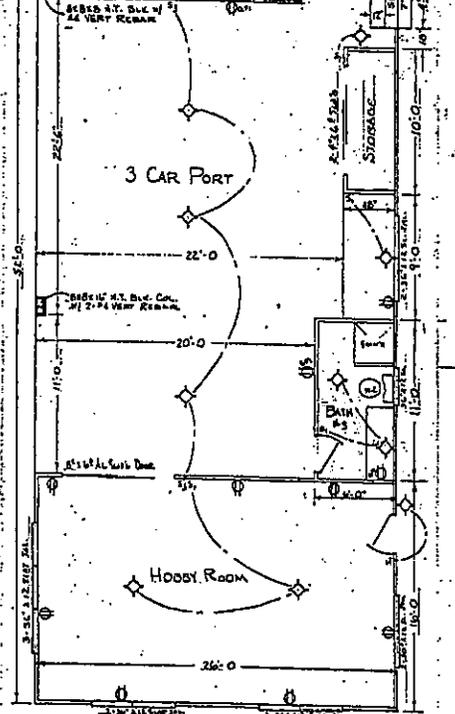
FRONT ELEVATION



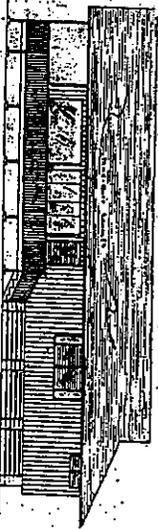
FLOOR PLAN
SCALE: 1/8" = 1'-0"

UNIT A DWELLING
LIVING AREA/HOBBY RM.
GARAGE/STORAGE
TOTAL AREA
3,288 S.F.

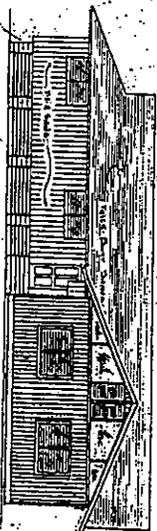
2,095 S.F.
841 S.F.
352 S.F.



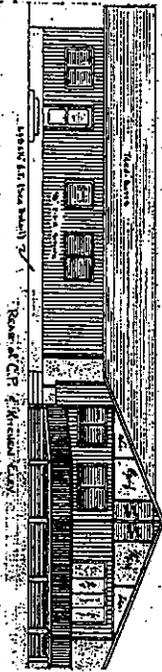
FLOOR PLAN
SCALE: 1/8" = 1'-0"



SIDE ELEVATION



REAR ELEVATION

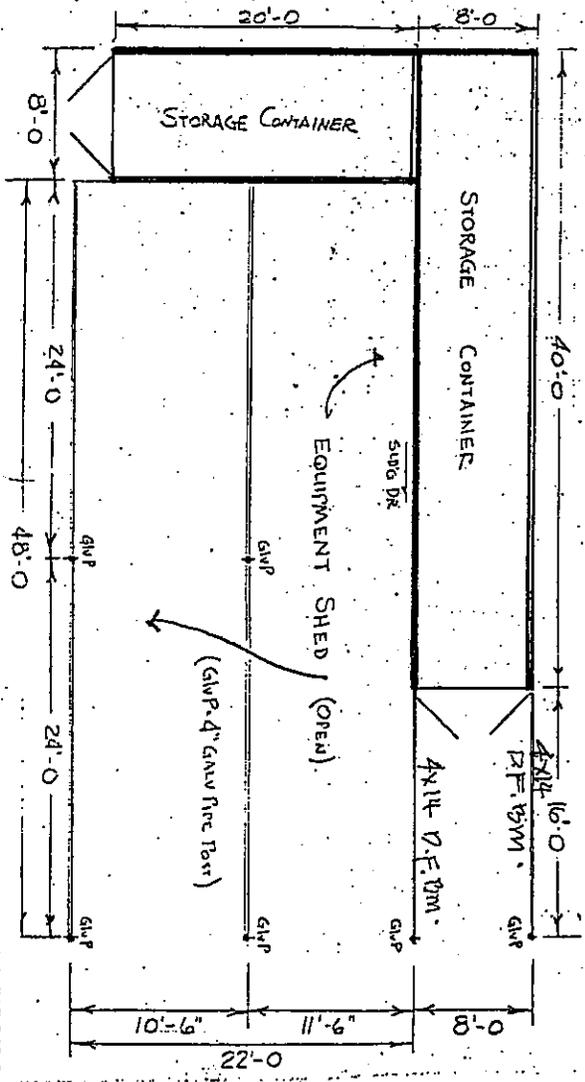


FRONT ELEVATION



This work was prepared by me or under my supervision and construction of this project will be under my observation.

[Signature]
Signature 11/87

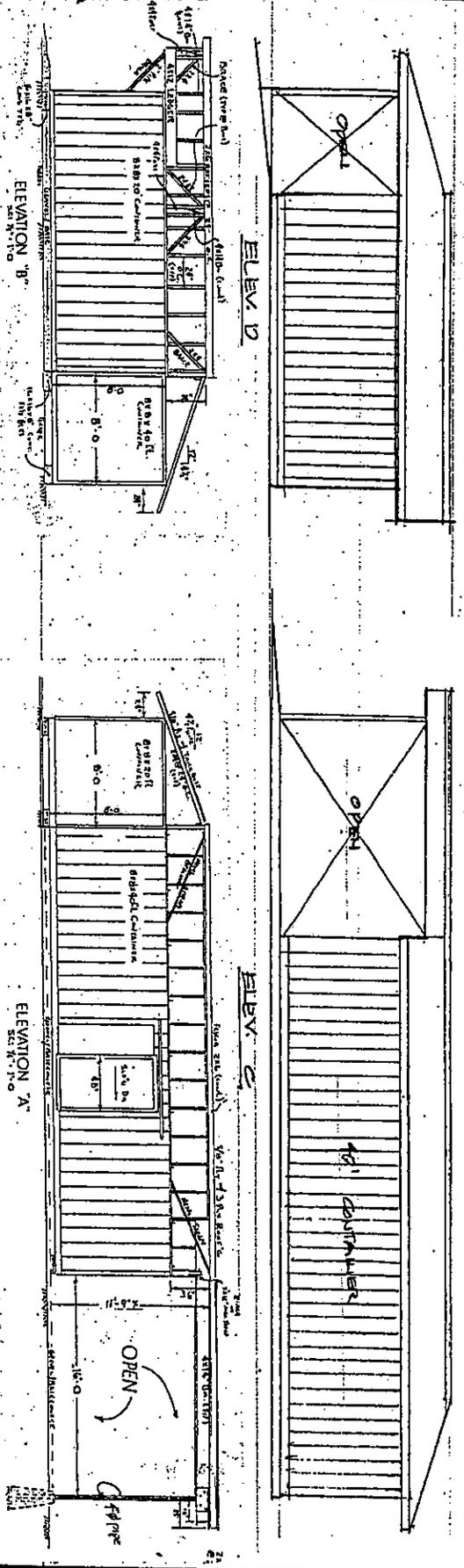


LAYOUT 1/8" @ 1" = 1'-0"
 UNIT B FARM STORAGE
 TOTAL AREA

1,664 S.F.



This work was prepared by me or under my supervision and construction of this project will be under my observation.
 Signature
 10/11/07



3

"NANI KAMALI'I II CONDOMINIUM" - UNIT B FARM STORAGE
 OWNERS: HAROLD D. BROWN AND NORMA JEAN K. BROWN
 T.M.K.: (4) 4-4-12: 09
 KAPAA, KAUAI, HAWAII

EXHIBIT B

SCHEDULE OF APARTMENTS AND COMMON INTERESTS FOR
THE NANI KAMALI' I II CONDOMINIUM PROJECT

QTY.	APT. NO.	AREA OF LIMITED COMMON ELEMENT (SQ. FT.)	NO. OF BR/BATH	APPROX. NET LIVING AREA (SQ. FT.)	APPROX. FARM SHED AREA (SQ. FT.)	% OF COMMON INT.
1	A	1.189 AC	3/3	2,095	0	50
1	B	1.994 AC	0/0	0	1,664	50

OTHER AREAS ATTACHED TO APARTMENT UNITS

Apt. Description of area (square feet)

Unit A: garage/storage (841)
 hobby room (416)
 lanai (352)

Unit B: none

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

END OF EXHIBIT B

COMMON ELEMENTS

One freehold estate is hereby designated of all the remaining portions of the Project, herein referred to as "common elements", including specifically, but not limited to:

- (1) The land in fee simple;
- (2) The common driveway/access area as so designated on the Condominium Map;
- (3) All ducts, electrical equipment, wiring and other central and appurtenant installations for common services, if any, including power, light, water, sewage, irrigation and telephone;
- (4) Any and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the Project.

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

LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein referred to as the "limited common elements", are hereby designated and set aside for the exclusive use of one or more apartments, and such apartment(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited Common elements so set aside and reserved are as follows:

1. The immediate land and yard area upon and around each apartment as located, the boundaries of which are as so shown and designated on the Condominium Map.
2. The garage attached to Apartment "A", as shown and designated on the Condominium Map, is hereby deemed a limited common element appurtenant to and for the exclusive use of Apartment "A".

EXHIBIT E
ENCUMBRANCES

1. Real Property Taxes, if any, that may be due and owing.

Tax Key: (4) 4-4-012-009 Area Assessed: 3.177 acres

-Note:- Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes.

2. Location of the boundary of stream and the effect, if any, upon the area of the land described herein, and the free flowage thereof.

3. The terms and provisions contained in the following:

INSTRUMENT : FARM DWELLING AGREEMENT

DATED : January 5, 1989

RECORDED : Liber 22760 Page 572

PARTIES : HAROLD D. & NORMA JEAN BROWN, husband and wife, and
the COUNTY OF KAUAI, Planning Department

4. An easement in the nature of a utility right-of-way in favor of Clair Bickel and Marie Bickel, for the transmission of electricity and for pole and guy wires over and across the land _____ together with the right of ingress and egress over and across said land for the construction, maintenance and repair of said poles and wires.

5. A 5' wide future road widening reserve along Kawaihau Road. There shall be no new structures permitted within the reserve; new structures shall be setback from the reserve as shown on survey map dated November 19, 1990, prepared by Dennis M. Esaki, Registered Professional Surveyor, and as mention in survey dated October 1990, prepared by Wayne T. Wada, Registered Professional Surveyor.

6. An easement in the nature of a pipeline right-of-way, in favor of Clair Bickel and Marie Bickel, over, under and across a portion of the land _____ together with the right to use, take and transport water from the stream running over Lot 96 of the "KAPAA HOMESTEADS" the right to construct and maintain a pump on said right of way, and the right of ingress and egress over and across said lot for the construction, maintenance and repair of said pipeline and pump. The centerline of said right-of-way is as follows:

Beginning at a pipe at the north boundary of this lot, the coordinates of which point referred to Government Survey Triangulation Station "NONOU" being 13,683.16 feet north and 7,103.16 feet west, thence running across Lot 96 to stream as follows:

1. 133° 18' 130.00 feet to middle of stream.

7. NOTICE OF DEDICATION

DATED : September 26, 1991
RECORDED : Document No. 91-137558
RE : dedication of the land described herein to non-speculative residential use for a period of ten (10) years, effective January 1, 1992

8. GRANT

TO : CITIZENS UTILITIES COMPANY, whose interest is now held by KAUAI ISLAND UTILITY CO-OP and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED now known as HAWAIIAN TELCOM, INC.

DATED : October 29, 1991

RECORDED : Document No. 92-042414

GRANTING : a perpetual right and easement to build, construct, reconstruct, etc., pole and wire lines and/or underground lines, for the transmission and distribution of electricity

9. ADJUSTABLE RATE MORTGAGE

LOAN/ACCOUNT NO. 84-00002-3-612

MORTGAGOR : HAROLD D. BROWN AND NORMA JEAN BROWN, HUSBAND AND WIFE

MORTGAGEE : FINANCE FACTORS, LIMITED, a Hawaii corporation

DATED : October 23, 2004

RECORDED : Document No. 2004-220131

AMOUNT : \$435,000.00

10. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "NANI KAMALI'I II" CONDOMINIUM PROJECT

DATED : February 15, 2008

RECORDED : Document No. 2008-048860

MAP : 4603 and any amendments thereto

FIRST AMENDMENT OF THE DECLARATION OF CONDOMINIUM PROPERTY REGIME OF THE NANI KAMALI'I II CONDOMINIUM PROJECT dated November 7, 2008, recorded as Document No. 2008-180260. re: to delete the word "NANIKAMALI'I and to substitute in place thereof "NANI KAMALI'I

11. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : February 15, 2008

RECORDED : Document No. 2008-048861

12. The land has no recorded access to a public roadway.

-Note:- Said above encumbrance does not affect that portion of the land between the stream and Kawaihau Road.

The Company will not insure or otherwise be liable for any loss or damage by reason of lack of access to and from the land.

13. Claims arising out of customary and traditional rights and practices, including without limitation those exercised for subsistence, cultural, religious, access or gathering purposes, as provided for in the Hawaii Constitution or the Hawaii Revised Statutes.
14. The Final Public Report for the NANI KAMALI'I II condominium project is not filed in the Office of the Department of Commerce and Consumer Affairs.

END OF EXHIBIT E

BILL "KAIPO" ASING
MAYOR

GARY K. HEU
ADMINISTRATIVE ASSISTANT



COPY
IAN K. COSTA
DIRECTOR OF PLANNING

IMAIKALANI P. AIU
DEPUTY DIRECTOR OF PLANNING

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

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

DATE: October 21, 2008

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 

SUBJECT: Certification of Inspection of Existing Buildings

Project Name: NANI KAMALII II
Condominium Project (547)
Tax Map Key: (4) 4-4-012: 009

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, Section 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 have contracted architect Avery Youn to certify that the buildings on the proposed project referred to as Nani Kamalii II Condominium Unit A and Unit B 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.

OCT 29 2008

EXHIBIT F

AN EQUAL OPPORTUNITY EMPLOYER

Senior Condominium Specialist
Nani Kamalii II Condominium
TMK: (4) 4-4-012: 009
October 21, 2008
Page two

2. There are no variances approved for the subject property.
3. 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.
4. There are no notices of violations of County building or zoning codes outstanding according to our records.
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 A-40, (b), and (1), Hawaii Revised Statutes.

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

cc: Kimo Leong, Attorney at Law
Harold Brown, Project Developer

08k599A

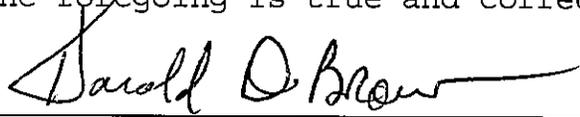
DEVELOPER'S DECLARATION

NANI KAMALI'I II
Condominium Project

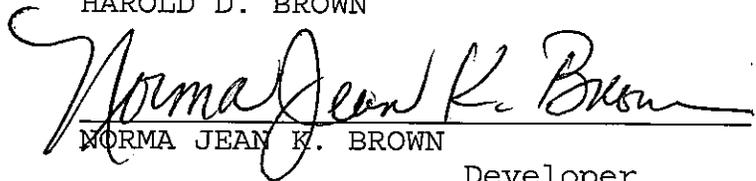
Pursuant to §§ 514B-54 and 514B-83, Hawaii Revised Statutes
Condominium Property Act

The undersigned Developers declare that based on the attached letter dated October 21, 2008 from the Director of the Department of Planning of the County of Kauai, it is the Developer's opinion that the Nani Kamali'i II Condominium Project is in compliance with all County of Kauai zoning and building ordinances and codes and other permitting requirements.

We declare under the penalties set forth in Section 514B-69(b), Hawaii Revised Statutes, that the foregoing is true and correct.



HAROLD D. BROWN



NORMA JEAN K. BROWN

Developer

EXHIBIT G

08k600A

DEVELOPER'S STATEMENT

NANI KAMALI'I II
Condominium Project

Pursuant to §514B-84, Hawaii Revised Statutes
Condominium Property Act

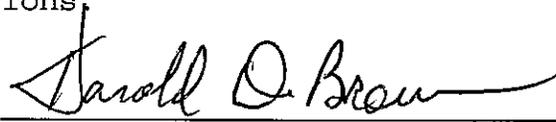
Developer/Project Manager:

Harold D. Brown
Norma Jean K. Brown

Present Condition of Structural Components and Mechanical and
Electrical Installations:

Based on a report prepared by an independent registered architect, it is the Developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium apartments are presently sound and appear to be in satisfactory working condition. The Developer makes no representations about the useful life of the components reported in the architect's report.

There are no outstanding notices of uncured violations of building code or other regulations.



HAROLD D. BROWN



NORMA JEAN K. BROWN

Developer

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u> *
A	\$0.00
B	\$0.00

* The common driveway/access area does not require regular maintenance or repair, therefore, there are presently no monthly maintenance fees. If any repairs or maintenance are required, they will be paid by special assessment. Because there are presently no monthly maintenance fees required, it is not known when a purchaser will become obligated to begin paying maintenance fees. Because this is a two-unit project, if monthly maintenance fees are going to be assessed, such assessment will have to be agreed to by the owners of both units.

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services All utilities are separately metered.

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

Maintenance, Repairs and Supplies

- Building
- Grounds

Management

- Management Fee
- Payroll and Payroll Taxes
- Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

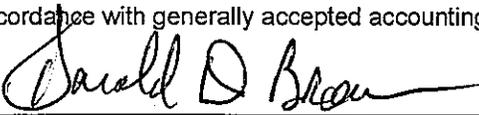
Audit Fees

Other

TOTAL

I, Harold D. Brown, ~~as agent for and/or employed by~~ _____
the condominium managing agent/developer for the
Nani Kamali I II _____ condominium project, hereby certify that the

above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Signature

March 23, 2009

Date

EXHIBIT I

NANI KAMALI'I II CONDOMINIUM PROJECT
SUMMARY OF SALES CONTRACT

The Nani Kamali'i II Condominium Project Purchase Contract (the "contract") contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. The method of payment of the purchase price to the escrow agent, subject to other terms.

2. The purchase price does not include the closing costs, prorations and additional costs provided in other sections of the contract.

3. If at the time of execution of the contract, a Developer's public report has not been issued, the contract is merely a reservation agreement and it may be cancelled at any time by either the Buyer or Seller.

4. The terms and conditions of the sale which include, among other provisions, the following:

(a) Buyer has received the Declaration of Condominium Property Regime, Bylaws of the Association of Apartment Owners, form of Apartment Deed, and Escrow Agreement and acknowledges that he has had adequate opportunity to read those documents and to examine the project plans and accepts them.

(b) Buyer agrees that all payments made will be placed on deposit with escrow pursuant to the terms of the Escrow Agreement.

(c) Risk of loss to the apartment and percentage interest in the common elements will be borne by Seller until the date of closing as defined in the contract. Buyer will not be entitled to possession of the apartment until the date of closing.

(d) Until the Apartment Deed conveying title is delivered to Buyer, the Seller may exercise all of the powers of the Association and of the Buyer as a member thereof.

(e) After issuance of the Developer's Public Report and Buyer's waiver of its right to cancel under Hawaii Revised Statutes Section 514B-86, Buyer shall have the right to rescind the contract

only if there is a material change in the project which directly, substantially and adversely affects the use or value of Buyer's apartment or appurtenant limited common elements or those amenities of the project available for the Buyer's use subject to waiver by the Buyer pursuant to the terms set forth in the contract and Hawaii Revised Statutes Section 514B-87.

(f) Time is of the essence of the obligations of Buyer under the contract.

(g) Neither Seller nor any of its representatives has made any representations as to the rental income to be derived from the unit.

(h) The contract shall not be construed as a present transfer of any interest in the property but it is an agreement to transfer in the future.

* * * * *

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

END OF EXHIBIT I

Page 2

EXHIBIT J

NANI KAMALI'I II CONDOMINIUM PROJECT
SUMMARY OF PORTIONS OF ESCROW AGREEMENT

The Escrow Agreement ("Agreement") between First Hawaii Title Corporation ("Escrow"), and Harold D. Brown and Norma Jean Brown ("Seller"), contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contracts and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project. Interest on all funds will be paid to Seller.

3. Escrow will release from the Trust Fund and disburse Buyer's funds at closing. No disbursements will be made from Buyer's fund until: (a) the Real Estate Commission has issued an effective date for the Developer's Public Report on the project and forty-eight (48) hours have elapsed since Buyer's receipt of a copy of the Developer's Public Report, (b) Buyer has waived its right to cancel the sales contract, and (c) Seller has notified Escrow that all other requirements of Sections 514B-87, Hawaii Revised Statutes, have been met. Where sales contracts are entered into, Escrow will disburse funds upon presentation by Seller of Buyer's signed receipt for the Developer's Public Report and with notification by Seller that all of the requirements of Sections 514B-87, Hawaii Revised Statutes, have been met. Escrow will call for payments by the Buyer upon receipt of notice from Seller that any payments are due under any sales contract.

4. Escrow will return deposited sums to the Buyer without interest if Seller gives Escrow written notice to return the funds to Buyer, or with respect to a Buyer whose funds were obtained before the issuance of a Developer's Public Report, Escrow receives from the Buyer a written request to cancel the sales contract or after issuance of the Developer's Public Report and Buyer's waiver of his right to cancel the sales contract in accordance with Section 514B-86, Hawaii Revised Statutes, there shall be any material change in the project which directly, substantially and adversely affects the use or value of the Buyer's apartment or

appurtenant common elements or those amenities of the project available for Buyer's use, of a nature entitling the Buyer to cancel his contract pursuant to Section 514B-87, Hawaii Revised Statutes. These funds shall be returned to Buyer less Escrow's cancellation fee, if any, any mortgagee's cancellation fee and all other costs incurred in connection with the Escrow.

5. Escrow will arrange for and supervise the signing of all documents which are to be signed subsequent to and contemplated by the sales contract.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive a fee (based upon Escrow's then-prevailing fee) for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. Title insurance will also cost an additional amount not ascertainable at the present time.

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

08k611

EXHIBIT K

EFFECT OF FORECLOSURE
ON PURCHASER'S INTEREST AND DEPOSIT

If the Developer defaults or the mortgage is foreclosed prior to the conveyance of an apartment to a Purchaser, the purchase contract will be canceled and the Purchaser's deposit will be refunded to the Purchaser, less any escrow cancellation fees. Purchaser will thereupon lose all rights to purchase the property.

CARROLL S. TAYLOR
KIMO C. LEONG

LAW OFFICES OF
TAYLOR, LEONG & CHEE
737 BISHOP STREET, SUITE 2060
HONOLULU, HAWAII 96813
TELEPHONE (808) 528-2222
FACSIMILE (808) 523-1869

GREGORY W. K. CHEE
(1956-2006)

December 20, 2008

Cynthia M. L. Yee, Esq.
Senior Condominium Specialist
Real Estate Commission
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 333
Honolulu, Hawaii 96813

Re: Nani Kamali'i II Condominium Project;
Method of Computing Percentage of Common Interest

Dear Ms. Yee:

This letter serves as the Developer's written explanation of the method used in computing the percentage of common interest appurtenant to the condominium units.

The subject property is comprised of 2 apartments, one of which is a separate 3-bedroom, 3-bath, single-family home, the other apartment is an agricultural storage structure. The project contains no common elements except for the land and a common driveway/access area. The Condominium Property Regime documentation has been drafted so as to give each owner relatively exclusive and complete control over all matters affecting their respective unit. In the event that an issue or expense arises that affects all of the apartment owners, its resolution shall be a mutual decision. For this reason, the developer has apportioned 50% of the common interest to each owner.

The By-Laws of the Association of Apartment Owners requires the presence either in person or by proxy of a majority of owners to constitute a quorum, and the vote to which each apartment is entitled under the By-Laws is the percentage of the common interest assigned to the apartment in the Declaration. The presence of both owners will be required to constitute a quorum, therefore, any matter requiring a majority vote under the Declaration and By-Laws, would require that all owners agree. It is the Developer's judgment that this is the only truly fair way to deal with the two apartments in the project.

Cynthia M. L. Yee, Esq.
December 20, 2008
Page 2

Thank you for your attention to this matter and should you have any questions regarding the above explanation, please feel free to contact me.

Very truly yours,



Kim C. Leong

KCL/mkp:08k613

cc: Mr. and Mrs. Harold D. Brown

EXHIBIT M

PARKING STALL ASSIGNMENT AND DESCRIPTION

The Project contains a total of three (3) covered and two (2) uncovered parking stalls. The uncovered stalls are unmarked to allow for flexibility in parking vehicles.

Apartment A contains a two (2) car garage/workshop of approximately 649 square feet and a carport of approximately 260 square feet. These are the 2 covered parking stalls and they are for the exclusive use of Apartment A.

Apartment B is an agricultural storage shed that is located on flat land and it is surrounded by an open, grassy area that is not subject to flooding. The 2 uncovered, unmarked stalls are located on the limited common element appurtenant to Apartment B, and they are located on a flat area that allows for the parking of multiple vehicles. These 2 stalls are for the exclusive use of Apartment B.