CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer HOPU MANAWA, L.L.C.
Address PMB 442, 75-1027 Henry Street, Kailua-Kona, Hawaii 96740-3154
Project Name(*): KALOKO BUSINESS CENTER IV
Address: 73-5620 Kauhola Street, Kailua-Kona, Hawaii 96740

Registration No. 5304

Effective date: April 8, 2004
Expiration date: May 8, 2005

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

____ **PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

X **FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.

[x] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with _____

____ **SUPPLEMENTARY:** (pink) This report updates information contained in the:

[ ] Preliminary Public Report dated: _____
[ ] Final Public Report dated: _____
[ ] Supplementary Public Report dated: _____

And [ ] Supersedes all prior public reports
[ ] Must be read together with _____
[ ] This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

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

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required and attached to this report [X] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[X] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

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EXHIBIT A: Description of Buildings
EXHIBIT B: Common Elements
EXHIBIT C: Common Interests
EXHIBIT D: Encumbrances Against Title
EXHIBIT E: Estimated Initial Maintenance Fees and Maintenance Fee Disbursements
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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. 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 or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment 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 an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely 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 buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Hopu Manawa, L.L.C.
Name
PMB 442, 75-1027 Henry Street
Business Address
Kailua-Kona, Hawaii 96740-3154

Phone: (808) 989-2684
(Business)

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Richard B. Leander, Jr. - Manager

Real Estate Broker*: None Selected (See page 20)
Name
Business Address

Phone:
(Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
75-170 Hualalai Road, Suite C-201
Business Address
Kailua-Kona, Hawaii 96740

Phone: (808) 329-6666
(Business)

General Contractor: Dixon Construction Co., Inc.
Name
75-798B Hiona Street
Business Address
Holualoa, Hawaii 96725

Phone: (808) 329-5711
(Business)

Condominium Managing Agent: Self-managed by association
Name
Business Address

Phone:
(Business)

Attorney for Developer: Ashford & Wriston, LLP
(Matthew G. Jewell)
Name
75-5722 Kuakini Highway, Suite 208
Business Address
Kailua-Kona, Hawaii 96740

Phone: (808)329-7706
(Business)

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

[ ] Proposed

[X] Recorded - Bureau of Conveyances — Document No. 2003-210374
Book _____ Page _____

[ ] Filed - Land Court — Document Number _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to Declaration of Condominium Property Regime dated February 13, 2004, and recorded in said Bureau as Document Number 2004-033627.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed

[X] Recorded - Bureau of Conveyances Condo Map No. 3654

[ ] Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

Amended Condominium Map No. 3654 filed in said Bureau on February 18, 2004.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment 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 which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed

[X] Recorded - Bureau of Conveyances — Document No. 2003-210375
Book _____ Page _____

[ ] Filed - Land Court — Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt 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.

The House Rules for this condominium are:
[X] Proposed [ ] Adopted [ ] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	65%
House Rules	---	by the Board of Directors

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

[ ] No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

[X] Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

[See Exhibit H to this public report]

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements, which includes the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____ Rent Renegotiation Date(s):

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year

For Sub-leaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____ Rent Renegotiation Date(s):

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year.

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. **Underlying Land:**

Address: 73-5620 Kauhola Street
Kailua-Kona, Hawaii 96740

Tax Map Key: (3) 7-3-051:094

[ ] Address [ ] TMK is expected to change because

Land Area: 46,248 [X] square feet [ ] acre(s)

Zoning: Limited Industrial – 1 acre (ML-1A)

Fee Owner: Hopu Manawa, L.L.C.
Name

PMB 442, 75-1027 Henry Street
Address

Kailua-Kona, Hawaii 96740-3154

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

1. [X] New Building(s) [ ] Conversion of Existing Building(s) [ ] Both New Building(s) and Conversion

2. Number of Buildings: one Floors Per Building 1

[X] Exhibit A contains further explanations.

3. Principal Construction Material:

[X] Concrete [ ] Hollow Tile [X] Wood

[X] Other steel, glass and other building materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning			No. of Apts.	Use Determined By Zoning	
[ ] Residential		[ ] Yes	[ ] No	[ ] Ohana		[ ] Yes	[ ] No
[ ] Commercial		[ ] Yes	[ ] No	[X] Industrial	12	[X] Yes	[ ] No
[ ] Mix Res/Comm		[ ] Yes	[ ] No	[ ] Agricultural		[ ] Yes	[ ] No
[ ] Hotel		[ ] Yes	[ ] No	[ ] Recreational		[ ] Yes	[ ] No
[ ] Timeshare		[ ] Yes	[ ] No	[ ] Other:		[ ] Yes	[ ] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X] Yes [ ] No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

[ ] Pets: _____
[ ] Number of Occupants: _____
[X] Other: Use limited to business and/or commercial purposes in accordance with applicable law.
[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Floor Area(sf)*	Net Other Area(sf)	(Identify)
Units 1,3,4 & 6	4	N/A	1,825		
Units 2 & 5	2	N/A	1,441		
Units 8 & 9	2	N/A	1,300		
Unit 7	1	N/A	1,724		
Unit 10	1	N/A	1,836		
Unit 11	1	N/A	1,510		
Unit 12	1	N/A	1,375		
Total Number of Apartments	12				

***Net Floor Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment: Each Apartment includes all walls, columns and partitions which are not load-bearing within the Apartment's perimeter walls, the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames and window frames along the perimeters, all windows along the perimeters, the air space within the perimeter, the lanais, if any, shown on the Condominium Map to the inner decorated or finished surfaces of the perimeter walls of such lanais and to the interior edge of the exterior railings or other boundaries of such lanais, the storage area, if any, adjacent to the lanais as shown on the Condominium Map, all fixtures originally installed in the Apartment, and all pipes, plumbing (including water heaters), wires, conduits and other utility or service lines and facilities servicing only the Apartment. The Apartments shall not include the undecorated or unfinished surfaces of the perimeter party or non-party walls, the undecorated or unfinished surfaces of the doors, door frames and window frames along the perimeters, the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each Apartment, the exterior edge of the exterior railings or other exterior boundaries of the lanais, if any, shown on the Condominium Map, the entry area shown on the Condominium Map, or any pipes, shafts, wires, conduits or other utility or service lines running through an Apartment which are utilized for or serve more than one Apartment, all of which are deemed common elements as provided in the condominium declaration.

Permitted Alterations to Apartments: *See* Exhibit I.

Apartments Designated for Owner-Occupants Only: Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by Section 514A-102, HRS; or include the information here in this public report and in the announcement (*see* attachment 11a). Developer has ____ elected to provide the information in a published announcement or advertisement. **N/A.**

7. Parking Stalls:

Total Parking Stalls: 49

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)							
Guest							
Unassigned	4	28	10**	3**			45
Extra for Purchase							
Other:		4*					4
Total Covered & Open	36		13		0		49

Each apartment will have the exclusive use of at least N/A parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

* Two (2) parking stalls are ADA accessible, and two (2) stalls are reserved for bicycle racks (10), as shown on the Condominium Map.

** The compact parking stalls are marked with a "C" on the Condominium Map.

None of the parking stalls are assigned to any particular apartment - they are a shared common element.

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

[ ] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [X] Trash Chute/Enclosure(s)

[X] Other: Parking and loading spaces and landscaped areas

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

(Not applicable)

11. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

[ ] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

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

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

[X] described in Exhibit B.

[ ] as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

[X] There are no limited common elements in this project.

[ ] The limited common elements and the apartments which use them, as described in the Declaration, are:

[ ] described in Exhibit _____.

[ ] as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment'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 apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[X] described in Exhibit ____C_____.

[ ] as follows:

E. **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 an apartment in the project.

Exhibit ___D___ describes the encumbrances against the title contained in the title report dated _October 30, 2003_____ and issued by _Title Guaranty of Hawaii, Inc._____.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest and Deposit If Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage in favor of Central Pacific Bank dated June 6, 2003, and recorded in the Bureau of Conveyances of the State of Hawaii as Document Number 2003-141073.	The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less escrow cancellation fee.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

The Developer makes no warranties itself, express or implied, with respect to an apartment, the project or consumer products or other things which may be installed or which are contained in an apartment or the project, including, but not limited to, any implied warranties of merchantability, habitability, workmanlike construction or fitness for a particular purpose. However, the Developer will attempt to assign to each apartment owner any and all warranties given the Developer by the general contractor for the project and by any subcontractors or materialmen, and the Developer will cooperate with each apartment owner during the effective period of any such warranties in asserting any claims or such warranties.

2. Appliances:

Each apartment owner shall have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in his or her apartment. These warranties will expire at different times, depending on the date of installation of the appliances. The Developer makes no warranties itself; however, the Developer will attempt to assign to each apartment owner the benefit of any such warranties.

G. Status of Construction and Date of Completion or Estimated Date of Completion:

Construction of the Project was completed in January, 2004.

H. Project Phases:

The developer [X] has [ ] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

See Exhibit J.

IV. CONDOMINIUM MANAGEMENT

A. **Management of the Common Elements:** The Association of Apartment 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.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

[ ] not affiliated with the Developer
[X] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] other

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment 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 apartment and the apartment 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 E contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

[ ] None [X] Electricity (X Common Elements only ____ Common Elements & Apartments)
[ ] Gas (___ Common Elements only ____ Common Elements & Apartments)
[X] Water [X] Sewer [ ] Television Cable
[X] Other Refuse collection

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated October 10, 2003
Exhibit G contains a summary of the pertinent provisions of the escrow contract.

[ ] Other

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyers. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:
   1) Either the Final Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
B) The buyer is given an opportunity to read the report(s); AND
C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) 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 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5304 filed with the Real Estate Commission on March 1, 2004.

Reproduction of Report. When reproduced, this report must be on:

[ ] YELLOW paper stock [X] WHITE paper stock [ ] PINK paper stock

C. Additional Information Not Covered Above

Selection of Real Estate Broker

The Developer has not selected a real estate broker for the sale of condominium units in the project. In the event the Developer chooses to use a real estate broker for the sale of a condominium unit, prior to entering into a binding contract for such sale the Developer shall (1) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed disclosure abstract identifying the designated broker, and (2) provide a copy of the Disclosure Abstract to the purchaser together with a copy of this Public Report.

D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)

E. 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 buyers 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.

Hopu Manawa, L.L.C.
Printed Name of Developer

By: Richard B. Leander, Jr., Manager 03/24/2004
Duly Authorized Signatory* Date

RICHARD B. LEANDER, JR., Manager
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Hawaii

Planning Department, County of Hawaii

Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.

EXHIBIT A

DESCRIPTION OF BUILDINGS:

The Project shall contain one (1) building containing a total of twelve (12) apartments. The building has one (1) story or level and no basement. The building shall be constructed principally of steel, wood, glass and related building materials.

DESCRIPTION OF APARTMENTS:

The Project shall contain twelve (12) apartments, all constructed according to a similar basic floor plan, but of varying sizes, as follows:

Four (4) apartments contain a net floor area of approximately 1,825 square feet. These apartments are designated on the Condominium Map as Units 1, 3, 4 and 6.

Two (2) apartments contain a net floor area of approximately 1,441 square feet. These apartments are designated on the Condominium Map as Units 2 and 5.

Two (2) apartments contain a net floor area of approximately 1,300 square feet. These apartments are designated on the Condominium Map as Units 8 and 9.

One (1) apartment contains a net floor area of approximately 1,724 square feet. This apartment is designated on the Condominium Map as Unit 7.

One (1) apartment contains a net floor area of approximately 1,836 square feet. This apartment is designated on the Condominium Map as Unit 10.

One (1) apartment contains a net floor area of approximately 1,510 square feet. This apartment is designated on the Condominium Map as Unit 11.

One (1) apartment contains a net floor area of approximately 1,375 square feet. This apartment is designated on the Condominium Map as Unit 12.

*The approximate net floor area of each apartment as set forth above is measured from the interior surface of the apartment perimeter walls and includes all of the walls and partitions within its perimeter walls, whether load-bearing or non-load-bearing. Note: THE FLOOR AREAS SHOWN ARE APPROXIMATE ONLY. DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR APARTMENT.

ORIGINAL APPLIANCES, FIXTURES AND ADDITIONS:

In its original condition, each apartment will have a bare finished concrete floor, and electrical, telephone, cable, sewer and water utility connections.

LOCATION AND NUMBERING OF APARTMENTS:

Each apartment shall be designated by a one or two-digit number in sequential order from Unit 1 through Unit 12. The apartment numbers and locations are more fully illustrated on the Condominium Map.

ACCESS TO COMMON ELEMENTS:

Each apartment in the Project has immediate access to the common elements of the Project.

EXHIBIT B

COMMON ELEMENTS:

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A", in fee simple.

2. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, main walls, load-bearing walls, floors, ceiling (except, with respect to the apartment buildings, the inner or decorated surfaces of such walls, floors and ceilings), roofs, landings, railings, entrances and exists of the buildings and/or apartments, and other building appurtenances.

3. All yards, grounds, gardens, planters, plants, landscaping, irrigation and refuse facilities.

4. All sidewalks, walkways, driveways, roads, parking areas, parking stalls, loading spaces and bike racks.

5. All ducts, electrical equipment, transformers, wiring, pipes and other central and appurtenant transmissions facilities and installations over, under and across the Project which are utilized by or serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.

6. All areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the Project within or outside of the buildings, which are for common use or which serve more than one apartment, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.

7. All the benefits, if any, inuring to the land or to the Project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A".

8. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

All other parts of the Project which are not included in the definition of an apartment.

EXHIBIT C

COMMON INTERESTS:

Each apartment will have the following appurtenant common interest:

Units 1, 3, 4 and 6	0.09492 (9.492%)	X	4 units	=	0.37968
Units 2 and 5	0.07495 (7.495%)	X	2 units	=	0.14990
Units 8 and 9	0.06761 (6.761%)	X	2 units	=	0.13522
Unit 7	0.08967 (8.967%)	X	1 unit	=	0.08967
Unit 10	0.09549 (9.549%)	X	1 unit	=	0.09549
Unit 11	0.07853 (7.853%)	X	1 unit	=	0.07853
Unit 12	0.07151 (7.151%)	X	1 unit	=	0.07151
Total					**1.000**

EXHIBIT D

ENCUMBRANCES AGAINST TITLE:

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

   INSTRUMENT : MASTER DECLARATION OF RESTRICTIVE COVENANTS

   DATED : March 4, 1991
   RECORDED : Document No. 91-041779

   The foregoing includes, but is not limited to, matters relating to association liens which may be superior to certain mortgages.

   Said Declaration was amended by instruments dated July 30, 1993, recorded as Document No. 93-128138, and dated April 10, 2003, recorded as Document No. 2003-067549.

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

   INSTRUMENT : DECLARATION OF RESTRICTIVE COVENANTS

   DATED : August 6, 1993
   RECORDED : Document No. 93-128141

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

   INSTRUMENT : DECLARATION OF RESTRICTIVE COVENANTS - KALOKO LIGHT INDUSTRIAL PARK UNIT II

   DATED : October 27, 1999
   RECORDED : Document No. 99-191917

4. ORDINANCE NO. 99 115 dated November 17, 1999, recorded as Document No. 99-200860, by the COUNCIL of the COUNTY OF HAWAII.

5. Encroachments or any other matters as shown on survey map prepared by Chrystal Thomas Yamasaki, L.P.L.S., Land Surveyor, Wes Thomas Associates, dated June 2, 2003.

6. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

   MORTGAGOR : HOPU MANAWA, L.L.C., a Hawaii limited liability company
   MORTGAGEE : CENTRAL PACIFIC BANK, a Hawaii corporation
   DATED : June 6, 2003
   RECORDED : Document No. 2003-141073
   AMOUNT : $1,100,000.00

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

INSTRUMENT : ASSIGNMENT OF RENTS

DATED : June 6, 2003
RECORDED : Document No. 2003-141074
PARTIES : CENTRAL PACIFIC BANK, a Hawaii corporation, and HOPU MANAWA, L.L.C., a Hawaii limited liability company

8. FINANCING STATEMENT

DEBTOR : HOPU MANAWA, L.L.C.
SECURED PARTY : CENTRAL PACIFIC BANK
RECORDED : Document No. 2003-141075

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

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME OF KALOKO BUSINESS CENTER IV

DATED : September 15, 2003
RECORDED : Document No. 2003-210374 (Condominium Map No. 3654)

First Amendment to Declaration of Condominium Property Regime dated February 13, 2004, and recorded in said Bureau as Document Number 2004-033627 (Amended Condominium Map No. 3654)

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

INSTRUMENT : BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF KALOKO BUSINESS CENTER IV

DATED : September 15, 2003
RECORDED : Document No. 2003-210375

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

INSTRUMENT : DECLARATION OF MERGER OF CONDOMINIUM PHASES OF KALOKO BUSINESS CENTER IV

DATED : September 15, 2003
RECORDED : Document No. 2003-210376

12. For Real Property Taxes that may be due and owing reference is made to the Department of Finance, County of Hawaii.

END OF EXHIBIT D

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment	Monthly Fee	x	# of units	x	12 months	=	Yearly Total
Units 1, 3, 4 and 6	$ 284.64	x	4	x	12		$13,662.72
Units 2 and 5	$ 224.75	x	2	x	12		$ 5,394.00
Units 8 and 9	$ 202.76	x	2	x	12		$ 4,866.24
Unit 7	$ 268.90	x	1	x	12		$ 3,226.80
Unit 10	$ 286.36	x	1	x	12		$ 3,436.32
Unit 11	$ 235.51	x	1	x	12		$ 2,826.12
Unit 12	$ 214.45	x	1	x	12		$ 2,573.40
12 Apartments	$2,998.80						$ 35,985.60
Interest Income	$ -0-						$ -0-
TOTAL INCOME	**$2,998.80**						**$ 35,985.60**

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 x 12 months =	Yearly Total
Utilities and Services		
Electricity	$ 100.00	$ 1,200.00
[X] common elements only		
[ ] common elements and apartments		
Refuse Collection	$ 300.00	$ 3,600.00
Telephone	$	$
Water and Sewer	$ 150.00	$ 1,800.00
Cable	$	$
Maintenance, Repairs and Supplies		
Building	$ 100.00	$ 1,200.00
Grounds	$ 200.00	$ 2,400.00
Pest Control	$	$
Fire Equipment	$	$
Supplies	$ 50.00	$ 600.00
Management		
Management Fee	$ 1,000.00	$ 12,000.00
Legal Fees	$	$
Accounting/Tax Services	$ 143.80	$ 1,725.60
Office Expenses	$ 50.00	$ 600.00
Bank Charges	$ 5.00	$ 60.00
Resident Manager	$	$
Insurance		
Building Insurance	$ 350.00	$ 4,200.00
Flood Insurance	$	$
Officers & Directors Liability	$ 50.00	$ 600.00
Reserves(*)	$	$
TOTAL	**$ 2,998.80**	**$ 35,985.60**

I, RICHARD B. LEANDER, JR., as Manager of HOPU MANAWA, L.L.C., the developer of the Kaloko Business Center IV 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.

Richard B. Leander, Jr. — Signature

Feb. 23, 2004 — Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT F

SUMMARY OF DEPOSIT RECEIPT, OFFER AND ACCEPTANCE CONTRACT

The Deposit Receipt, Offer and Acceptance Contract (the "DROA") contains the price and other terms and conditions under which a purchaser will agree to buy a unit in the Project. Among other things, the DROA states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.

(b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the DROA.

(c) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.

(d) That the purchaser's money will be held in escrow.

(e) Requirements relating to the purchaser's financing of the purchase of a unit.

(f) That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.

(g) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(h) Whether the purchaser will receive interest on deposits made under the DROA.

(i) In the event of a default by the purchaser under the DROA, the Developer may, in addition to other remedies, be entitled to all deposits paid by the purchaser as liquidated damages.

The DROA contains various other important provisions relating to the purchase of a unit in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen DROA on file with the Real Estate Commission.

EXHIBIT G

SUMMARY OF ESCROW AGREEMENT

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

(a) Escrow will let the purchaser know when payments are due.

(b) Escrow will arrange for the purchaser to sign all necessary documents.

(c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the DROA, including:

(1) Upon the written request of both parties to Escrow to return the purchaser's funds;

(2) Upon the exercise by the Developer of any right to cancel the DROA;

(3) Upon the exercise by the purchaser of a right to cancel the DROA if the purchaser's funds were obtained prior to the issuance of a Final Public Report, pursuant to HRS § 514A-62; or

(4) Upon the exercise by the purchaser of a right to cancel the DROA pursuant to HRS § 514A-63.

(d) The purchaser's funds deposited to Escrow may be disbursed to or otherwise used by the Developer only after:

(1) The Real Estate Commission has issued a final Public Report (the "Final Report") on the project;

(2) The purchaser has been given a copy of the Final Report together with a receipt and notice form which complies with Section 514A-62 of the condominium law;

(3) The purchaser has signed the receipt and notice form and waived his right to cancel or thirty days have elapsed since the purchaser received a copy of the Final Report and receipt and notice form;

(4) The Developer notifies Escrow in writing that, since the things described in (1), (2) and (3) above have happened, neither the purchaser nor the Developer may back out of the agreements they made in the DROA. In the same written notice, the Developer shall notify Escrow either that the time in which the Developer or the purchaser could back out of the agreements in the DROA has passed, or that the Developer and the purchaser have said that they will not back out of the agreements in the DROA;

(5) The Developer's attorney advises Escrow that the DROA has become effective and the requirements of Sections 514A-39.5, 514A-40 and 514A-63 of the condominium law have been met, as provided for in Section 514A-65 of the condominium law;

(6) Construction of the unit has been completed and the deed of the unit to the purchaser has been recorded; and

(7) If Closing is to occur prior to expiration of the applicable mechanic's lien period, Escrow shall have received satisfactory assurances that the purchaser will be provided an owner's title insurance policy with a mechanics' lien endorsement, protecting the purchaser from mechanics' and materialmen's liens.

(e) Unless otherwise agreed by the parties and Escrow, the purchaser shall not be entitled to any interest earned on any deposits made to Escrow by the purchaser, which interest will be credited to the Developer.

(f) In the event of a default by the purchaser under the DROA, the Developer may, in addition to any other remedies provided in the DROA, be entitled to all deposits paid to Escrow by the purchaser.

The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.

EXHIBIT H

RESERVED RIGHTS

A. Upon completion of the Project, the Developer may amend the Declaration and the Condominium Map (if necessary) to file "as built" verified statement required by Section 514A-12 of the Condominium Property Act.

B. Until all of the apartments have been sold, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by the title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that no such amendments change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment.

C. Until all of the apartments have been sold and the "as built" verified statement is filed, the Developer may amend the Declaration and the Condominium Map to (i) reflect alterations in any apartment which has not been sold; and (ii) reflect minor changes in any apartment or in the common elements which do not affect the physical location, design or size of any apartment which has been sold.

EXHIBIT I

ALTERATIONS TO APARTMENTS

Section L.2 of the condominium declaration provides as follows:

Any alterations or additions solely within an Apartment shall require only the written approval thereof, including the plans thereof, by the Owner of such Apartment, by the holders of first mortgage liens affecting such Apartment (if the lienholders require such approval), by the appropriate agencies of the State of Hawaii and the County of Hawaii if such agencies so require, and by the Board (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other Owners thereby directly affected (as determined in a reasonable manner by the Board). Upon completion of such alterations or additions, the Apartment Owner(s) directly affected shall duly Record and file of record an amendment to this Declaration together with the approved plans showing only such alterations or additions within an Apartment space. Such amendment to this Declaration need only be executed by the Apartment Owner(s) directly affected and their first mortgagees, as may be required.

Section L.4 of the condominium declaration provides as follows:

Any provision of this Section L to the contrary notwithstanding, Apartment Owners shall have the right to divide and/or consolidate their respective Apartments as provided in and pursuant to this Section L.4.

(a) Subject to the requirements of subsection L.4(c) below, an Apartment Owner may make alterations or additions within such Owner's Apartment and convert the Apartment into two or more Apartments with modified floor plans. In such event, the common interest appurtenant to the Apartment to which such alterations or additions were made (the "affected Apartment") shall be reapportioned among the Apartments resulting from such alterations or additions (the "modified Apartments") in proportion of the relative net floor areas of the modified Apartments.

(b) Subject to the requirements of subsection L.4(c) below, an Apartment Owner owning two or more Apartments separated only by common elements which are walls or doors may alter or remove all or portions of such intervening walls or doors and make other alterations or additions within such Apartments and convert the Apartments into a single Apartment or into two or more Apartments with modified floor plans. In such event, and if the net floor areas of the Apartment(s) resulting from such removal, alterations or additions (the "modified Apartments") are not the same as the net floor areas of the Apartments to which such removal, alterations or additions were made (the "affected Apartments"), then the aggregate total common interests appurtenant to the affected Apartments shall be reapportioned among the modified Apartments in proportion to the relative net floor areas of the modified Apartments.

(c) The rights of an Apartment Owner pursuant to subsections L.4(a) and L.4(b) above are subject to the following terms and conditions:

(i) All such removal, alterations and additions shall be in accordance with complete plans and specifications therefor prepared by a Hawaii registered architect and filed with the Board, and shall be in accordance with all applicable laws, ordinances, rules and regulations made by governmental or quasi-governmental authority.

(x) Upon completion of the events described in subsection L.4(c)(ix) above, the Owner of the affected Apartment(s) shall for all purposes be deemed the "Apartment Owner" as to the modified Apartments, and common elements added or modified in accordance with this Section L.4 shall for all purposes be deemed common elements of the Project. Prior to any sale of the modified Apartments, the Owner of the modified Apartments shall, if required by the Act, apply for and obtain a condominium public report describing and covering the modified Apartments, and shall indemnify Declarant, the Association, and all other Apartment Owners from and against all liability for any failure to properly do so.

EXHIBIT J

PROJECT PHASES

Section Q of the condominium declaration provides as follows:

MERGER OF PHASES.

1. Merger of Project with Additional Phases. All of the provisions of the Declaration of Merger, as it may be amended from time to time, are incorporated into and made a part of this Declaration and shall govern in the event of a conflict with the provisions of this Declaration or any other of the Project Documents. The Declaration of Merger, among other things, permits Declarant, in its sole and absolute discretion, to merge additional condominium projects with this Project for purposes of use and administration, and possibly ownership. Declarant shall have the absolute right to effect one or more mergers of phases in accordance with the Declaration of Merger.

2. No Obligations Regarding Other Phases. Nothing in this Section Q as to merger shall be construed as a representation or warranty by Declarant that any such additional condominium projects will be developed or merged with the Project, or to require Declarant to develop any such additional condominium projects or to merge any such additional condominium projects into the Project, or to prohibit or otherwise restrict Declarant from dealing freely with the property described in the Declaration of Merger including, without limitation, developing the whole or any part of such property for a purpose inconsistent with the merger of such property with the Project.

3. Easements for Construction and Sale of Other Phases. Declarant, its contractors, subcontractors, licensees, mortgagees and assigns, and their respective employees and agents, shall have the right, and an easement in favor of Declarant and its successors and assigns is hereby granted, to enter upon, use, remove, replace, add to, or otherwise alter the common elements and the limited common elements of the Project and to do all things reasonably necessary, desirable or useful for designing, developing, constructing or completing any additional phase to the Project, connecting any such additional phase to the roads and utility installations of the Project, and selling the apartments contained within any such additional phase, including, but not limited to, the right to consolidate any parcel(s) of land covered by this Declaration with any other parcel(s) of land in connection with the merger of phases for ownership purposes, as provided in the Declaration of Merger; provided that the exercise of the rights granted herein shall not cause any permanent or avoidable interruption in the service of utilities to the Project, and provided further than any person exercising such rights shall use reasonable efforts, without additional cost to Declarant and consistent with maintaining the progress of the design, development, construction, completion and sale of the additional phase to minimize interference with the Apartment Owners' use and enjoyment of the Project. Declarant further reserves the right to grant, for the benefit of the owner or owners from time to time of all or any portion of each of the other phases, and without the consent or joinder of any party having any interest in the Project, easements over, under, across, along, upon and through the common elements of the Project for ingress and egress purposes, access purposes, electrical, gas, communications and other utility purposes, sanitary sewer, drainage and drain line, waterline, and flowage purposes, and all other purposes, to the State of Hawaii, the County of Hawaii, the Board of Water Supply of the County of Hawaii, any other appropriate governmental agency, and/or any public or private utility or other corporation, partnership, individual or entity, provided that such easements and rights-of-way do not materially impair or interfere with the use of any Apartment in the Project or the common elements of the Project. The rights reserved in this Section Q.3 shall continue until the date two (2) years following the date of completion of construction and certification of availability for occupancy of all Apartments in the Merged Project (as that term is defined in the Declaration of Merger).

4. Easements for Sales Activities. Declarant, and its agents, successors, mortgagees and assigns, shall have the right and an easement to conduct extensive sales activities on and at the Project relating to the sale of any Apartment in the Merged Project, including the use of any Apartment owned by Declarant (and any other Apartment, with the express permission of the Owner of such Apartment) and the common elements (excluding limited common elements appurtenant to other Apartments) for model apartments, sales and management offices, parking and extensive sales displays and activities, and the posting and maintenance of signs and other advertisements relating to such sales activities. The rights reserved in this Section Q.4 shall continue until the date two (2) years following the date of completion of construction and certification of availability for occupancy of all Apartments in the Merged Project.