CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer SFI Waipouli LLC

Business Address 5 Park Plaza, Suite 1640, Irvine, CA 92614

Phase IV

Project Name(*): WAIPOULI BEACH RESORT (covers 8 of 204 apts.) **

Address: 4-820 Kuhio Highway, Kapaa, Kauai, Hawaii 96746

Registration No. 5411

Effective date: May 12, 2011

Expiration date: June 12, 2012

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.

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

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

FIFTH***

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

- [ ] Preliminary Public Report dated: _____
- [ ] Final Public Report dated: _____
- [X] Supplementary Public Report dated: May 17, 2010

And

- [X] 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

** The entire condominium project described in the Declaration contains a total of 204 apartments. However, this Fifth Supplementary Public Report shall, for marketing and sales purposes, cover only 8 of the 204 apartments as follows: D101, D103, D207, C-1 through C-5 (the "Identified Units").

*** The First Supplementary Report (Reg. No. 5411, Effective Date February 16, 2005) amended the Contingent Final Report (Reg. No. 5411, Effective Date July 22, 2004). The Final Public Report (Reg. No. 5411, Effective Date April 11, 2005) superseded the Contingent Final and Supplementary Public Reports. The Second Supplementary Report (Reg. No. 5411, Effective Date August 14, 2006) superseded the Final Public Report. The Third Supplementary Report (Reg. No. 5411, Effective Date October 6, 2008) superseded the Second Supplementary Report. The Fourth Supplementary Report (Reg. No. 5411, Effective Date May 17, 2010) superseded the Third Supplementary Public Report, as to the Identified Units only. This Fifth Supplementary Report, in turn, supersedes the Fourth Supplementary Report, as to the Identified Units only.

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-30 286/986/189/1190/892/0197/1098/0800/0203/0104/0107

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.

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

[X] Changes made to the Fourth Supplementary Public Report, are as follows:

1. Page 5, Section I: The identity of the Developer's member/manager has changed.
2. Page 5, Section I was amended to reflect a name and address change for the Developer's Attorney.
3. Page 7, Section II.C. was amended to reflect the recordation of:

   Restated Bylaws of the Association of Apartment Owners of Waipouli Beach Resort dated May 22, 2010, recorded in said Office as Document No. 3972807.

   First Amendment to the Restated Bylaws of the Association of Apartment Owners of Waipouli Beach Resort dated November 19, 2010, recorded in said Office as Document No. 4028056.
4. Page 7, Section II.D. was amended to note that the House Rules were amended and restated on November 20, 2010.
5. Page 7, Section III.B. has been revised to show the zoning classification per the Planning Dept.
6. Page 11, Section III.C.5 has been updated to reflect the amendment to the Bylaws and House Rules that prohibit smoking and secondhand smoke anywhere on the Project.
7. Page 12, Section III.C.8 has been updated to reflect the AOAO's planned use of the Spa Commercial Apartment as a fitness center.
8. Page 14, Section III.E. was amended to reflect the date the title report was updated.
9. Page 16, Section IV.H. has been amended to reflect the AOAO's acquisition of the Cultural Preserve Land Area and the Restaurant Land Area, which have not been incorporated as a part of the Project's Common Elements but which the Association will be responsible for maintaining.
10. Page 20, Section V.C. has been amended to: (a) update the reference to a withdrawal by the Original Developer of the Cultural Preserve Land Area and the Restaurant Land Area and to disclose that the referenced land has now been purchased by the Association; (b) update information on the Commercial Units at the Project; (c) delete reference to the suit filed by the AOAO against the Original Developer, which suit has been settled; (d) provide information on the resolution of issues related to the lanai area next to the koi pond and the sewer fees; (e) disclose the AOAO's interest in constructing a building on the Commercial Spa Unit area and relocating the fitness center to the new building; and (f) disclose the Developer's limited access to information due to its non-participation on the Board of Directors of the Association.
11. Exhibit A has been amended to disclose the Association's purchase of the Cultural Preserve Land Area and Restaurant Land Area.
12. Exhibit G has been amended to reflect changes in the encumbrances against title identified by the updated title report.
13. Exhibit H has been amended to reflect a current estimate of annual common expenses and monthly assessments.
14. Exhibit I has been amended to reflect certain changes to the Purchase Agreement including: (a) Seller now pays one half of closing costs as set forth in the Purchase Agreement; (b) deletion of reference to a dispute between Developer and the Association on the issue of the special assessment against Apartment C-5 because the dispute has been resolved; and (c) deletion of a reference to a pending restatement of the Bylaws because the Bylaws restatement has been completed and recorded.
15. Exhibit M has been amended to reflect changes in Exhibit "1" of the Purchase Agreement due to the Association's purchase of the Cultural Preserve Land Area and Restaurant Area Land, the resolution of the Association's suit against the Original Developer, and the filing of the amendment to the Bylaws and House Rules that prohibits smoking and secondhand smoke anywhere on the Project.

TABLE OF CONTENTS

		Page
Preparation of this Report		1
Expiration Date of Reports		1
Type of Report		1
Disclosure of Abstract		2
Summary of Changes from Earlier Public Reports		2
Table of Contents		3
General Information on Condominiums		4
Operation of the Condominium Project		4
I. PERSONS CONNECTED WITH PROJECT		5
Developer / Attorney for Developer / General Contractor		
Real Estate Broker / Escrow Company / Condominium Managing Agent		
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS		
A. Declaration		6
B. Condominium Map (File Plan)		6
C. Bylaws		6
D. House Rules		7
E. Changes to Condominium Documents		7
III. THE CONDOMINIUM PROJECT		
A. Interest to be Conveyed to Buyer		8
B. Underlying Land		9
C. Buildings and Other Improvements		10
D. Common Elements, Limited Common Elements, Common Interest		13
E. Encumbrances Against Title		14
F. Construction Warranties		15
G. Status of Construction		16
H. Project Phases		16
IV. CONDOMINIUM MANAGEMENT		
A. Management of the Common Elements		17
B. Estimate of Initial Maintenance Fees		17
C. Utility Charges for Apartments		17
V. MISCELLANEOUS		
A. Sales Documents Filed with the Real Estate Commission		18
B. Buyer's Right to Cancel Sales Contract		18
C. Additional Information Not Covered Above		20
D. Signature of Developer		21

EXHIBIT A: Reserved Rights by Developer
EXHIBIT B: Boundaries of Each Apartment
EXHIBIT C: Permitted Alterations to Apartment
EXHIBIT D: Apartment Numbers, Apartment Types, Number of Bedrooms and Bathrooms, Approximate Net Living Square Footages, Approximate Net Lanai Square Footages, Percentage Common Interest
EXHIBIT E: Common Elements
EXHIBIT F: Limited Common Elements
EXHIBIT G: Encumbrances Against Title
EXHIBIT H: Annual Common Expense and Monthly Assessment
EXHIBIT I: Summary of Purchase Agreement
EXHIBIT J: Summary of Escrow Agreement
EXHIBIT K: Summary of Deed Form
EXHIBIT L: Special Use Restrictions
EXHIBIT M: Additional Disclosures In Purchase Agreement

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 owners/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 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 a 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: SFI Waipouli LLC
Name*
c/o iStar Financial Inc., 5 Park Place, Ste 1640
Business Address
Irvine, California 92614

Phone (212) 930-9400
(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):

iStar Tara REO TRS, LLC, member (see attached list of Officers – next page)

Real Estate Broker*: Sleeping Giant Sotheby's International Realty
Name
4480 Ahukini Road
Business Address
Lihue, Hawaii 96766

Phone: (808) 651-3286
(Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
235 Queen Street, 1st Floor
Business Address
Honolulu, Hawaii 96813

Phone: (808) 521-0211
(Business)

General Contractor*: Unlimited Construction Services, Inc.**
Name
4176 Hoala Street
Business Address
Lihue, Kauai, Hawaii 96766

Phone: (808) 651-6002
(Business)

Condominium Managing Agent*: Certified Management, Inc.
Name
3179 Koapaka Street
Business Address
Honolulu, Hawaii 96819-5199

Phone: (808) 836-0911
(Business)

Attorney for Developer: Chun Yoshimoto LLP
Name
737 Bishop Street, Suite 2800
Business Address
Honolulu, Hawaii 96813

Phone: (808) 528-4200
(Business)

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

** The initial general contractor for the Project noted in the Final Public Report was Unlimited Construction Services, Inc. The general contractor that executed the construction contract for the Project was Unlimited WBR LLC. Unlimited WBR LLC has since terminated. According to the Original Developer, Unlimited Construction Services, Inc. was the "acting" general contractor and will be responsible for addressing warranty claims and construction defects for the Project.

List of Officers

Name	Title
Jay S. Sugarman	Chairman and Chief Executive Officer
Nina B. Matis	Executive Vice President, Chief Legal Officer & Chief Investment Officer
David DiStaso Chief	Financial Officer
Barbara Rubin	Executive Vice President
Steven R. Blomquist	Executive Vice President
Chase S. Curtis, Jr.	Executive Vice President
R. Michael Dorsch III	Executive Vice President
Barclay G. Jones III	Executive Vice President
Michelle M. MacKay	Executive Vice President
Steven Magee	Executive Vice President
Vernon Schwartz	Executive Vice President
Philip S. Burke	Chief Information Officer
Collin L. Cochrane	Chief Accounting Officer
Geoffrey M. Dugan	General Counsel, Corporate & Secretary
Alec Nedelman	General Counsel, Structured Finance
Cathy S. Blankenship	Senior Vice President
Anthony Burns	Senior Vice President
William D. Burns, Jr.	Senior Vice President
Gregory F. Camia	Senior Vice President
Samantha K. Garbus	Senior Vice President
Alidad Govahi Senior	Vice President
Joseph L. Kirk, Jr.	Senior Vice President
John F. Kubicko	Senior Vice President
Lesley Love	Senior Vice President
Thomas Pacha	Senior Vice President
Mary-Beth C. Roselle	Senior Vice President, Associate General Counsel & Assistant Secretary
David Sotolov	Senior Vice President
Stephen M. Spencer	Senior Vice President
Erich J. Stiger	Senior Vice President
Stephen Stinson	Senior Vice President

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
[ ] Recorded -Bureau of Conveyances: Document No _____
Book_____Page_____
[X] Filed - Land Court: Document No. 3124205

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 of Waipouli Beach Resort dated February 1, 2005, recorded in said Office as Document No. 3226301.

Second Amendment to Declaration of Condominium Property Regime of Waipouli Beach Resort and Amended and Restated Condominium Map dated July 5, 2006, recorded in said Office as Document No. 3452034.

Clarification Amendment to Declaration of Condominium Property Regime of Waipouli Beach Resort and Corrective Amendment to Amended and Restated Condominium Map dated April 1, 2008, recorded in said Office as Document No. 3747969.

Amendment to the Declaration of Condominium Property Regime of Waipouli Beach Resort dated August 4, 2009, recorded in said Office as Document No. 3899711.

Third Amendment to the Declaration of Condominium Property Regime of Waipouli Beach Resort dated May 28, 2009, recorded in said Office as Document No. 3901600.

Amendment to Declaration of Condominium Property Regime of Waipouli Beach Resort and Amendment to Condominium Map and Certificate of Withdrawal of Highway Dedication Land Area (Lot 1-B), Restaurant Land Area (Lot 1-C) and the Cultural Preserve Land Area (Lot 1-D) dated December 9, 2009, recorded in said Office as Document No. 3923039.

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
[ ] Recorded - Bureau of Conveyances Condo Map No._____
[X] Filed - Land Court Condo Map No. 1642

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

Second Amendment to Declaration of Condominium Property Regime of Waipouli Beach Resort and Amended and Restated Condominium Map dated July 5, 2006, recorded in said Office as Document No. 3452034.

Clarification Amendment to Declaration of Condominium Property Regime of Waipouli Beach Resort and Corrective Amendment to Amended and Restated Condominium Map dated April 1, 2008, recorded in said Office as Document No. 3747969.

Amendment to Declaration of Condominium Property Regime of Waipouli Beach Resort and Amendment to Condominium Map and Certificate of Withdrawal of Highway Dedication Land Area (Lot 1-B), Restaurant Land Area (Lot 1-C) and the Cultural Preserve Land Area (Lot 1-D) dated December 9, 2009, recorded in said Office as Document No. 3923039.

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

[ ] Recorded -Bureau of Conveyances: Document No. _____
Book_____Page_____

[X] Filed - Land Court: Document No. 3124206

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

First Amendment to Bylaws dated May 23, 2006 recorded in said Office as Document No. 3435500.

Restated Bylaws of the Association of Apartment Owners of Waipouli Beach Resort dated May 22, 2010, recorded in said Office as Document No. 3972807.

First Amendment to the Restated Bylaws of the Association of Apartment Owners of Waipouli Beach Resort dated November 19, 2010, recorded in said Office as Document No. 4028056.

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 requirement 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:

[ ] Proposed [X] Adopted [ ] Developer does not plan to adopt House Rules

*Amended and Restated November 20, 2010.

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%*	67%
Bylaws	65%	67%
House Rules	---	By majority of 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.

Pursuant to Section 514B-23 of the Hawaii Revised Statues, the apartment owners voted to amend the Declaration to provide that the Project will be governed by the provisions of Chapter 514B (which provides for a minimum percentage of 67% to modify the Declaration). That amendment also specifically lowered the percentage required to amend the Declaration to 67%. See the amendment recorded as Document No. 3901600.

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 ATTACHED EXHIBIT A. PLEASE READ WITH CARE. THE ORIGINAL DEVELOPER HAS RESERVED CERTAIN RIGHTS. SOME OF THOSE RESERVED RIGHTS WERE RETAINED BY THE ORIGINAL DEVELOPER AND SOME WERE ASSIGNED TO SFI WAIPOULI LLC BY THE PARTIAL ASSIGNMENT OF DEVELOPER RIGHTS DATED DECEMBER 10, 2009 AND FILED IN THE OFFICE OF THE ASSISTANT REGISTRAR OF THE LAND COURT OF THE STATE OF HAWAII AS DOCUMENT NO. 3925211.

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 Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for 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 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: 4-820 Kuhio Highway
Kapaa, Kauai, Hawaii 96746

Tax Map Key (TMK): (4) 4-3-008-001
CPR Nos. 0067, 0069, 0078, 0197, 0198, 0199, 0200, 0202
(Units covered by this report)

[ ] Address [ ] TMK is expected to change because_____

Land Area: 8.528 [ ] square feet [X] acre(s) Zoning: RR-20 (resort district) and Open

Fee Owner: SFI Waipouli LLC
Name

Lessor: n/a
Name

Business Address

C. **Buildings and Other Improvements:** (In entire Project of 204 apts. See note below)

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

2. Number of Buildings: 12 Floors Per Building 1 - 4
Four (4) one-story buildings; six (6) four-story buildings; two (2) mixed two-story and four-story buildings.

[X] Exhibit D contains further explanations.

3. Principal Construction Material:

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

[X] Other: steel and glass

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
[X] Residential	190	[X]Yes [ ]No	[ ] Ohana	____	[ ]Yes [ ]No
[X] Commercial	8*	[X]Yes [ ]No	[ ] Industrial	____	[ ]Yes [ ]No
[ ] Mix Res/Comm	____	[ ]Yes [ ]No	[ ] Agricultural	____	[ ]Yes [ ]No
[X] Hotel	6**	[X]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

* Spa Commercial Apartment, Snack Bar Commercial Apartment, Pool Bar Commercial Apartment, Commercial Apartment 1 ("C-1"), Commercial Apartment 2 ("C-2"), Commercial Apartment 3 ("C-3"), Commercial Apartment 4 ("C-4") and Commercial Apartment 5 ("C-5"), as further depicted on the condominium map.

** Unit numbers E101, E102, E201, E202, E302, E402 are the designated hotel units.

Note: Although Waipouli Beach Resort condominium project is comprised of a total of 204 apartments, this Supplementary Public Report only covers the Identified Units (see **, pg. 1). The Developer has obtained separate Supplementary Public Reports for the remaining units it owns which are situated in other Phases.

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:

[X] Pets: Household pets will be permitted to be kept within the Project in limited number and size, as further described in the House Rules.

[ ] Number of Occupants:

[X] Other: Smoking and secondhand smoke are prohibited in all apartments, common areas and limited common areas of the Project; there is NO "designated smoking area". See the House Rules for additional limitations and/or restrictions; Exhibit "M" contains a summary of additional disclosures regarding the Project.

[ ] There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 6 Stairways: 12 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
	See Exhibit "D"				

Total Number of Apartments: 204 resort, hotel and commercial, of which only the Identified Units are offered for sale under this Supplementary Public Report.

***Net Living 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:

See Exhibit "B"

Permitted Alterations to Apartments:

See Exhibit "C"

Apartments Designated for Owner-Occupants Only: n/a
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 herein this public report and in the announcement (see attachment 11a). Developer has ____ elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 317

	Regular		Compact		Tandem		TOTAL
	Covered	Open	Covered	Open	Covered	Open	
Assigned (for each Unit)	0	0	0	0	0	0	0
Guest	0	106	0	0	0	0	106
Unassigned *	0	211	0	0	0	0	211
Extra for Purchase	0	0	0	0	0	0	0
Other**	0	0	0	0	0	0	0
Total Covered & Open:	0/317		0/0		0/0		317

* Each apartment will have the right to use one (1) unassigned common element uncovered parking stall. Such common element parking stalls shall be determined and administered by the Managing Agent/General Manager through a parking program. Some of the guest stalls may also be used by Owners at the discretion of the Association/General Manager.

[ ] Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[X] Swimming Pools [ ] Storage Area [X] Recreation Area – spa, snack bar, pool bar*

[ ] Laundry Areas [ ] Tennis Court [ ] Trash Enclosure(s)

[X] Other: The Association currently has a fitness center on the second floor but is in the planning stages of developing an expanded fitness center in the Spa Commercial Apartment. Developer makes no representation as to whether such expanded fitness center will be provided. For more information on the Association's proposed use of the Spa Commercial Apartment for a fitness center, see page 20a, #11.

* These recreational facilities are Commercial Apartments; therefore the use and terms of availability are determined by the owner of each Commercial Apartment, subject to any applicable restrictions in the Project documents and, accordingly, may change from time to time or cease to be operated and/or available.

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):

n/a

11. Conformance to Present Zoning Code

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

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

Special Management Area Use Permit (SMA (U)-2003-1); Project Development Use Permit (U-2002-9), Class W Zoning Permit (Z-IV-2003-8) approved by Kauai Planning Commission at its meeting held on March 25, 2003 pursuant to its letter issued March 27, 2003.

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 "E".

[ ] 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.

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

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

[X] described in Exhibit "F" attached.

[ ] 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 "D" attached.

[ ] 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 "G" describes the encumbrances against title contained in the title report dated April 4, 2011 and issued by First American Title Insurance Co.

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. The 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 dated February 9, 2007	The Purchaser's interest is subject and subordinate to the lien of the existing Mortgage encumbering the Project property currently held by iStar FM Loans LLC (the "Mortgage"). If the Developer defaults or the lien is foreclosed before the Unit is conveyed to the Purchaser, then the Mortgagee will have the right to sell the Unit to the Purchaser under the Sales Contract or terminate the Purchaser's interest thereunder. If the Mortgagee terminates the Purchaser's interest, then the Purchaser's deposits will be refunded to the Purchaser, less the escrow cancellation fees. Note: At the time of the first conveyance of each Unit to a Purchaser, the Mortgagee's lien will be paid and satisfied of record, or the Unit being conveyed and its common interest shall be released therefrom.

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:
There are no warranties. The one-year warranty provided in the construction contract signed by the Original Developer has expired.

2. Appliances:

The Developer will pass on the manufacturer's warranties made to it, if any are still available on any appliances included as part of the apartment being conveyed.

Note as to 1 and 2 above:
Developer acquired its title to the Identified Units in December 2009, more than three years after completion of construction of the Project. For that reason, the apartments (including but not limited to the roofs, walls, foundations, soils, plumbing, electrical and mechanical systems) and the undivided interest in the common elements and the limited common elements appurtenant to the apartments are being sold to Purchasers in their **Existing "AS IS" Condition, WITHOUT WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED.** Without limitation, all warranties, express or implied, with respect to any apartment, the Project, any consumer products or anything else installed in any apartment or in the Project, including, but not limited to, any express or implied warranty of habitability, or merchantability, workmanlike construction or fitness for any particular purpose are, to the fullest extent permitted by law, disclaimed by Developer and waived by the Purchasers. **Purchasers are strongly advised to have a professional home inspection to ascertain the exact condition of the apartment being purchased and to make reasonable inquiry regarding individual concerns before the Purchaser's right to cancel the sales contract executed by the Purchaser expires or is waived by Purchaser.**

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

The Project is completed. Certificates of completion were issued for each building as follows:

Building A: September 8, 2006
Building B: September 11, 2006
Building C: September 14, 2006
Building D: September 18, 2006
Building E: October 17, 2006
Building F: November 1, 2006
Building G: November 28, 2006
Building H: November 6, 2006

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):

The Original Developer has exercised the right it reserved in the Declaration to subdivide and withdraw the Cultural Preserve Land Area, the Restaurant Land Area and the Highway Dedication Land Area (as defined in the Declaration) from the Project. The Original Developer also reserved the right in the Declaration, in its sole discretion, to convey the Cultural Preserve Land Area, the Restaurant Land Area and/or the Highway Dedication Land Area to the Association, the State of Hawaii or to a third party. In late 2010, the AOAO acquired the Cultural Preserve Land Area and the Restaurant Land Area from the assigns of the Original Developer.

Additional rights reserved by the Original Developer (including some assigned to the Developer) are described in the summary attached as Exhibit "A", which has been amended to disclose the Association's purchase of the Cultural Preserve Land Area and the Restaurant Land Area.

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 Management 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:

[X] not affiliated with the Developer [ ] the Developer or the Developer's affiliate.
[ ] self-managed by the Association of Apartment Owners [ ] 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 "H" contains a schedule of estimated maintenance fees and maintenance fee disbursements (subject to change). Note that the maintenance fee does not include any use fees charged to owners that may be the result of any license between the Developer and the Association for the use of certain facilities.

THE AMOUNTS SET FORTH IN SAID EXHIBIT H ARE BASED ON A BUDGET ESTABLISHED BY THE BOARD OF DIRECTORS OF THE AOAO AND MAY CHANGE FOR REASONS BEYOND THE CONTROL OF THE DEVELOPER. DEVELOPER IS NOT PROVIDING ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE BUDGET OR FEES ESTABLISHED BY THE BOARD OF DIRECTORS, INCLUDING BUT NOT LIMITED TO ANY REPRESENATION OR WARRANTY AS TO THE ACCURACY OF SUCH BUDGET.

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 and Apartments)

[X] Gas (X Common Elements Only _____Common Elements and Apartments)

[X] Water [X] Sewer [X] Television Cable**

[X] Other: phone system (excluding long distance phone charges)*; trash collection services

* The telephone system will be operated under one centralized system. Each owner will be assessed equally for the use of the system through such Owner's maintenance fees. Long distance phone charges will be billed separately to each apartment owner.
** Cable is supplied to the residential units only.

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 I contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated April 13, 2010.

Exhibit J contains a summary of the pertinent provisions of the escrow agreement.

[X] Other: Apartment Deed, Exhibit K contains a summary of the pertinent provisions of the apartment deed.

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 buyer. 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 Public 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 given 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. 5411 filed with the Real Estate Commission on July 1, 2004

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

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

C. **Additional Information Not Covered Above**

1. Subdivision and Withdrawal. The Original Developer exercised its right to withdraw the Cultural Preserve Land Area, Restaurant Land Area and the Highway Dedication Land Area (collectively, the "Withdrawn Parcels") from the Project. The Original Developer reserved the right in the Declaration to reconvey, in its sole discretion, all or any portion of the Withdrawn Parcels to the Association or to another third party or governmental agency. In late 2010, the assigns of the Original Developer sold the Cultural Preserve Land Area and Restaurant Land Area to the Association. Consequently, the responsibility for the care and maintenance of the Cultural Preserve Land Area and Restaurant Land Area has been transferred to the Association and the cost of such care and maintenance is borne and shared by all Apartment Owners of the Project in proportion to each owner's common interest.

2. Commercial Apartments. The Association now holds title to the Spa Commercial Apartment, as depicted on the Condominium Map. The porte cochere and lobby area (among other areas) are limited common elements appurtenant to Commercial Apartment 4; however, apartment owners have non-exclusive easements through such limited common elements that are necessary for ingress to and egress from such apartments and their appurtenant limited common elements. To the extent such easement is not necessary for apartment owners to access their apartments and appurtenant limited common elements, use of the easement may be subject to a reasonable charge imposed by the owner of Commercial Apartment 4. Likewise, the apartment owners have non-exclusive easements through the limited common elements appurtenant to the Pool Bar Commercial Apartment, Snack Bar Commercial Apartment and Spa Commercial Apartment for recreational purposes, but if such easement is not necessary for the apartment owners to access their apartments and appurtenant limited common elements, use of the easement may be subject to a reasonable charge imposed by the owner of the applicable Commercial Apartment. The owner of each Commercial Apartment may, at its sole discretion (a) operate the Commercial Apartments it owns to provide services to Owners in the Project, their invitees, guests and tenants for revenue generating purposes and retain any compensation paid to the owner by any vendors operating services in such area; (b) convey the Commercial Apartments to the Association or another third party pursuant to its right to do so in accordance with the Declaration; or (c) lease out the Commercial Apartments.

   Patrons of the Commercial Apartments, as the Owner's invitees, guest and tenants have an easement to access and utilize certain of the Common Elements for the purposes of the business conducted in the Commercial Apartment or its limited common elements.

   Commercial Apartment 5 together with all of the Limited Common Elements appurtenant thereto, including the lobby desk, has been leased to Outrigger Hotels Hawaii. The Developer has (or currently intends to) lease and/or sell the Commercial Apartments that it owns.

3. Public Access/Easements. Access, utility, drain, electrical, detector loop and landscape easements affecting the land of the Project have been designated and/or granted. Without limitation, Lots 1-C (commonly known as the Restaurant Land Area) and Lot 1-D (commonly known as the Cultural Preserve Land Area) (both of which are now owned by the Association) have access through the Project. Additionally, the Project abuts the beach, and public shoreline and cultural access parking is provided on Lot 1-C, with access to such beach and parking through the Project. Apartment Owners should be aware that the public's exercise of its access rights to the beach, cultural area and parking may produce some noise and nuisance.

   The public will also be allowed through the Project to access and patronize the Commercial Apartments on the Project.

4. Special Management Area Permit. The project is located within a Special Management Area under Hawaii Revised Statutes, Chapter 205A, Part II, which generally provides that certain types of development may require application and issuance of a Special Management Area use permit. The County of Kauai issued such permit (SMA(U)-2003-1) for construction of the Project. Such permit will be available for review upon request.

5. Department of Transportation Encroachment. There is a Department of Transportation ("DOT") easement abutting Uhelekawawa Stream a lot located on the South side of the Project for maintenance of the stream. The easement may encroach onto the Project and the DOT's use of such easement may produce some noise and nuisance at the Project.

6. One Project. The Developer hereby discloses that although separate Supplementary Public Reports are issued for each phase of the Project, all 204 apartments still legally comprise a single condominium project. In other words, the act of separating the various apartments into different marketing and sales phases does not create separate and distinct condominium projects, but only creates separate "projects" for marketing and public report purposes. Construction is completed on all phases. Accordingly, the common elements described in Exhibit "D" attached serve each of the 204 apartments.

7. Common Element Parking Stalls. Parking stalls are Common Elements. Each Apartment will have the right to utilize one (1) unassigned parking stall. The General Manager will be responsible for the management and administration of the parking stalls and the maintenance for such stalls.

8. Leases. The Original Developer, on behalf of the Association entered into certain leases with various vendors for maintenance and refuse collection, use and maintenance of a PBX phone system, pool furniture, and lobby furniture. The lease fees are incorporated

into the project budget. The Managing Agent has available copies of such leases, to the extent still applicable, in its office for review by owners.

9. Lanai Adjacent to Koi Pond. The Association and the current owner of Commercial Apartment 5 are working to resolve a question regarding the ownership of the lanai adjacent to the koi pond. Tentatively, the parties have agreed that the Association will have the use, control and responsibility for that lanai area, with the actual mechanism (e.g., amendment to the Declaration or lease to the AOAO) to be finalized.

10. Sewer Fees. The Association and the owner of the Pool Bar Commercial Apartment are collectively working to resolve a question regarding the rate of the sewer fees assessed by the County for the apartments in the Project. Tentatively, the parties have agreed that the Pool Bar Commercial Apartment will be assessed an additional fee for contribution to the sewer costs.

11. Fitness Center/Spa. The Project includes a fitness center which is located on the second floor. The AOAO is working towards constructing a building on the Spa Commercial Unit location (currently a grassy area with huts) for the expansion and relocation of the fitness center. The Developer does not know and makes no representation that the AOAO has the funds to construct the fitness center, can or will obtain the required permits and can or will construct the new fitness center. Currently, there is also a spa facility that is operated by a third-party in one of the commercial units at the Project. The fitness center should not be confused with the third-party operated spa nor should the Spa Commercial Unit location be confused with the commercial unit where the third-party spa is located. Either or both the fitness center and the spa may cease to be operated and/or be available in the future.

12. Developer's Limited Access to Information. The Board of Directors is actively involved in governing the affairs of the Association and the Project. In the past year, for example, the Board of Directors has been involved in the restatement of the Bylaws, the purchase the Cultural Preserve Land Area and Restaurant Land Area, the amendment of the Bylaws and the House Rules to prohibit smoking and secondhand smoke at the Project, discussions regarding construction of an improved fitness center on the Commercial Spa unit, assessments of special fees and settlements of various suits and disputes. The Developer is not currently represented on the Board of Directors and, therefore, does not have access to any information unless and until it is made public by the Board of Directors. The Developer has made every reasonable effort to obtain and fully disclose current information on all changes, both completed and contemplated, that are relevant to potential Buyers of units at the Project. If Buyers have any questions about changes to the Project or Condominium Documents that may be contemplated by the Association, Buyer should contact the Board of Directors of the Association.

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.

SFI WAIPOULI LLC
Print Name of Developer

By: _____ April 27, 2011
Duly Authorized Signatory* Date

Lesley M. Love, Senior Vice-President
Printed Named & 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; 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"

RIGHTS RESERVED BY DEVELOPER WAIPOULI BEACH RESORTS, LLC

Among other rights, the Original Developer, Waipouli Beach Resorts, LLC, reserved the following rights with respect to the Project which are more particularly set forth in the Declaration. Capitalized terms have the same meaning ascribed to such terms in the Declaration.

A. **RESERVED RIGHT TO GRANT EASEMENTS.** Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2023 and in accordance with Article XVIII of the Declaration, to delete, cancel, relocate, realign, reserve, designate, grant and receive any and all easements and rights of way over, under and on the common elements (including the limited common elements), or involving adjacent parcels of land, as necessary or desirable in Developer's sole discretion, including, but not limited to, easements and/or rights of way for utilities, fire lane access, retention ponds (if any), maintenance of and access to the Cultural Preserve Land Area, maintenance of and access to the Restaurant Land Area and Highway Dedication Land Area, a security guard station (if any), sanitary and storm sewers, cable television, refuse disposal, driveways, beach public parking areas such as, but not limited to the Public Parking Area, other parking areas and driveways, and access rights as to adjacent parcels of land, access rights for construction and related construction activity in the Project, and public access right to the beach area abutting the Project, provided, however, that such easements and/or rights of way shall not be located on or within any existing structure of the Project and shall not be exercised so as to unreasonably disturb, impair or interfere with the normal use and enjoyment of the Project by the apartment owners; and provided that Developer shall have the right to negotiate and agree to such terms with respect to such easements and rights of way as the Developer deems appropriate in its sole discretion.

B. **RESERVED RIGHT TO ALTER, SUBDIVIDE AND CONSOLIDATE APARTMENTS.** Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2023, as provided in Article XIX of the Declaration, without obtaining the approval of any party with an interest in the Project, including any other owner and/or mortgagee, to alter the floor plan of any apartment which it owns at any time provided that the common interest appurtenant to the apartment shall not change; cause the subdivision of any apartment which it owns at any time to create two (2) or more apartments provided that the total common interest appurtenant to the newly-created apartments shall equal the common interest appurtenant to the original apartment; and convert certain portions of any existing apartment to common element status to facilitate any subdivision, provided that the total common interest appurtenant to the newly-created apartments shall equal the common interest appurtenant to the original apartment. Furthermore, if Developer is the owner of any two (2) apartments separated by a party wall, floor, or ceiling, Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other owner and/or mortgagee, to consolidate two (2) or more apartments that are separated and to alter or remove all or portions of the intervening wall, floor, or ceiling at the Developer's expense, provided that the structural integrity of the Project is not affected; the finish of the common element remaining is restored to a condition substantially compatible to the common element prior to such alteration; and all necessary construction activity shall be completed within a reasonable amount of time, subject to delays beyond the control of Developer. The Developer shall further have the right to convert that area between apartments to an apartment for so long as such apartments shall remain consolidated or shall continue to be commonly used or owned.

Developer does hereby further reserve unto itself the right to amend the Declaration and Condominium Map to effect any subdivision or consolidation of apartments and/or alteration to the floor plans of any apartments which Developer owns at any time or times prior to December 31, 2023, as provided in Article XIX of the Declaration, and Developer may, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, execute and file amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to Developer.

C. **RESERVED RIGHT TO MODIFY PROJECT TO COMPLY WITH LAW.** Developer does hereby further reserve the right unto itself, to and until December 31, 2023, to effect such modifications to apartments and common elements in the Project and/or to execute, file and deliver any amendments to the Declaration, the Condominium Map, the Bylaws and/or House Rules, as may be necessary or required by

Developer, in its sole discretion, to effect compliance by the Project, the Association or by the Developer, with laws which apply to the Project, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§3601 et seq. ("FHA") and the Americans with Disabilities Act, as amended, § 2 U.S.C. §§ 12101 et seq., including any and all rules and regulations promulgated thereunder ("ADA"). The right to effect modifications to apartments and common elements in the Project as provided in this paragraph shall be exercised in accordance with Article XX of the Declaration.

D. **RESERVED RIGHT TO CONVERT LIMITED COMMON ELEMENTS TO APARTMENTS.** Developer does hereby further reserve the right to and unto itself, to and until December 31, 2023, to convert the limited common elements appurtenant to an apartment or apartments owned by the Developer, or any portion thereof, into a separate apartment of the Project without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee. Such right shall also be accompanied by the right of the Developer or designate certain common elements or limited common elements of the Project as limited common elements appurtenant to the newly-created apartment; provided that there is no material adverse affect on the remainder of the Project and by the right to execute, file and deliver any amendments to the Declaration and to the Condominium Map, as may be required to effect the same. Said reserved right shall be exercised in accordance with Article XXI of the Declaration.

E. **RESERVED RIGHT TO RECHARACTERIZE AND REDESIGNATE LIMITED COMMON ELEMENTS.** Developer does hereby further reserve the right unto itself, to and until December 31, 2023, to amend the Declaration to redesignate and recharacterize all or a portion of certain limited common elements as may be appurtenant to certain apartments owned by Developer, to another Apartment or Apartments owned by the Developer, and to execute, file and deliver any amendments to the Declaration and to the Condominium Map, as may be required to effect the same. Said reserved right shall be exercised in accordance with Article XXII of the Declaration.

F. **RESERVED RIGHT TO UTILIZE COMMERCIAL APARTMENTS AND LIMITED COMMON ELEMENTS APPURTENANT THERETO.** The owner of the Commercial Apartments shall have the reserved right, but shall have no obligation, to operate, convey, sell, lease and/or utilize all or any part of the limited common elements that are appurtenant to such apartment, for any purpose permitted by law, including, without limitation, providing services and amenities conducive to a first-class resort destination and to contract with various providers of goods and services to provide such goods and services to the Project, and may retain any compensation paid to the Developer in consideration of the Developer permitting any such vendor to utilize space in the Project. Said reserved right shall be exercised in accordance with Article XXIII of the Declaration.

G. **RESERVED RIGHT TO LEASE OR TRANSFER COMMERCIAL APARTMENTS.** Developer does hereby further reserve the right to and unto itself, as the owner of certain commercial apartments, to and until December 31, 2023, to transfer ownership of such commercial apartments to the Association of Apartment Owners of Waipouli Beach Resort ("Association") and to redesignate limited common elements appurtenant to such apartments to apartments owned by the Association and to the extent necessary or required to amend the Declaration and Condominium Map to effect the same. Upon such transfer, Association shall accept ownership of such commercial apartment(s) together with any appurtenant limited common element(s) and all maintenance and management costs associated therewith. Developer reserves the right to retain management control over such areas, unless such right was otherwise delegated to the Association at the time of such transfer. Said reserved right shall be exercised in accordance with Article XXIV of the Declaration.

H. **RESERVED RIGHT REGARDING LAND USE PERMITS.** Developer does hereby further reserve unto itself, to and until December 31, 2023, to amend the Declaration, to enter into any agreements, to grant easements and to do all things necessary and convenient to satisfy the requirements of any land use permits pertaining to the Project, including, without limitation, Special Management Area Permit No. SMA(U)-2003-1, Project Development Use Permit No. U-2003-9, and Class IV Zoning Permit No. 2-IV-2003-8, and to execute, file and deliver any and all documents necessary to effect the same, including, but not limited to, any amendments to the Declaration and to the Condominium Map and any grant of easements over the land underlying the Project for access or other purposes. This right shall be exercised as provided in and in accordance with Article XXV of the Declaration.

(With respect to the following items I, J and K, see Amendment to Declaration of Condominium Property Regime of Waipouli Beach Resort and Amendment to Condominium Map and Certificate of Withdrawal of Highway Dedication Land Area (Lot 1-B), Restaurant Land Area (Lot 1-C) and Cultural Preserve Land Area (Lot 1-D) dated December 9, 2009, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3923039 and the disclosure of the purchase by the Association of the Cultural Preserve Land Area and the Restaurant Land Area..)

I. **RESERVED RIGHT TO SUBDIVIDE AND WITHDRAW LAND, AND CONVEY LAND AND/OR APARTMENTS.** Developer does hereby further reserve unto itself the right, to and until December 31, 2023, to subdivide and/or withdraw from the operation of the Declaration the Highway Dedication Land Area, and/or Restaurant Land Area, and/or Cultural Preserve Land Area, as defined in the Declaration and as designated in the Condominium Map in accordance with Article XXVI of the Declaration. In connection with such right, Developer shall have the further reserved right to enter and go upon the land to do all things necessary or proper to effectuate such subdivision and withdrawal of portions of the land, including, without limitation, making surveys to undertake a reasonable realignment of boundaries of the land, and to facilitate the granting, reserving, adding, deletion, reception, realignment and/or relocating of easements and/or rights of ways and/or licenses for utilities, fire land access, retention ponds, a security guard station, sanitary and storm sewers, cable television, refuse disposal, driveways, beach public parking areas, other parking areas and driveways, access rights as to adjacent parcels of land, and of all other required easements; and to enter into any joint development agreement as may be required to permit Developer to pursue its development of either parcel of land. Upon the exercise of these rights, Developer shall, without being required to obtain the consent or joinder of any apartment owner or lienholder, execute and file in the Land Court, a petition for subdivision, and an amendment to the Declaration and Condominium Map. The filing of the amendment to the Declaration and the Condominium Map shall effectuate such withdrawal, without any further consent or joinder of any party. The Developer shall have the right to execute, deliver and file a deed of the subdivided and withdrawn area (including any Apartment) upon filing of the amendment aforesaid.

J. **RESERVED RIGHT TO SUBSTITUTE DESCRIPTION OF THE LAND.** In the event Developer decides to subdivide the land as described herein and in Article XXVI of the Declaration, upon completion of the subdivision and the filing of the appropriate documents and instruments with Land Court in order to effect the legal subdivision of the property, Developer will have the reserved right to identify and substitute for the Land referenced in Exhibit "A" attached hereto and in the Declaration, a description of two or more subdivided lots which shall comprise the Land, or if one such lot will be withdrawn, a description of the remaining lot under the Project, as provided in and in accordance with Article XXVII of the Declaration. Accordingly, Developer will have the right to effect an amendment to the Declaration and to this Apartment Deed set forth in Exhibit "A" and in the Declaration a new description which will describe such subdivided lot. The approximate area of the separate legal lot is depicted on the site plan of the Condominium Map, and is currently designated as Highway Dedication Land Area, Restaurant Land Area and Cultural Preserve Land Area, as defined by the Declaration, the land area of either of which may constitute the land for purposes of the Declaration upon such amendment being filed.

K. **RESERVED RIGHT TO ADD ADDITIONAL LAND TO THE PROJECT; ASSOCIATION'S RIGHT TO ACT ON BEHALF OF APARTMENT OWNERS.** Developer does hereby further reserve unto itself, to and until December 31, 2023, the right to do all things necessary and proper to facilitate the subdivision of those certain parcels of land located within the Project, defined herein and identified and depicted on the Condominium Map as the Highway Dedication Land Area and/or the Restaurant Land Area and/or the Cultural Preserve Land Area (collectively "Subdivided Parcels") and to execute, deliver and record all instruments and documents, including any deed, necessary or desirable to effect the transfer of title to any or all of the Subdivided parcels. This right shall be exercised as provided in and in accordance with Article XXVIII of the Declaration.

L. **RESERVED RIGHT TO CONSTRUCT THE PROJECT IN PHASES.** Grantor does hereby further reserve unto itself, its successors and assigns, the right, to and until December 31, 2023 (or such other date as may be established by the Grantor in its sole discretion), to construct the Project in two or more phases. In connection with such right, Grantor shall also have the right to amend the description of any apartment or buildings described in the Declaration at any time until such time as the Apartment Deed has been recorded in said Office covering such apartment. This right to construct the Project in two or more phases shall be exercised in accordance with Article XXIX of the Declaration.

M. **RESERVED RIGHT TO DEVELOP AND CONSTRUCT OR NOT TO DEVELOP AND CONSTRUCT BUILDINGS AND/OR RECREATIONAL AMENITIES AT A LATER TIME OR NOT AT ALL.** Grantor does hereby reserve unto itself, its successors and assigns, to and until December 31, 2023 (or such other date as may be established by the Grantor in its sole discretion), the right to, at any time and from time to time complete construction of all buildings, improvements and the recreational amenities in the Project. The Grantor does not represent or warrant that all buildings, improvements or the recreational amenities described in the Condominium Map will be developed, nor shall anything herein require the Grantor to develop all of the buildings, improvements, or the recreational amenities described in the Condominium Map. Grantor shall also have the accompanying right to enter upon the Project and use the property and any common elements, and do all things reasonably necessary, desirable or useful for designing, developing and constructing or completing any buildings, improvements or the recreational amenities connecting the same to utility installations of the Project as then constituted, and selling any apartments created in any building. The reserved right to develop and construct buildings, improvements and the recreational amenities at a later time shall be exercised in accordance with Article XXX of the Declaration.

N. **RESERVED RIGHT TO CONDUCT SALES ACTIVITIES** Developer does hereby further reserve the right unto itself, its brokers, sales agents and other related persons, to conduct extensive sales activities at the Project and from any apartment owned by the Developer until the earlier to occur of 1) eighty-four (84) months from the date of the recording in said Office of the first apartment deed conveying and apartment in the Project; or 2) the closing of the sale of the last unsold apartment in the Project. In the event the Developer is unable to sell all of the apartments within the 84-month period, the Developer shall have the right to conduct sales activities on the Project until the closing of the last unsold apartment of the Project. This right shall be exercised as provided in and in accordance with Article XXXI of the Declaration.

O. **RESERVED RIGHT TO CONVERT PARKING STALLS TO COMMON ELEMENTS AND TO RECORD PARKING STALL AMENDMENT.** Developer does hereby reserve the right in accordance with Article XXXII of the Declaration, to and until December 31, 2023, to convert and redesignate any parking stalls that are appurtenant to any of the apartments that it owns from limited common elements to common elements of the Project. Developer shall also have the reserved right (but not the obligation) to record and instrument ("Parking Stall Assignment Summary Amendment"), which lists all parking stalls that have been assigned and which identifies the apartment to which each parking stall was assigned or reassigned.

P. **ASSIGNMENT OF RESERVED RIGHTS.** Notwithstanding anything stated herein to the contrary, the rights reserved to the Developer herein shall be fully and freely assignable by the Developer in whole or in part, and Owner and every apartment owner in the Project and all holders of liens affecting any of the apartments and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such apartment, lien or other interest, consents to any such assignment by Developer, and, to the extent designated by the Developer, agrees to recognize any assignee as the "Developer". This right shall be exercised as provided in and in accordance with Article XXXIII of the Declaration.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY THE ORIGINAL DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE ORIGINAL DEVELOPER. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION WILL CONTROL.

RESERVED RIGHTS ASSIGNED TO SFI WAIPOULI LLC

The Original Developer assigned the following reserved rights to SFI WAIPOULI LLC (referred to as "Assignee" below) by Partial Assignment of Developer Rights dated December 10, 2009 and recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3925211.

(a) The following rights as provided in Article XIX of the Declaration: The right, to and until December 31, 2023, without obtaining the approval of any party with an interest in the Project, including any other owner and/or mortgagee, to alter the floor plan of any apartment which Assignee owns at any time provided that the common interest appurtenant to the apartment shall not change; cause the subdivision of any apartment which Assignee owns at any time to create two (2) or more apartments provided that the total common interest appurtenant to the newly-created apartments shall equal the common interest appurtenant to the original apartment; and convert certain portions of any existing apartment to common element status to facilitate any subdivision, provided that the total common interest appurtenant to the newly-created apartments shall equal the common interest appurtenant to the original apartment. If Assignee is the owner of any two (2) apartments separated by a party wall, floor, or ceiling, the right, without obtaining the approval of any party with an interest in the Project, including any other owner and/or mortgagee, to consolidate two (2) or more apartments that are separated and to alter or remove all or portions of the intervening wall, floor, or ceiling at the Assignee's expense, provided that the structural integrity of the Project is not affected; the finish of the common element remaining is restored to a condition substantially compatible to the common element prior to such alteration; and all necessary construction activity shall be completed within a reasonable amount of time, subject to delays beyond the control of Assignee. The right to convert that area between apartments to an apartment for so long as such apartments shall remain consolidated or shall continue to be commonly used or owned.

(b) The following rights as provided in Article XIX of the Declaration together with the easement related thereto as provided in Article IV Section I of the Declaration: The right to amend the Declaration and Condominium Map (as defined in the Declaration) to effect any subdivision or consolidation of apartments and/or alteration to the floor plans of any apartments which Assignee owns at any time or times prior to December 31, 2023, the right, without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons, to execute and file amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges reserved and assigned by this instrument to Assignee.

(c) The following rights as provided in Article XXI of the Declaration: The right, to and until December 31, 2023, to convert the limited common elements appurtenant to an apartment or apartments owned by the Assignee, or any portion thereof, into a separate apartment of the Project without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, including the right without obtaining any approvals to alter the physical aspects of the limited common element in connection with such conversion including building such structures as may be necessary or appropriate. The right to designate certain common elements or limited common elements of the Project as limited common elements appurtenant to the newly-created apartment; provided that there is no material adverse affect on the remainder of the Project. The right to execute, file and deliver any amendments to the Declaration and to the Condominium Map and any other instruments as may be required or appropriate to effect the foregoing without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons.

(d) The following rights as provided in Article XXII of the Declaration: The right, to and until December 31, 2023, to amend the Declaration to redesignate and recharacterize all or a portion of certain limited common elements as may be appurtenant to certain apartments owned by Assignee (i) as being common elements or (ii) as being appurtenant to another Apartment or Apartments owned by Assignee, and to execute, file and deliver any amendments to the Declaration and to the Condominium Map and deed or other instruments as may be required or appropriate to effect the same without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons.

(e) The following rights as provided in Article XXIII of the Declaration: As the owner of one or more commercial apartments the right, but not the obligation, to operate, convey, sell, lease and/or utilize all or any part of the limited common elements that are appurtenant to such apartment, for any purpose

permitted by law, including, without limitation, providing services and amenities conducive to a first-class resort destination and to contract with various providers of goods and services to provide such goods and services to the Project, and the right to retain any compensation paid to the Assignee in consideration of Assignee permitting any such vendor to utilize space in the Project.

(f) The following rights as provided in Article XXIV of the Declaration: The right, as the owner of certain commercial apartments, to and until December 31, 2023, to lease out or transfer ownership of such commercial apartments to the Association (as defined in the Declaration) or to a third party and to redesignate limited common elements appurtenant to such apartments to apartments owned by the Association and to the extent necessary or required to amend the Declaration and Condominium Map to effect the same without being required to obtain the consent or joinder of any apartment owner, lienholder or other persons. Upon such transfer, the Association is required by the Declaration to accept ownership of such commercial apartment(s) together with any appurtenant limited common element(s) and all maintenance and management costs associated therewith. The right to retain administrative and management control over such areas, unless such right was otherwise delegated to the Association at the time of such transfer. The appointment and right to act under the power of attorney granted in such Article.

(g) The following rights as provided in Article XXV of the Declaration: The right, to and until December 31, 2023, to amend the Declaration, to enter into any agreements, to grant easements and to do all things necessary and convenient to satisfy the requirements of any land use permits pertaining to the apartments owned by Assignee, including, without limitation, Special Management Area Permit No. SMA(U)-2003-1, Project Development Use Permit No. U-2003-9, and Class IV Zoning Permit No. 2-IV-2003-8, and to execute, file and deliver any and all documents necessary to effect the same, including, but not limited to, any amendments to this Declaration and to the Condominium Map and any grant of easements over the land underlying the Project for access or other purposes.

(h) The following rights as provided in Article XXXI of the Declaration: The right unto the Assignee, its brokers, sales agents and other related persons, to conduct extensive sales activities at the Project and from any apartment owned by the Assignee.

(i) The following rights as provided in Article XXXII of the Declaration: The right, to and until December 31, 2023, to convert and redesignate any parking stalls that are appurtenant to any of the apartments that Assignee owns from limited common elements to common elements of the Project.

(j) The following rights as provided in Article XXXIII of the Declaration: The right to further assign, in whole or in part, the rights assigned hereunder.

(k) The rights, including the rights to execute, deliver and file documents, and the appointment and right to act under the power of attorney with respect to all of the foregoing as provided in Article XXXIV of the Declaration.

(l) The right as provided in Article XIII of the Declaration to consent (or withhold consent) to any amendment of the Declaration that would adversely impact any of the rights and reservations herein assigned.

* * * * *

EXHIBIT "B"

BOUNDARIES OF EACH APARTMENT

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

A. RESORT AND HOTEL APARTMENTS. The respective Apartments shall not be deemed to include: (a) the perimeter or party walls from the undecorated or unfinished interior surfaces outward, (b) the floors and ceilings surrounding each Apartment from the undecorated or unfinished surfaces outward, (c) the perimeter doors, door frames, windows and window frames and all exterior hardware associated therewith, from the undecorated or unfinished interior surfaces outward, (d) the interior load-bearing walls and columns, if any, from the undecorated or unfinished surfaces inward, (e) any pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines that are utilized for or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided, or (f) any areas designated as Limited Common Elements. Each Apartment shall be deemed to include: (i) all of the walls and partitions that are not load-bearing within its perimeter or party walls, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment that are utilized for and serve only that Apartment, (iii) the interior decorated or finished surfaces of all walls, floors and ceilings surrounding each Apartment inward and all of the improvements and air space located therein, (iv) the interior decorated or finished surfaces of any doors, door frames, windows or window frames, and (v) all appliances, interior hardware, and fixtures installed therein, and replacements therefor.

B. COMMERCIAL APARTMENT 1, COMMERCIAL APARTMENT 2, COMMERCIAL APARTMENT 3, COMMERCIAL APARTMENT 4 AND COMMERCIAL APARTMENT 5. The Commercial Apartment 1, Commercial Apartment 2, Commercial Apartment 3, Commercial Apartment 4 and Commercial Apartment 5 shall not be deemed to include: (a) the perimeter or party walls from the undecorated or unfinished interior surfaces outward, (b) the floors and ceilings surrounding each Apartment from the undecorated or unfinished surfaces outward, (c) the perimeter doors, door frames, windows and window frames and all exterior hardware associated therewith, from the undecorated or unfinished interior surfaces outward, (d) the interior load-bearing walls and columns, if any, from the undecorated or unfinished surfaces inward, (e) any pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines that are utilized for or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided, or (f) any areas designated as Limited Common Elements. Each Apartment shall be deemed to include: (i) all of the walls and partitions that are not load-bearing within its perimeter or party walls, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment that are utilized for and serve only that Apartment, (iii) the interior decorated or finished surfaces of all walls, floors and ceilings surrounding each Apartment inward and all of the improvements and air space located therein, (iv) the interior decorated or finished surfaces of any doors, door frames, windows or window frames, and (v) all appliances, interior hardware, and fixtures installed therein, and replacements therefor.

C. SPA COMMERCIAL APARTMENT, POOL BAR COMMERCIAL APARTMENT AND SNACK BAR COMMERCIAL APARTMENT. The Spa Commercial Apartment, Pool Bar Commercial Apartment and Snack Bar Commercial Apartment shall be deemed to include the entire structure of said Apartment as depicted on the Condominium Map, including, without limitation, (i) the perimeter walls, all the walls and partitions which are within the perimeter walls and the decorated or finished surfaces thereof, (ii) the interior load-bearing walls and columns (if any) and the decorated or finished surfaces thereof, (iii) the roof, including the decorated or finished surfaces thereof, (iv) the perimeter doors, door frames, windows and window frames and the decorated or finished surfaces thereof, (v) the foundation and all supporting members, (vi) the floors and the ceilings of each Apartment and the decorated or finished surfaces thereof, (vii) the air space located between the walls, floors and ceilings noted above, (viii) any pipes, shafts, vents, ducts, pumps, wires, conduits, other utility or service lines running through an Apartment, or utility meters, which are utilized for and serve only that Apartment, (ix) all appliances and fixtures installed in an Apartment, and replacements therefor, (x) any roof or awning and the undecorated or decorated or finished surfaces thereof, any such lanai or patio, and (xi) the stairway connecting the first and second floors of an Apartment, if any. The respective Apartments shall also be

deemed to include any pipes, wires, conduits or other utility or service lines or meters which are located within, under or upon the Apartment and which serve that Apartment.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE DESCRIPTION OF THE BOUNDARIES OF EACH APARTMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL DESCRIPTION OF SUCH BOUNDARIES, PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL DESCRIPTION. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION WILL CONTROL.

EXHIBIT "C"

PERMITTED ALTERATIONS TO APARTMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

A. GENERAL PROVISIONS. Except as otherwise expressly provided in the Declaration to the contrary, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Apartment Owner only pursuant to an amendment of the Declaration in accordance with Article XIII of the Declaration, duly executed pursuant to the provisions thereof, accompanied by the written consent of the holders of all mortgage liens affecting any of the Apartments involved, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association or Owner, as the case shall be, shall duly file such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a State of Hawaii registered architect or professional engineer.

B. ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT OR LIMITED COMMON ELEMENT. Notwithstanding anything to the contrary contained herein, each Owner of an Apartment shall have the right at any time and from time to time at such Owner's sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner, but with notice to the Association and with prior written approval of the Board, to make any of the following alterations solely within the Apartment or Limited Common Element which such Owner controls: to install, maintain, remove and rearrange partitions and other structures from time to time within such Apartment or Limited Common Element, to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Apartment or Limited Common Element by such Owner or the tenants or lessees thereof, and to tile (subject to acoustical transfer considerations), re-carpet, and do or cause to be done such work on the floors of any Apartment or Limited Common Element; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would be inconsistent with a first-class resort destination, jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Apartment or Limited Common Element, materially alter the uniform external appearance of the Project, materially increase the transfer of sounds, noise, air or smoke to other Apartments or Common Elements, materially affect or impair any easement or rights of any of the other Apartment Owners, materially interfere with or deprive any non-consenting Owner of the use or enjoyment of any part of the Common Elements or affect the Common Elements shared with any other Apartment in any way; subject, however, to the exclusive use of the Limited Common Elements. Owner must secure all necessary State of Hawaii and/or County of Kauai permits prior to any alteration. The Board will have the right to form an architectural review committee, and to establish such procedures as it deems appropriate to process any Owner-initiated request for modifications or alterations of Apartments. Further, nothing in this paragraph shall prohibit the Board from effecting such changes within an Apartment or Limited Common Element, or to require same, in order that the buildings of the Project may continue to comply with applicable law, including any fire code requirements.

C. APARTMENT OWNERS TO EXECUTE AMENDMENT DOCUMENTS IN CERTAIN CASES. In the event that any change or alteration of an Apartment pursuant to and in compliance with Article XII, Section B of the Declaration shall alter the depiction of the particular Apartment on the Condominium Map or the description thereof, as set forth herein,, then the Owner of such Apartment shall amend the Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the Owner of the affected Apartment or Apartments and by no other party, and such shall become effective upon the filing thereof in the Land Court. The provisions of Article XIII of the Declaration notwithstanding, such amendment shall not require the consent or joinder of the Owner of any other Apartment or any other person or entity, other than any mortgagee of such Apartment or Apartments which are changed or altered (if the mortgagee requires such consent or joinder). Every Apartment Owner and all holders of liens affecting any of the Apartments of the Project and each

and every other party acquiring an interest in the Project or any part thereof, by acquiring such Apartment, lien or other interest, consents to and agrees that he shall, if required by law or by any such Owner who shall have changed or altered an Apartment as aforesaid, join in, consent to, execute, deliver and file all instruments and documents necessary or desirable to effect the amendment of the Declaration and/or the Condominium Map; and appoints such Owner and his assigns his attorney-in-fact with full power of substitution to execute, deliver and file such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL RESTRICTIONS ON ALTERATIONS TO APARTMENTS CONTAINED IN THE PROJECT DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF RIGHTS AND OBLIGATIONS UNDER THE PROJECT DOCUMENTS, PURCHASER MUST REFER TO THE DECLARATION, BYLAWS AND HOUSE RULES TO DETERMINE THE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PROJECT DOCUMENTS, THE PROJECT DOCUMENTS WILL CONTROL.

EXHIBIT "D"

Apartment Numbers, Apartment Types, Number of Bedrooms and Bathrooms, Approximate Net Living Square Footages, Approximate Net Lanai Square Footages, Percentage Common Interest

Apartment Number[1]	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Square Footages[2]	Approximate Net Lanai Square Footages[3]	Percentage Common Interest[4]
A101	C	1/2	824	75	0.375433%
A102	D	2/3	1158	154	0.527611%
A103	D	2/3	1158	154	0.527611%
A104	D	2/3	1158	154	0.527611%
A105	BR	1/2	823	75	0.374977%
A106	D	2/3	1158	154	0.527611%
A107	E2R	2/3	1414	439	0.644250%
A201	C	1/2	824	75	0.375433%
A202	D	2/3	1158	154	0.527611%
A203	D	2/3	1158	154	0.527611%
A204	D	2/3	1158	154	0.527611%
A205	BR	1/2	823	75	0.374977%

[1] The letter in each Resort Apartment and Hotel Apartment Number indicates the building in which such Apartment is located (i.e. Buildings A, B, C, D, E, F, G and H). The first number in each Resort Apartment and Hotel Apartment Number indicates the floor on which such Apartment is located. All Apartments described in this Exhibit are Resort Apartments, except for Apartments E101, E102, E201, E202, E302 and E402 which are all Hotel Apartments and which are all identified as such with an "*" after the Apartment Number, and except for Apartments C-1, C-2, C-3, C-4, C-5, Snack Bar, Pool Bar, and Spa which are all Commercial Apartments and which are all identified as such with an "**" after the Apartment Number. The Commercial Apartments are depicted on the Condominium Map.

[2] The approximate net square footage of each Resort Apartment and Hotel Apartment in the Project was determined by measuring the area between the interior surface of the perimeter walls of each Apartment.

[3] Each Resort Apartment and Hotel Apartment has adjacent to it lanai area(s) in approximately the aggregate size described in this Exhibit. The lanais are limited common elements appurtenant to the Resort Apartment or Hotel Apartment to which they abut. Specifics on use and control of the lanais are set forth in the Declaration, Bylaws, House Rules, and other Project documents.

[4] The percentage common interest attributable to each Apartment was calculated by dividing the net living square footage of each such Apartment by the total net living square footage of all Resort, Hotel and Commercial Apartments within the Project, rounding the quotient to the nearest 8th decimal place, and multiplying the result by 100. In order to permit the common interest for all Apartments to equal exactly hundred percent (100%), the common interest attributable to C-1 was decreased by 0.000031%.

Apartment Number[1]	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Square Footages[2]	Approximate Net Lanai Square Footages[3]	Percentage Common Interest[4]
A206	D	2/3	1158	154	0.527611%
A207	E2R	2/3	1414	439	0.644250%
A301	C	1/2	824	75	0.375433%
A302	D	2/3	1158	154	0.527611%
A303	D	2/3	1158	154	0.527611%
A304	D	2/3	1158	154	0.527611%
A305	BR	1/2	823	75	0.374977%
A306	D	2/3	1158	154	0.527611%
A401	C	1/2	824	75	0.375433%
A402	D	2/3	1158	154	0.527611%
A403	D	2/3	1158	154	0.527611%
A404	D	2/3	1158	154	0.527611%
A405	BR	1/2	823	75	0.374977%
A406	D	2/3	1158	154	0.527611%
B101	D	2/3	1158	154	0.527611%
B102	D	2/3	1158	154	0.527611%
B103	F	2/3	1155	124	0.526244%
B104	D	2/3	1158	154	0.527611%
B201	D	2/3	1158	154	0.527611%
B202	D	2/3	1158	154	0.527611%
B203	F	2/3	1155	124	0.526244%
B204	D	2/3	1158	154	0.527611%
B301	D	2/3	1158	154	0.527611%
B302	D	2/3	1158	154	0.527611%
B303	F	2/3	1155	124	0.526244%
B304	D	2/3	1158	154	0.527611%
B401	D	2/3	1158	154	0.527611%
B402	D	2/3	1158	154	0.527611%
B403	F	2/3	1155	124	0.526244%
B404	D	2/3	1158	154	0.527611%
C101	D	2/3	1158	154	0.527611%
C102	DR	2/3	1158	154	0.527611%
C103	D	2/3	1158	154	0.527611%
C104	DR	2/3	1158	154	0.527611%
C105	D	2/3	1158	154	0.527611%
C106	B	1/2	823	75	0.374977%
C201	D	2/3	1158	154	0.527611%
C202	DR	2/3	1158	154	0.527611%
C203	D	2/3	1158	154	0.527611%
C204	DR	2/3	1158	154	0.527611%
C205	D	2/3	1158	154	0.527611%
C206	B	1/2	823	75	0.374977%
C301	D	2/3	1158	154	0.527611%
C302	DR	2/3	1158	154	0.527611%

Apartment Number[1]	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Square Footages[2]	Approximate Net Lanai Square Footages[3]	Percentage Common Interest[4]
C303	D	2/3	1158	154	0.527611%
C304	DR	2/3	1158	154	0.527611%
C305	D	2/3	1158	154	0.527611%
C306	B	1/2	823	75	0.374977%
C401	D	2/3	1158	154	0.527611%
C402	DR	2/3	1158	154	0.527611%
C403	D	2/3	1158	154	0.527611%
C404	DR	2/3	1158	154	0.527611%
C405	D	2/3	1158	154	0.527611%
C406	B	1/2	823	75	0.374977%
D101	BR	1/2	823	75	0.374977%
D102	DR	2/3	1158	154	0.527611%
D103	DR	2/3	1158	154	0.527611%
D104	G	2/3	1465	154	0.667487%
D105	B	1/2	823	75	0.374977%
D201	D	2/3	1158	154	0.527611%
D202	BR	1/2	823	75	0.374977%
D203	D	2/3	1158	154	0.527611%
D204	DR	2/3	1158	154	0.527611%
D205	D	2/3	1158	154	0.527611%
D206	DR	2/3	1158	154	0.527611%
D207	D	2/3	1158	154	0.527611%
D208	G	2/3	1465	154	0.667487%
D209	D	2/3	1158	154	0.527611%
D210	B	1/2	823	75	0.374977%
D301	D	2/3	1158	154	0.527611%
D302	BR	1/2	823	75	0.374977%
D303	D	2/3	1158	154	0.527611%
D304	DR	2/3	1158	154	0.527611%
D305	D	2/3	1158	154	0.527611%
D306	DR	2/3	1158	154	0.527611%
D307	D	2/3	1158	154	0.527611%
D308	G	2/3	1465	154	0.667487%
D309	D	2/3	1158	154	0.527611%
D310	G	2/3	1465	154	0.667487%
D311	D	2/3	1158	154	0.527611%
D312	B	1/2	823	75	0.374977%
D401	D	2/3	1158	154	0.527611%
D402	BR	1/2	823	75	0.374977%
D403	D	2/3	1158	154	0.527611%
D404	DR	2/3	1158	154	0.527611%
D405	D	2/3	1158	154	0.527611%
D406	DR	2/3	1158	154	0.527611%
D407	D	2/3	1158	154	0.527611%

Apartment Number[1]	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Square Footages[2]	Approximate Net Lanai Square Footages[3]	Percentage Common Interest[4]
D408	G	2/3	1465	154	0.667487%
D409	D	2/3	1158	154	0.527611%
D410	G	2/3	1465	154	0.667487%
D411	D	2/3	1158	154	0.527611%
D412	B	1/2	823	75	0.374977%
E101*	A	1/1	323	72	0.147166%
E102*	A	1/1	323	72	0.147166%
E103	D	2/3	1158	154	0.527611%
E104	B	1/2	823	75	0.374977%
E105	D	2/3	1158	154	0.527611%
E106	B	1/2	823	75	0.374977%
E201*	A	1/1	323	72	0.147166%
E202*	A	1/1	323	72	0.147166%
E203	D	2/3	1158	154	0.527611%
E204	B	1/2	823	75	0.374977%
E205	D	2/3	1158	154	0.527611%
E206	B	1/2	823	75	0.374977%
E301	D	2/3	1158	154	0.527611%
E302*	A	1/1	323	72	0.147166%
E303	D	2/3	1158	154	0.527611%
E304	B	1/2	823	75	0.374977%
E306	B	1/2	823	75	0.374977%
E401	D	2/3	1158	154	0.527611%
E402*	A	1/1	323	72	0.147166%
E404	B	1/2	823	75	0.374977%
E406	B	1/2	823	75	0.374977%
F101	C	1/2	824	75	0.375433%
F102	DR	2/3	1158	154	0.527611%
F103	D	2/3	1158	154	0.527611%
F104	DR	2/3	1158	154	0.527611%
F201	C	1/2	824	75	0.375433%
F202	DR	2/3	1158	154	0.527611%
F203	D	2/3	1158	154	0.527611%
F204	DR	2/3	1158	154	0.527611%
F301	C	1/2	824	75	0.375433%
F302	DR	2/3	1158	154	0.527611%
F303	D	2/3	1158	154	0.527611%
F304	DR	2/3	1158	154	0.527611%
F401	C	1/2	824	75	0.375433%
F402	DR	2/3	1158	154	0.527611%
F403	D	2/3	1158	154	0.527611%
F404	DR	2/3	1158	154	0.527611%
G101	E2	2/3	1414	439	0.644250%

*See Page 1 of Exhibit D

Apartment Number[1]	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Square Footages[2]	Approximate Net Lanai Square Footages[3]	Percentage Common Interest[4]
G102	DR	2/3	1158	154	0.527611%
G103	B	1/2	823	75	0.374977%
G104	DR	2/3	1158	154	0.527611%
G105	D	2/3	1158	154	0.527611%
G106	DR	2/3	1158	154	0.527611%
G107	CR	1/2	824	75	0.375433%
G201	E2	2/3	1414	439	0.644250%
G202	DR	2/3	1158	154	0.527611%
G203	B	1/2	823	75	0.374977%
G204	DR	2/3	1158	154	0.527611%
G205	D	2/3	1158	154	0.527611%
G206	DR	2/3	1158	154	0.527611%
G207	CR	1/2	824	75	0.375433%
G301	E2	2/3	1414	439	0.644250%
G302	DR	2/3	1158	154	0.527611%
G303	B	1/2	823	75	0.374977%
G304	DR	2/3	1158	154	0.527611%
G305	D	2/3	1158	154	0.527611%
G306	DR	2/3	1158	154	0.527611%
G307	CR	1/2	824	75	0.375433%
G401	E2	2/3	1414	439	0.644250%
G402	DR	2/3	1158	154	0.527611%
G403	B	1/2	823	75	0.374977%
G404	DR	2/3	1158	154	0.527611%
G405	D	2/3	1158	154	0.527611%
G406	DR	2/3	1158	154	0.527611%
G407	CR	1/2	824	75	0.375433%
H101	E	2/3	1414	439	0.644250%
H102	DR	2/3	1158	154	0.527611%
H103	D	2/3	1158	154	0.527611%
H104	DR	2/3	1158	154	0.527611%
H105	D	2/3	1158	154	0.527611%
H106	DR	2/3	1158	154	0.527611%
H107	BR	1/2	823	75	0.374977%
H201	E	2/3	1414	439	0.644250%
H202	DR	2/3	1158	154	0.527611%
H203	D	2/3	1158	154	0.527611%
H204	DR	2/3	1158	154	0.527611%
H205	D	2/3	1158	154	0.527611%
H206	DR	2/3	1158	154	0.527611%
H207	BR	1/2	823	75	0.374977%
H301	D	2/3	1158	154	0.527611%
H302	DR	2/3	1158	154	0.527611%

Apartment Number[1]	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Square Footages[2]	Approximate Net Lanai Square Footages[3]	Percentage Common Interest[4]
H303	D	2/3	1158	154	0.527611%
H304	DR	2/3	1158	154	0.527611%
H305	BR	1/2	823	75	0.374977%
H306	DR	2/3	1158	154	0.527611%
H401	D	2/3	1158	154	0.527611%
H402	DR	2/3	1158	154	0.527611%
H403	D	2/3	1158	154	0.527611%
H404	DR	2/3	1158	154	0.527611%
H405	BR	1/2	823	75	0.374977%
H406	DR	2/3	1158	154	0.527611%
C-1**	---	0/0	1270	---	0.578609%
C-2**	---	0/0	1270	---	0.578640%
C-3**	---	0/0	1270	---	0.578640%
C-4**	---	0/0	1059	---	0.482504%
C-5**	---	0/0	1456	---	0.663386%
Snack Bar**	---	0/0	352	---	0.160379%
Pool Bar**	---	0/0	1235	---	0.562694%
Spa**	---	0/0	460	---	0.209586%
		TOTAL	**219480**		**100.000000%**

**See Page 1 of Exhibit D

Location of Apartments.

a. Building A

Twenty-six (26) Resort Apartments are located in Building A as the same are depicted on the Condominium Map. Building A is comprised of four (4) floors with seven (7) Resort Apartments on each of floors one and two, and six (6) Resort Apartments on each of floors three and four.

b. Building B

Sixteen (16) Resort Apartments are located in Building B as the same are depicted on the Condominium Map. Building B is comprised of four (4) floors with four (4) Resort Apartments on each floor.

c. Building C

Twenty-four (24) Resort Apartments are located in Building C as the same are depicted on the Condominium Map. Building C is comprised of four (4) floors with six (6) Resort Apartments on each floor.

d. Building D

Thirty-nine (39) Resort Apartments and five (5) Commercial Apartments (i.e. C-1, C-2,

C-3, C-4 and C-5) are located in Building D as the same are depicted on the Condominium Map. Building D is comprised of four (4) floors. There are five (5) Resort Apartments and five (5) Commercial Apartments (i.e. Apartments C-1, C-2, C-3, C-4 and C-5) on floor one, ten (10) Resort Apartments on floor two, and twelve (12) Resort Apartments on each of floors three and four.

e. Building E

Fifteen (15) Resort Apartments and six (6) Hotel Apartments (i.e. Apartments E101, E102, E201, E202, E302 and E402) are located in Building E as the same are depicted on the Condominium Map. Building E is comprised of four (4) floors. There are four (4) Resort Apartments and two (2) Hotel Apartments (i.e. Apartments E101 and E102) on floor one, four (4) Resort Apartments and two (2) Hotel Apartments (i.e. Apartments E201 and E202) on floor two, four (4) Resort Apartments and one (1) Hotel Apartment (i.e. Apartment E302) on floor three, and three (3) Resort Apartments and one (1) Hotel Apartment (i.e. Apartment E402) on floor four.

f. Building F

Sixteen (16) Resort Apartments are located in Building F as the same are depicted on the Condominium Map. Building F is comprised of four (4) floors with four (4) Resort Apartments on each floor.

g. Building G

Twenty-eight (28) Resort Apartments are located in Building G as the same are depicted on the Condominium Map. Building G is comprised of four (4) floors with seven (7) Resort Apartments on each floor.

h. Building H

Twenty-six (26) Resort Apartments are located in Building H as the same are depicted on the Condominium Map. Building H is comprised of four (4) floors with seven (7) Resort Apartments on each of floors one and two, and six (6) Resort Apartments on each of floors three and four.

i. Snack Bar

The Snack Bar Commercial Apartment is deemed to include the entire structure marked "Snack Bar" on the Condominium Map (as more particularly defined herein) at the location depicted on the Condominium Map.

j. Pool Bar

The Pool Bar Commercial Apartment is deemed to include the entire structure marked "Pool Bar" on the Condominium Map (as more particularly defined herein) at the location depicted on the Condominium Map.

k. Spa

The Spa Commercial Apartment is deemed to include the entire structures marked "Spa"

on the Condominium Map (as more particularly defined herein) at the location(s) depicted on the Condominium Map.

Layout of Apartments.

i. Apartment Type "A"

All type "A" Apartments are "studio" apartments and have the number of bedroom(s) and bathroom(s) indicated in the table above, an entry area and a heater and a/c area, all as depicted on the Condominium Map. Type "AR" is a reverse layout of Type "A".

ii. Apartment Types "B" and "BR"

All type "B" and type "BR" Apartments have the number of bedroom(s) and bathroom(s) indicated in the table above, one (1) bedroom closet, an entry area, a washer/dryer and heater area, an a/c area, one (1) kitchen and one (1) living room, all as depicted on the Condominium Map. Type "BR" is a reverse layout of Type "B".

iii. Apartment Types "C" and "CR"

All type "C" and type "CR" Apartments have the number of bedroom(s) and bathroom(s) indicated in the table above, one (1) bedroom closet, an entry area, a heater area, a washer/dryer area, an a/c area, one (1) kitchen and one (1) living room, all as depicted on the Condominium Map. Type "CR" is a reverse layout of Type "C".

iv. Apartment Types "D" and "DR"

All type "D" and type "DR" Apartments have the number of bedroom(s) and bathroom(s) indicated in the table above, two (2) bedroom closets, one (1) bathroom closet, an entry area, a heater and washer/dryer area, an a/c area, one (1) kitchen and one (1) living room, all as depicted on the Condominium Map. Type "DR" is a reverse layout of Type "D".

v. Apartment Type "E"

All type "E" Apartments have the number of bedroom(s) and bathroom(s) indicated in the table above, one (1) bedroom closet, one (1) bathroom closet, one (1) hallway closet, an entry area and side closet, a heater area, a washer/dryer area, an a/c area, one (1) kitchen and one (1) living room, all as depicted on the Condominium Map.

vi. Apartment Type "E2" and "E2R"

All type "E2" and type "E2R" Apartments have the number of bedroom(s) and bathroom(s) indicated in the table above, one (1) bedroom closet, one (1) bathroom closet, one (1) hallway closet, an entry area and side closet, a heater area, a washer/dryer area, an a/c area, one (1) kitchen and one (1) living room, all as depicted on the Condominium Map. Type "E2R" is a reverse layout of Type "E2".

vii. Apartment Type "F"

All type "F" Apartments have the number of bedroom(s) and bathroom(s) indicated in the table above, two (2) bedroom closets, one (1) hallway closet, an entry area, a heater area, a

washer/dryer area, an a/c area, one (1) kitchen and one (1) living room, all as depicted on the Condominium Map. Type "F" does not have a reverse layout type.

viii. Apartment Type "G"

All type "G" Apartments have the number of bedroom(s) and bathroom(s) indicated in the table above, two (2) bedroom closets, one (1) bathroom closet, an entry area, a heater and washer/dryer area, an a/c area, one (1) kitchen and one (1) living room, all as depicted on the Condominium Map. Type "G" does not have a reverse layout type.

Parking Stall Assignments.

Each Resort, Hotel and Commercial Apartment will have the right to use one (1) unassigned parking stall in the Project. The Managing Agent/General Manager will be responsible for maintaining and administering such parking stalls.

EXHIBIT "E"

COMMON ELEMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

One freehold estate is hereby designated in the remaining portions of the Project, which do not constitute Apartments, herein called the "Common Elements," including specifically but not limited to:

A. The Land in fee simple and any appurtenances thereto as described on Exhibit "A" of the Declaration;

B. The Building Structure, including, without limitation, all perimeter or party walls and the undecorated or unfinished surfaces thereof, any load-bearing walls and columns, and the undecorated or unfinished surfaces thereof, all structural components such as foundations, concrete sidewalks and curbs, floor slabs, columns, girders, beams, supports, halls, corridors, elevators, escalators, exterior stairs and stairways, main walls, roofs and ceilings that are not a part of the Apartment;

C. All perimeter doors, door frames, windows, window frames, and all exterior hardware associated therewith, and the undecorated or unfinished interior surfaces thereof; whether at the perimeter of a Building Structure or at the perimeter of an Apartment that are not a part of the Apartment;

D. All yards, grounds and landscaping, including, but not limited to all trash enclosures within the Project;

E. All roads, driveways, access lanes, paved areas, ramps, loading dock areas and walkways within the Project, including, but not limited to, that certain driveway area, as designated on the Condominium Map; provided that the parking stalls shall be administered by the Managing Agent for and on behalf of the Association;

F. The Pool, River Pools, deck areas, bridges and all other amenities and improvements to the common spaces and landscaping in the recreational facilities area (that are not designated as Apartments);

G. The porte cochere, trash areas, loading or delivery docks, guardhouse, if any, and any lanais, walkways, driveways, service areas (labeled as "Service A1", "Service A4", etc. on the Condominium Map), hallways, elevators, stairways, walkways and storage rooms;

H. All cables, conduits, ducts, sewer lines, electrical equipment, wiring, pipes, catch basins and other central and appurtenant transmission facilities and installations over, under and across the Project that serve more than one Apartment for services such as power, light, water, gas, sewer, storm water, refuse, cable television and television signal distribution;

I. All unimproved areas, maintenance, mechanical, electrical, storage areas, elevators, stairwells and hallways and other similar areas that are not part of an Apartment;

J. All other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, air-conditioning units including fan coil equipment located within an Apartment, compressors, ducts, shafts, vents, water heating and distribution equipment, fire suppression equipment and other such installations and apparatus; and

K. All other parts of the Project necessary or convenient to its existence, maintenance and safety of the Project used in common.

***Note:** Pursuant to Hawaii Revised Statutes, Chapter 514A, Section 3, "limited common elements" are defined as those common elements designated in the declaration as reserved for the use of a certain apartment or certain apartments to the exclusion of the other apartments. As such, the description of the common elements of the project contained herein includes a description of the limited common elements, which are further described on Exhibit "F".

EXHIBIT "F"

LIMITED COMMON ELEMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

The Limited Common Elements are hereby designated, set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. The costs and expenses of every description pertaining to the Limited Common Elements, including, but not limited to, the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements ("Costs"), shall be charged to the Owner of the Apartment to which the Limited Common Element shall be appurtenant, unless otherwise stated herein, and if there is more than one Apartment to which the Limited Common Element shall be appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Apartments, unless a different calculation method is adopted pursuant to Articles III and IX of the Declaration. Limited Common Elements that are appurtenant to more than one Apartment, if any, shall be managed and maintained by the Association, acting by and through the Managing Agent, on behalf of the Owners of such Apartments. In any event that a dispute shall arise between Owners of Apartments to which a particular Limited Common Element shall be appurtenant with respect to the management and/or maintenance thereof, such dispute shall be resolved by the Managing Agent (acting for and on behalf of the Association), which shall be the sole arbiter with respect to such matters. The Owners of the Commercial Apartments may build upon and/or alter any Limited Common Element which is appurtenant to the Commercial Apartment, may change the use of such Limited Common Element, may lease or license out any such Limited Common Element, and, in the event that any revenues are generated from such Limited Common Element or improvements thereon or uses thereof, the Owner or Owners of the Commercial Apartment shall be entitled to such revenues, and no other Owner shall have any right thereto.

A. **RESORT AND HOTEL APARTMENTS.** Each Resort and Hotel Apartment shall have appurtenant thereto, as a Limited Common Element (a) one or more lanai(s), as depicted in said Condominium Map, the total areas of which area identified in said Exhibit "D" herein; and (b) an assigned mailbox located in the "Lobby", as depicted on said Condominium Map. Such mailbox shall be labeled with the same number as the Apartment to which it is a Limited Common Element.

B. **COMMERCIAL APARTMENTS.** The various Commercial Apartments described below shall have appurtenant thereto, as Limited Common Elements, the following areas:

1. **Commercial Apartment 5.** Commercial Apartment 5 shall have as Limited Common Elements appurtenant thereto the "Receiving Dock" and any other loading docks adjacent to Building D; and those certain Service Areas, labeled and depicted as Service A2, A3, A6, A7, A9, A10, A11, A13, A14, D1, D2, D3, E2, E3, E4, G2, G3, G4, G6, G7, G8, G10, G11, G12, H2, H4, H5, H7, H8, H10, and the "Lobby Desk", all as depicted and described in the Condominium Map.

2. **Commercial Apartment 4.** Commercial Apartment 4 shall have as Limited Common Elements appurtenant thereto the lobby area, as designated on the Condominium Map as "Lobby", excluding the "Lobby Desk" as depicted and described in the Condominium Map, but including, without limitation, (i) all of the walls and partitions that are not load-bearing within its perimeter or party walls, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment that are utilized for and serve only that Apartment, (iii) the interior decorated or finished surfaces of all walls, floors and ceilings surrounding each Apartment inward and all of the improvements and air space located therein, (iv) the interior decorated or finished surfaces of any doors, door frames, windows or window frames, and (v) all appliances, interior hardware, and fixtures installed therein, and replacements therefore; the "porte cochere"; and Service D4 all as depicted on the Condominium Map.

3. **Snack Bar Commercial Apartment.** The Snack Bar Commercial Apartment, shall have as a Limited Common Elements appurtenant thereto any and all lanai areas and/or lounging areas

adjacent to and servicing the Snack Bar Commercial Apartment that are not a part of a Commercial Apartment, depicted as the cross-hatched area surrounding such Apartment in the Condominium Map.

4. **Pool Bar Commercial Apartment.** The Pool Bar Commercial Apartment, shall have as a Limited Common Elements appurtenant thereto any and all lanai areas and/or lounging areas adjacent to and servicing the Pool Bar Commercial Apartment that are not a part of a Commercial Apartment, depicted as the cross-hatched area surrounding such Apartment in the Condominium Map.

5. **Spa Commercial Apartment.** The Spa Commercial Apartment, shall have as a Limited Common Elements appurtenant thereto any and all lanai areas and/or lounging areas adjacent to and servicing the Spa Commercial Apartment that are not a part of a Commercial Apartment, depicted as the cross-hatched area surrounding such Apartment in the Condominium Map.

EXHIBIT "G"

ENCUMBRANCES AGAINST TITLE

1. Taxes and assessments, general and special, which are a lien, whether due, payable, delinquent or otherwise. For further information, check with the County tax assessor.

2. As to the portion of the land herein described bordering on the ocean:

   The effect of Sections 205A-41 to 205A-49, inclusive, Hawaii Revised Statutes, as now or hereafter amended, pertaining to shoreline setbacks.

   Any adverse claim of the State of Hawaii based upon the contention that some portion of the land hereinafter described lies seaward of the line of vegetation, pursuant to the ruling of County vs. Sotomura (1973) 55 H. 176, 517 P. 2d 57.

3. EASEMENT "A"

   For : Roadway purposes
   As shown on Map 3 filed with Land Court Application No. 1166
   As set forth by Land Court Order No. 20844 filed January 17, 1963

4. EASEMENT "B"

   For : Drainage canal purposes
   As shown on Map 3 filed with Land Court Application No. 1166
   As set forth by Land Court Order No. 20844 filed January 17, 1963

5. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument	:	GRANT OF EASEMENT
Granted To	:	STATE OF HAWAII
For	:	An easement over said Easement "A" and Easement "B"
Dated	:	October 25, 1962
Recorded	:	January 17, 1963 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 302148

   DEED dated January 25, 1982, recorded January 27, 1982, filed as Land Court Document No. 1102032, recorded in Book 16128 at Page 1, STATE OF HAWAII remises, releases and quitclaims unto the COUNTY OF KAUAI, a body corporate and politic in the State of Hawaii, all of its right, title and interest in Easements A and B.

6. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument	:	GRANT OF EASEMENT
Granted To	:	GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, a Hawaii corporation, now known as HAWAIIAN TELCOM, INC., and CITIZENS UTILITIES COMPANY, a Delaware corporation, now known as CITIZENS COMMUNICATIONS COMPANY, whose interest is now held by KAUAI ISLAND UTILITY CO-OP
For	:	A perpetual right and easement to build, construct, rebuild, reconstruct, repair, maintain and operate guy wires, anchor, and associated appliances and equipment, etc., for the transmission and distribution of electricity
Dated	:	July 2, 1993
Recorded	:	January 10, 1994 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 2106816

ASSIGNMENT OF TRANSMISSION LINE AND ELECTRICAL EASEMENTS

Dated	:	November 1, 2002
Recorded	:	October 31, 2002 in the Bureau of Conveyances, State of Hawaii, as Document No. 2002-194846, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 2856272
Assignor	:	CITIZENS COMMUNICATIONS COMPANY, formerly known as Citizens Utilities Company, a Delaware corporation, and successor-in-interest to Kauai Electric Company, Limited
Assignee	:	KAUAI ISLAND UTILITY CO-OP, a Hawaii cooperative association

7. Terms, provisions, reservations, covenants, conditions and restrictions, but deleting any of the aforementioned indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Code or Chapter 515 of the Hawaii Revised Statutes, as contained in an instrument:

Entitled	:	LIMITED WARRANTY DEED
Dated	:	September 17, 2003
Recorded	:	September 17, 2003 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 2994682
Which, among other things, provides	:	Conditions on which the disclosure of an unrecorded Disposition Agreement between Grantor and Grantee dated December 2001, conditions regarding the condition of the conveyed property and that the conveyance is subject to the following and other matters: A 0.926 acre historic preserve area and archaeological sites.

8. CONDOMINIUM MAP NO. 1642, as amended, filed in Office of the Assistant Registrar of the Land Court, State of Hawaii.

9. The terms and provisions contained in or incorporated by reference in a document:

Entitled	:	DECLARATION OF CONDOMINIUM PROPERTY REGIME
Recorded	:	June 17, 2004 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3124205

Said Declaration was amended by instruments recorded as Land Court Document Nos. 3226301, 3452034, 3747969, and 3899711, 3901600, and 3923039; and as affected by Partial Assignment of Developer's Rights recorded December 18, 2009 as Document No. 3925211.

10. The terms and provisions contained in or incorporated by reference in a document:

Entitled	:	BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF WAIPOULI BEACH RESORT
Recorded	:	June 17, 2004 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3124206.

Said By-Laws were amended by instrument recorded on June 1, 2006 as Land Court Document No. 3435500.

Restated Bylaws of the Association of Apartment Owners of Waipouli Beach Resort recorded June 22, 2010 as Land Court Document No. 3972807.

First Amendment to the Restated Bylaws of the Association of Apartment Owners of Waipouli Beach Resort dated November 19. 2010, recorded as Land Court Document No. 4028056.

11. Encroachments and any other matters as shown on SURVEY MAP and Surveyor's Report prepared by Dennis M. Esaki, Licensed Professional Land Surveyor, Certificate No. 4383, with Esaki Surveying and Mapping, Inc., dated January 31, 2007.

Said survey discloses among other things, (a) Archaeological Report "Long-Term Preservation Plan for a cultural preserve (site 50-30-08-1836) at the WAIPOULI BEACH RESORT", May 2002 and (b) Designation of a "Proposed Cultural Preserve".

12.

Agreement for	:	WAIVER, RELEASE AND INDEMNITY (BUILDING PERMIT)
Executed By	:	WAIPOULI BEACH RESORTS, LLC, a Hawaii limited liability company, "APPLICANT"
and Between	:	DEPARTMENT OF WATER, COUNTY OF KAUAI, "DEPARTMENT OF WATER"

On the terms, covenants and conditions contained therein,

Dated	:	February 16, 2005
Recorded	:	May 16, 2005 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3268830

13. MORTGAGE to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof.

Amount	:	$25,400,000.00
Mortgagor	:	WAIPOULI BEACH RESORTS, LLC, a Hawaii limited liability company
Mortgagee	:	FREMONT INVESTMENT & LOAN, a California industrial bank
Recorded	:	February 9, 2007 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3558496

Affects this and other property.

The mortgagee's interest under said mortgage was assigned to iSTAR FM LOANS LLC, a Delaware limited liability company, by assignment recorded January 17, 2008 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3702902.

NOTE: The foregoing assignment was re-recorded on January 17, 2008 in the Bureau of Conveyances, State of Hawaii, as Document No. 2008-007843, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3702902.

AMENDMENT thereof by instrument:

Recorded	:	March 19, 2008 in the Bureau of Conveyances, State of Hawaii, as Document No. 2008-043187, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3724046

AMENDMENT thereof by instrument:

Recorded	:	March 24, 2009 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3841244

14. ASSIGNMENT OF RENTS (AND LEASES)

Dated	:	February 9, 2007
Recorded	:	February 9, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-025593
Borrower	:	WAIPOULI BEACH RESORTS, LLC, a Hawaii limited liability company
Lender	:	FREMONT INVESTMENT & LOAN, a California industrial bank

The record beneficial interest under said Assignment as a result of the last recorded assignment thereof is,

Vested In	:	iSTAR FM LOANS LLC, a Delaware limited liability company
By Assignment From	:	FREMONT INVESTMENT & LOAN, a California industrial bank
Dated	:	June 29, 2007
Recorded	:	August 6, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-140329, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3638736

Affects this and other property.

AMENDMENT thereof by instrument:

Recorded : March 19, 2008 in the Bureau of Conveyances, State of Hawaii, as Document No. 2008-043187, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3724046

AMENDMENT thereof by instrument:

Recorded : March 24, 2009 in the Bureau of Conveyances, State of Hawaii, as Document No. 2009-044233, and in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3841244

15. AS TO APARTMENT C-5 only. UNRECORDED LEASE, dated (undated), as amended by First Amendment to Lease Agreement dated as of July 1, 2006 and by Second Amendment to Lease Agreement dated as of April 10, 2008, executed by Waipouli Beach Resorts, LLC, a Hawaii Limited Liability Company, as Lessor, and Outrigger Hotels Hawaii, a Hawaii Limited Partnership, as Lessee, for a term of five years from the commence date set forth in said lease with two (2) options to extend the term for a period of five (years) for each option, as disclosed by Memorandum of Lease, recorded November 7, 2008 as Land Court Document No. 3804530 of Official Records.

The interest of the Lessor is now held by SFI Waipouli, a Delaware limited liability company, by instrument recorded December 18, 2009 as Regular System Document No. 2009-192755 and as Land Court Document No. 3925210 of Official records.

16. Financing Statement (UCC-1) as follows:

Debtor	:	WAIPOULI BEACH RESORTS, LLC
Mailing Address	:	6748 Waipouli Road, Kapaa, HI 96746
Secured Party	:	FREMONT INVESTMENT & LOAN
Recorded	:	February 9, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-025596

An amendment to the above Financing Statement was recorded October 2, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-174798.

An amendment to the above Financing Statement was recorded November 13, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-198304.

The security interest of the secured party was assigned to iSTAR FM LOANS, LLC, by document recorded December 20, 2007 in the Bureau of Conveyances, State of Hawaii, as Document No. 2007-219144.

17. The terms and provisions contained in the SUBODINATION, ASSIGNMENT, NONDISTURBANCE AND ATTORNMENT AGREEMENT (RENTAL AGENCY AGREEMENT) recorded April 15, 2009 in the Bureau of Conveyances, State of Hawaii, as Document Nos. 2009-056728 to 2009-056729 and in the Office of the Assistant Registrar of the Land Court as Document Nos. 3847942 to 3847943.

18. The designation of the following easements and other matters, as set forth by Land Court Order No. 181101:
Easement H
Easement M
Easement P
Easement Q
Easement R
Easement S
Easement U
Easement V
Easement W
Easement X
Restriction of vehicular access rights
Cancellation of a portion of Easement A, as shown on Map 3

19. Terms, provisions, reservations, covenants, conditions and restrictions contained in those certain Apartment Deeds, Encumbrances and Reservation of Rights for Waipouli Beach resort recorded December 18, 2009 as Land Court Document Nos. as listed on Exhibit G-1 attached hereto, of Official Records.

20. Any and all leases, subleases and/or tenancy agreements, the rights thereunder and encumbrances thereto.

21. Discrepancies, conflicts in boundary lines, shortages in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.

"EXHIBIT G-1"

Apartment No.	Deed Document No.	Certificate of Title No.
A403	3925212	967,776
B102	3925213	967,777
B202	3925214	967,778
B204	3925215	967,779
B404	3925216	967,780
D101	3925217	967,781
D103	3925218	967,782
D207	3925219	967,783
G101	3925226	967,790
G102	3925227	967,791
G201	3925228	967,792
G301	3925229	967,793
H201	3925230	967,794
H204	3925231	967,795
H205	3925232	967,796
H206	3925233	967,797
H303	3925234	967,798
H304	3925235	967,799
H306	3925236	967,800
E101	3925220	967,784
E102	3925221	967,785
E201	3925222	967,786
E202	3925223	967,787
E302	3925224	967,788
E402	3925225	967,789
C1	3925237	967,801
C2	3925238	967,802
C3	3925239	967,803
C4	3925240	967,804
C5	3925241	967,805
SNACK BAR	3925242	967,806
POOL BAR	3925243	967,807

EXHIBIT "H"

ESTIMATED ANNUAL COMMON EXPENSES
AND MONTHLY ASSESSMENTS

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the Vice President of the Oahu Account Executive for Certified Hawaii corporation, designated by the Waipouli Beach Resort condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.
2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "A" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 108 of the Hawaii Administrative Rules, and are reasonable estimates commencing on January 1, 2011, based on generally accepted accounting principles.

Dated: Honolulu, Hawaii, this 27th day of April 2011.

Alan Takumi
Vice President of Oahu Account Executive Division

STATE OF HAWAII)
) *SS.*
CITY AND COUNTY OF HONOLULU)

On this 27th day of April, 2011, before me appeared Alan Takumi, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Print Name: Candace MT Villarmia
Notary Public, State of Hawaii
My commission expires: 07/09/2012

Doc. Date: 4/27/11 # Pages: 4
Notary Name: Candace M.T. Villarmia First Circuit
Doc. Description: 2011 Budget

Notary Signature Date 4/27/11

F:\CLIENTS\C600_C69\C607 Waipouli Beach Resort\Budget & Reserves\2011\607 2011 budget final approved xlsx\Budget Report

CERTIFIED
MANAGEMENT, INC.

PROJECT NUMBER: 607

MONTHLY BUDGET ANALYSIS FOR: Waipouli Beach Resort AOAO

Approved budget to be effective on: January 1, 2011

Prepared By: Robert A. Wilson, CMCA, AMS, PCAM Board Approved Date: November 29, 2010

		2010 Budget	Actual Monthly Average	Proposed 2011 Budget	Approved 2011 Budget
REVENUE:	CHANGE-Fees, Dues, & Receipts =		-1.2%	1.1%	-1.4%
40100	FEES, DUES & RECEIPTS	253,709	250,789	256,406	250,101
40100	ASSESSMENTS	0	0	0	0
40100&40200	TAXABLE INCOME	2,968	9,747	6,270	6,127
TOTAL REVENUES		256,677	260,536	262,676	256,228
EXPENSES:					
	OPERATING EXPENSES:				
70100	WAGES AND SALARIES	54,742	50,009	42,500	46,743
70200	EMPLOYEE BENEFITS	18,625	14,295	13,739	13,074
70300	ADMINISTRATIVE COSTS	6,861	4,969	5,874	7,923
70320	PETTY CASH REIMBURSEMENTS	0	0	0	0
70350	BAD DEBT EXPENSE	5,000	16,352	20,000	7,500
70500	CONTRACT LABOR	0	0	0	0
70700	MANAGEMENT SERVICES	0	0	0	0
70800	PROPERTY MANAGEMENT	3,875	3,875	3,950	3,950
70900	LEGAL	4,000	4,333	4,500	2,500
71000	COVENANTS ADMINISTRATION	0	0	0	0
71100	OTHER PROFESSIONAL	2,440	2,142	1,986	1,642
71200	ELECTRICITY	35,000	31,322	31,948	30,000
71300	WATER	5,800	7,504	7,879	7,000
71350	SEWER	10,000	15,981	18,239	13,000
71400	TELEPHONE	5,642	5,995	6,003	5,890
71500	GAS	8,500	13,370	14,039	10,200
71600	TELEVISION	3,727	4,034	4,260	3,960
71700	EXTERMINATING	1,270	1,259	1,260	1,270
71800	RUBBISH REMOVAL	4,025	3,767	3,800	4,400
71900	SECURITY	4,900	4,836	4,900	13,800
72000	CUSTODIAL	1,100	2,008	2,000	1,800
72100	MAINTENANCE	26,999	24,512	25,325	24,339
72120	SUPPLIES	1,560	3,111	3,160	2,550
72150	ELEVATOR	2,899	2,993	3,065	2,912
72200	AMENITIES	6,000	7,286	7,400	7,000
72300	VEHICLE COSTS	0	29	50	28
72500	TAXES	517	558	366	406
72600	FIXED EXPENSE	524	524	524	6,524
72700	INSURANCE	18,445	18,284	17,467	17,854
TOTAL OPERATING EXPENSES:		232,451	243,348	244,234	236,265

	NON-OPERATING EXPENSES:				
73000	RESERVE REPLACEMENT EXPENSE	12,500	3,348	11,967	10,125
77000	LEASE RENT PASS-THROUGH	0	0	0	0
78000	DEPRECIATION EXPENSE	0	0	0	184
TOTAL NON-OPERATING EXPENSES:		12,500	3,348	11,967	10,309
TOTAL EXPENSES		244,951	246,696	256,201	246,574
NET INCOME		11,726	13,840	6,475	9,654
	OPERATING RESERVE FUND TRANSFERS:				
11500	TRANSFER TO OPERATING RESERVES	-	-	-	-
	REPLACEMENT RESERVE FUND TRANSFERS:				
37290-499	TRANSFER CLEARING-FROM RESERVES	12,500	3,348	11,967	10,125
37290-799	TRANSFER CLEARING-TO RESERVES	24,226	37,251	18,442	19,779
NET RESERVE TRANSFERS		(11,726)	(33,903)	(6,475)	(9,654)
NET INCOME & NET RESERVE TRANSFERS		-	(20,063)	-	-

NOTE: The budgeted revenues and expenses are based on accrual-basis accounting.

CERTIFIED MANAGEMENT, INC.

PROJECT NUMBER: 607

MAINTENANCE FEE ANALYSIS FOR: Waipouli Beach Resort AOAO

Approved budget to be effective on: January 1, 2011

Prepared By: Robert A. Wilson, CMCA, AMS, PCAM

Board Approved Date: November 29, 2010

Unit Type	PerCent Common Interest	Number Of Units	Maint Fee Per Unit	Total Maint Fee (Unit Type)	Other Fees Per Unit	Special Assess Per Unit	Total Spc Assess (Unit Type)	Total Amount Per Unit
A	0.147166	6	368.06	2,208.38		-	-	368.06
B	0.374977	20	937.82	18,756.42		-	-	937.82
BR	0.374977	12	937.82	11,253.85		-	-	937.82
C	0.375433	8	938.96	7,511.69		-	-	938.96
CR	0.375433	4	938.96	3,755.85		-	-	938.96
D	0.527611	80	1,319.56	105,564.83		-	-	1,319.56
DR	0.527611	48	1,319.56	63,338.90		-	-	1,319.56
E	0.644250	2	1,611.28	3,222.55		-	-	1,611.28
E2	0.644250	4	1,611.28	6,445.10		-	-	1,611.28
E2R	0.644250	2	1,611.28	3,222.55		-	-	1,611.28
F	0.526244	4	1,316.14	5,264.57		-	-	1,316.14
G	0.667487	6	1,669.39	10,016.35		-	-	1,669.39
Unit C1	0.578609	1	1,447.11	1,447.11		-	-	1,447.11
Unit C2	0.578640	1	1,447.18	1,447.18		-	-	1,447.18
Unit C3	0.578640	1	1,447.18	1,447.18		-	-	1,447.18
Unit C4	0.482504	1	1,206.75	1,206.75		-	-	1,206.75
Unit C5	0.663386	1	1,659.14	1,659.14		-	-	1,659.14
Snack Bar	0.160379	1	401.11	401.11		-	-	401.11
Pool Bar	0.562694	1	1,407.30	1,407.30		-	-	1,407.30
Spa	0.209586	1	524.18	524.18		-	-	524.18
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
			-	-		-	-	-
TOTALS	100.0000%	204		250,101.00	-	-	-	

EXHIBIT "I"

SUMMARY OF PURCHASE AGREEMENT

The specimen Waipouli Beach Resort A Fee Simple Condominium Project Purchase Agreement ("Agreement") contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The Seller (Developer) has engaged Title Guaranty Escrow Services, Inc. ("Escrow") to handle Purchaser's funds and to close the transaction in accordance with the terms of the Agreement. All payments to be made under the Agreement shall be paid by Purchaser to Escrow pursuant to the Escrow Agreement.

B. The Purchaser specifically acknowledges and agrees that the Declaration contains reservations of certain rights in favor of the Original Developer, some of which have been assigned to Seller.

C. Closing shall occur on a date as agreed by Seller and Purchaser. On the Closing Date, Seller and Purchaser shall be required to perform their respective obligations to purchase and sell the Apartment under the Agreement. Purchaser's failure to make payments and perform Purchaser's obligations shall result in a default under the Agreement. In the event of failure of Purchaser to actually close on the Closing Date scheduled by Seller, and in the event Seller waives its right to claim a default as provided in Section D.7 and/or in Section C.1.d. of the Agreement, Purchaser agrees to pay, in addition to all other amounts due, a late charge of eight percent (8%) per annum, based on the amount of the total Purchase Price, prorated on a daily basis, to accrue commencing on the Closing Date and continuing until all payments required under the Agreement, together with such late charges, are paid. Seller's failure to exercise any right or remedy under the Agreement shall not constitute a waiver of any of such defaults or of any of such rights, including, without limitation, the right to cancel the Agreement, and will not constitute a modification of the Agreement. Escrow shall not file Purchaser's Apartment Deed until Escrow has received a certificate from a title company authorized to do business in the State of Hawaii stating that, upon filing of such Apartment Deed, the Apartment is free and clear of all liens, encumbrances and assessments whatsoever other than those permitted by law and the Agreement. Real property taxes, maintenance fees, and other prorations shall be made, and risk of loss shall transfer from Seller to Purchaser on the Closing Date.

D. If so indicated in Section B.9 of the Agreement, the Apartment is subject to an existing rental agreement with Outrigger Hotels Hawaii ("Outrigger") that will be canceled as of Closing, subject to all confirmed reservations made by Outrigger on or before the date that Outrigger receives notice that the Agreement has been accepted ("Notice Date"), so long as such reservations are for dates no more than 180 days following the Notice Date and provided Outrigger cannot, with reasonable effort, transfer such confirmed reservations to another unit.

E. Seller and Purchaser will share equally in paying for all closing costs associated with this purchase and sale, including, without limitation: the escrow fee, cost of a preliminary title report, cost of preparation of the Apartment Deed, all acknowledgment fees, conveyance taxes, all filing costs or fees, and title insurance (standard owner's title insurance policy only), if requested by Purchaser, provided, however, Purchaser shall be solely responsible for paying any and all additional premiums for extended coverage and for non-standard coverage endorsements that Purchaser may request. PURCHASER MAY OBTAIN TITLE INSURANCE FROM ANY TITLE COMPANY SELECTED BY PURCHASER. In no event shall Seller be responsible for paying any costs associated with Purchaser's financing of this purchase including but not limited to the cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all filing costs or fees associated with the financing, loan fees, credit report costs and all other applicable mortgage costs. Purchaser will pay real property tax prorations and other customary prorations.Purchaser shall also pay a start-up fee equal to two (2) months of the estimated maintenance fee and two (2) months of estimated reserves. All such additional sums are due and payable to escrow in cash

or by cashier's check during the preclosing period, which is the 30-day period prior to the scheduled Closing Date, along with the balance of the Purchase Price.

F. If Purchaser, after the delivery by Seller of a copy of the Contingent Final Public Report, Final Public Report and/or any Supplementary Public Report for the Project, either personally or by registered or certified mail with return receipt requested, shall fail to execute and return to Seller the receipt and notice ("Receipt and Notice Form") advising Purchaser of Purchaser's right to cancel the Agreement, the delivery of which is required by Hawaii Revised Statutes Section 514A-62, as amended, within thirty (30) days of Purchaser's receipt of the Receipt and Notice Form, Seller may, at its option: (i) cancel the Agreement upon ten (10) days' written notice to Purchaser of such cancellation, and, upon such cancellation, Seller shall cause Escrow to refund to Purchaser all payments previously made by Purchaser without interest; or (ii) elect (by reason of Purchaser's failure to give said written notice of cancellation) to treat such failure as a deemed receipt ("Deemed Receipt") for such Public Report(s), and as a waiver by Purchaser of Purchaser's right to cancel the Agreement. The conveyance of the Apartment to the Purchaser within the 30-day period referenced above shall also be treated as a Deemed Receipt for the Public Report(s) and as a waiver by Purchaser of Purchaser's right to cancel the Agreement.

G. Seller and Purchaser may agree to a financing contingency pursuant to terms set forth in Section C.1.d of the Agreement. Upon any termination in accordance with the Agreement, Seller shall cause Escrow to refund to Purchaser the amounts already paid, less the cost of any credit report, escrow cancellation fees, if any, and other costs actually incurred by Seller or lending institution in processing the loan application. Notwithstanding the foregoing, if Seller ascertains that Purchaser has failed to qualify for the mortgage loan or has failed to satisfy the conditions contained in a loan commitment due to the failure to use Purchaser's best efforts to obtain a mortgage loan in good faith or to do or perform all acts necessary to obtain such loan, then such failure shall constitute a default by Purchaser. **If Purchaser fails to cancel this Agreement within the time frames set forth in Section C.1.d, then Purchaser shall be deemed to have waived the financing contingency and shall thereafter be obligated to complete the purchase regardless of whether Purchaser obtains financing, and if Purchaser does not thereafter timely close the purchase in accordance with the Agreement, Purchaser will be in default.** Alternately, Seller and Purchaser may agree in Section C.1.d of the Agreement that the purchase and sale of the Apartment under the Agreement is not subject to Purchaser obtaining a loan to fund any part or all of the Purchase Price. Under this alternative, **Purchaser understands that Purchaser is responsible to pay the full amount of the Purchase Price and all other amounts due by the terms of the Agreement when due whether or not purchaser obtains a loan.**

H. Purchaser agrees that it will not assign the Agreement, or sell the Apartment, or advertise the Apartment for sale prior to closing under the Agreement, and any assignment or sale attempted by purchaser prior to closing without Seller's prior written consent is void. Notwithstanding the foregoing, Purchaser may with the prior approval of Seller, assign the Agreement for estate planning purposes; provided that upon any such assignment, Purchaser shall remain liable under the Agreement, and shall be responsible to perform all of the obligations of the "Purchaser" under the Agreement.

I. Seller acquired its title to the Apartment in December 2009, more than three years after completion of construction of the Project. For that reason, the Apartment (including but not limited to the roof, walls, foundations, soils, plumbing, electrical and mechanical systems, etc.) and including the undivided interest in the common elements and the limited common elements are being sold to Purchaser in their **Existing "AS IS" Condition, WITHOUT WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED.** Without limitation, all warranties, express or implied, with respect to any Apartment, the Project, any consumer products or anything else installed in any Apartment or in the Project, including, but not limited to, any express or implied warranty of habitability, or merchantability, workmanlike construction or fitness for any particular purpose are, to the fullest extent permitted by law, disclaimed by Seller and waived by Purchaser. **Purchaser is strongly advised to have a professional home inspection to ascertain the exact condition of the Apartment and to make reasonable inquiry regarding individual concerns before Purchaser's right to cancel this Agreement expires or is waived by Purchaser.**

J. Purchaser shall not be entitled to possession of the Apartment until Purchaser has completed all required payments, has executed all documents relating to the purchase, and has performed the remaining terms and conditions of the Agreement which are to be performed as of the Closing.

K. Notices to either party may be delivered personally or mailed by certified mail, or express mail, return receipt requested.

L. Purchaser declares Purchaser is purchasing the Apartment based on Purchaser's own examination and judgment and not through any representations made to Purchaser by Seller or its agents as to its location, value, future value, income therefrom. Purchaser acknowledges that Seller, its officers, employees, agents or real estate brokers or real estate sales persons have made no representations regarding the possibility or probability of rental or other income from the purchase and ownership of an apartment in the Project or other economic benefit to be derived from the rental of the Apartment, including but not limited to, any representations to the effect that Seller or the managing agent of the Project or any other third party will provide services relating to the rental or sale of the Apartment nor representations as to the possible advantages from the rental of the Apartment under Federal and/or State tax laws. If Purchaser wishes to rent the Apartment to a third person(s), Purchaser shall be responsible for making its own arrangements for such rental. Neither Seller nor its agent makes any representation regarding either economic benefits to be derived from rentals or tax treatment of any Purchaser of an Apartment. The tax treatment and economic benefits may vary with individual circumstances, and Seller and its agents recommend that Purchaser consult Purchaser's own attorney, accountant or other tax counsel for advice regarding tax treatment. Purchaser further agrees and acknowledges that Purchaser has not been induced nor solicited by the Seller or its agents to purchase a Apartment or Apartments at the Project as a security as defined under Federal or State securities laws and regulations. The terms of this Section shall survive the Closing and occupancy of the Apartment by Purchaser.

M. The laws of the State of Hawaii shall govern all matters with respect to the Agreement.

N. Purchaser will examine the monthly maintenance charges for the Apartment as shown in the Supplemental Public Report. Purchaser is aware that such amounts are based on a budget established by the Board of Directors of the Association and may change for reasons beyond the control of Seller, and Purchaser hereby specifically accepts and approves any such changes. PURCHASER AGREES THAT SELLER IS NOT PROVIDING ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE BUDGET OR FEES ESTABLISHED BY THE BOARD OF DIRECTORS, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH BUDGET.

O. Purchaser understands that the Association and/or the Board of Director of the Association may vote or elect to make modifications to the Condominium Documents as provided by law and/or the Condominium Documents.

* * * * *

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

EXHIBIT "J"

SUMMARY OF THE CONDOMINIUM ESCROW AGREEMENT

The Condominium Escrow Agreement dated as of April 13, 2010 made by and between Title Guaranty Escrow Services, Inc. ("Escrow Agent") and SFI Waipouli LLC ("Developer") (the "Escrow Agreement"). The Escrow Agreement contains among other provisions the following (which may be modified or otherwise limited by provisions not summarized herein):

1. Sales Contracts Deposited in Escrow. Whenever Developer enters into a sales contract with a purchaser for the sale of a unit in the Waipouli Beach Resort condominium project (the "Project") or any amendment to any such sales contract, Developer shall deliver an executed copy of the sales contract or amendment, as the case may be, to Escrow Agent. The sales contract shall require that all payments made thereunder be made directly to Escrow Agent to be held and disbursed in accordance with the Escrow Agreement.

2. Receipt of Funds by Escrow Agent. Escrow Agent shall receive and hold in escrow and disburse in accordance with the Escrow Agreement (a) all payments received by Escrow Agent under sales contracts made by Developer for units in the Project; (b) all sums received by Escrow Agent from or for the account of Developer; (c) all funds from any lending institution pursuant to a mortgage loan for the purchase of any unit by individual purchasers; and (d) all sums received by Escrow from any other source on account of the Project. Within a reasonable time after receiving any such funds, Escrow Agent shall deposit the same in an interest-bearing account or accounts at a federally insured bank, savings and loan association, financial services loan company or credit union authorized to do business in the State of Hawaii. Any interest earned on such deposits shall accrue as specified in the sales contract. If the sales contract does not specify to whom interest is to accrue, any interest earned on funds deposited in escrow under the Escrow Agreement shall accrue to the credit of the purchaser.

3. Conditions to be Met Prior to Disbursement. With the exception of refunds issued in accordance with the Escrow Agreement, Escrow Agent shall make no disbursement of funds deposited with it unless: (a) Developer shall have delivered to the purchaser a true copy of the Developer's Public Report(s)with effective date(s) issued by the Real Estate Commission; (b) Developer shall have delivered to the purchaser notice of the purchaser's thirty-day right of cancellation and the purchaser shall have waived the right to cancel or shall be deemed to have waived the right to cancel in accordance with HRS §514A-62(a)(3); (c) Developer shall have affirmed to Escrow Agent that there has been no material change in the Project after the sales contract became binding, or in the event of a material change in the Project after the sales contract becomes binding, Developer shall have affirmed that Developer has delivered to the purchaser a description of the material change as required by HRS §514A-63(b); and (d) Developer shall have given Escrow Agent a written waiver of any reserved option to cancel the sales contract.

4. Return of Funds and Documents. Escrow Agent shall return to a purchaser deposited sums less Escrow Agent's cancellation fee and other costs up to a maximum of $250.00 (except in the case described in clause (d) hereinbelow), if:

(a) Developer and such purchaser instruct Escrow Agent in writing to return such funds to such purchaser; or

(b) Purchaser notifies Escrow Agent of the purchaser's exercise its right to cancel the sales contract entered into by such purchaser pursuant to HRS §514A-62; or

(c) Developer notifies Escrow Agent of Developer's exercise of the option to cancel or rescind the sales contract entered into by such purchaser pursuant to any right of cancellation or rescission provided for therein or otherwise available to Developer; or

(d) Purchaser notifies Escrow Agent of the purchaser's exercise of its right to rescind the sales contract entered into by such purchaser pursuant to HRS Section 514A-63.

5. Unclaimed Funds. Escrow Agent shall notify each purchaser entitled to a return of funds by registered, certified or regular mail. If any purchaser does not claim the refund within sixty (60) days, Escrow Agent shall deposit the funds with a bank or depository selected by Escrow Agent in the name of Developer as trustee for the purchaser. After notifying the purchaser of such deposit, Escrow Agent shall have no further obligation or liability with respect to such funds and purchaser.

6. Closing. Except for the sales contract and any note and mortgage, Escrow Agent shall arrange for and supervise the execution, recording, and delivery of all documents, as necessary, related to the Project.

7. Defects in Documents. Within five (5) business days of the date of closing, Escrow Agent shall record all documents necessary to effect the transfer of legal title to the purchaser, provided said documents are not defective in any way. If any documents are defective, Escrow Agent shall notify Developer thereof and correct such defects if they are within Escrow Agent's capacity as an escrow depository to correct. If, for any cause beyond Escrow Agent's control, the necessary documents cannot be recorded within said five (5) day period after closing, Escrow Agent shall record the same within five (5) days after learning that the reason that prevented their recording no longer exists.

8. Purchaser's Default. If a purchaser fails to make any payment to Escrow Agent when due or if a purchaser fails to perform in an matter that is being handled by Escrow Agent, Escrow Agent shall notify Developer of such failure on the part of the purchaser. If Developer certifies to Escrow Agent in writing that Developer has terminated the sales contract in accordance with the terms thereof, then Escrow Agent shall thereafter treat all funds of the purchaser paid on account of such sales contract as funds of Developer. Upon the written request of Developer, Escrow Agent shall pay such funds to Developer, less any cancellation fee. Thereafter, provided that upon written request from the party from whom documents were received, Escrow Agent returns the documents to the requesting party, Escrow Agent shall have no further obligation or liability with respect to such funds or purchaser.

9. Protection of Escrow Agent. Escrow Agent shall have no liability for acting in accordance with the terms of the Escrow Agreement, notwithstanding a notice to the contrary from Developer, any purchaser, or any third person. Escrow Agent shall not be responsible for the validity or sufficiency of any documents received by it, shall be entitled to assume that said documents have been properly executed and that any written certification or instrument from Developer is true and accurate. In the event of any dispute, difference, or conflicting demand upon Escrow Agent, Escrow Agent shall not be required to determine the same or take any action in the premises, but may await settlement of the controversy by appropriate legal proceedings or otherwise, including the resolution of an interpleader action initiated by Escrow Agent. Developer and each purchaser shall pay to Escrow Agent on demand, and indemnify and hold harmless Escrow Agent against, all costs and damages arising out of the Escrow Agreement, except for any act or omission of Escrow Agent that is not generally accepted as a reasonable business practice. Escrow Agent shall not be required to mail any notice or keep any records required under H.R.S. Chapter 514A.

10. Termination. The Escrow Agreement may be terminated by either party on fifteen (15) days' written notice to the other party.

11. Statutory Provisions Control. In the event of any conflict between the Escrow Agreement and H.R.S. Chapter 514A, the statutory provisions shall control.

12. Compensation. For each sale of a Unit closed by Escrow Agent, Escrow Agent shall be paid an escrow fee. The escrow fee shall be 50% of Escrow Agent's scheduled rate, plus the applicable Hawaii general excise tax thereon for the Unit. The premium for the standard owner's title insurance policy and ALTA lender's title insurance policy issued with respect to each Unit shall be 50% of Title Guaranty of Hawaii, Inc.'s scheduled rate for the Unit. An additional fee of $250.00 shall be charged to the purchaser for each mortgage loan obtained by the purchaser from a lender not designated by Developer. Should the purchaser obtain a mortgage loan from any out-of-state lender, a fee of $500.00 shall be charged to the purchaser for such mortgage. Escrow Agent shall be entitled to charge an additional amount if an escrow involves a 1031 Exchange and for any changes to any

closing statement or other document previously approved by Developer that are necessary after the commencement of preclosing or closing proceedings, unless said changes are necessary due to the fault of Escrow Agent.

The compensation to Escrow Agent with respect to the closing of the sale of any unit shall be due and payable upon the earlier of: (i) transfer to a purchaser of legal title to such unit; and (ii) final disbursement of the purchase price of such unit and other sums held by Escrow Agent with respect hereto.

* * * * * *

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

EXHIBIT "K"

SUMMARY OF DEED FORM

Capitalized terms have the same meaning ascribed to such terms in the Apartment Deed.

The specimen Apartment Deed, Encumbrances and Reservations of Rights With Special Power of Attorney ("Deed" or "Apartment Deed") contains, among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The premises conveyed comprise a portion of the Waipouli Beach Resort condominium property regime ("Project") situate at Waipouli and Kawaiahau, County of Kauai, State of Hawaii.

B. The Grantor is the lawful Owner of the fee simple interest in the real property and the rights to be transferred to the Grantee; the same are free and clear of and from all encumbrances except as identified in the Deed and except for the lien of real property taxes not yet by law required to be paid; the Grantor has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Grantor will WARRANT AND DEFEND the same unto the Grantee forever against the lawful claims and demands of all persons, except as mentioned in the Deed.

C. Grantee agrees and consents to the exercise by Grantor of any of its reserved rights set forth in the Deed and in the Declaration and the Partial Assignment of Developers Rights, and Grantee agrees to sign such documents and do such things as may be required to permit Grantor to exercise those reserved rights, including the signing, delivering and filing of all documents which may be necessary. Grantee appoints Grantor as Grantee's "attorney-in-fact" which means that Grantor can act for Grantee or on Grantee's behalf, with "full power of substitution," which means that someone else may take Grantor's place to sign, deliver and file all documents and to do all things on Grantee's behalf, which grant of authority, being coupled with an interest, which means that the Grantor has an interest beyond just in the power Grantee is giving, the power of attorney cannot be revoked by Grantee for the term of the reserved rights, and the power of attorney will not be affected by Grantee's disability.

D. Grantee agrees, for the benefit of all other Owners of the other Apartments in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Declaration the Bylaws and the House Rules as any of the same exist or may hereafter be amended in accordance with law, and accepts and approves of the Declaration, Bylaws and House Rules.

* * * * *

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

EXHIBIT "L"

SPECIAL USE RESTRICTIONS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

A. **APARTMENTS.** The Apartments in the Project shall be occupied and used only for purposes that are consistent with, and appropriate to, a first-class resort destination. Accordingly, the Apartments may be used for hotel, transient vacation rental purposes or commercial use (for those Apartments designated herein as a Commercial Apartments) or other uses permitted by law, the Declaration and the Bylaws that are consistent with a first-class resort destination; provided that time share plans, programs and use as defined by Hawaii Revised Statutes, Chapter 514E, as amended, are expressly prohibited at the Project. No business activity involving visitation by members of the public shall be conducted from any Resort or Hotel Apartment. Specifically, but without limitation to the generality of the foregoing, "open houses" or similar activity providing the sale of an Apartment shall be permitted at the Project for any Apartment owned by the Developer. "Open houses" or similar activity providing for the sale of any non-Developer owned Apartment shall be permitted at the Project, subject to the House Rules adopted by the Board of Directors. The Commercial Apartments may be used for any purpose permissible by law, the Declaration or the Bylaws, including, but not limited to, administrative offices, management offices, the provision of concierge services, storage, sales and marketing offices, activity desks, food and beverage services, spa and/or recreational services. The Owners of the Commercial Apartments may enter into such agreements as such Owners deem appropriate to utilize such Apartment to provide services to Owners, including, but not limited to, reservations, check in/out services, concierge services, real estate sales, interior unit maintenance, housekeeping services, recreational services, commercial spa services and food and beverage services. Each Apartment shall also have the right to use one (1) unassigned parking stall as designated by the Managing Agent. The parking program will be managed and administered by the Managing Agent.

B. **OWNERS' RIGHT TO LEASE APARTMENTS AND LIMITED COMMON ELEMENTS.** The Owners of the respective Apartments shall have the absolute right, without obtaining the consent or joinder of any other Owners, to lease or grant licenses with respect to such Apartments and the Limited Common Elements appurtenant thereto. All lease or rental agreements must be in writing and will be subject to the provisions of the Act, the Declaration and the Bylaws; provided that any Owner engaging in leasing activity shall comply with the provisions of Section 521-43(f) of the Hawaii Revised Statutes, or any successor provision.

C. **OWNERS' RIGHT TO SELL.** The Owners of the respective Apartments, including the Owner(s) of the Commercial Apartments, shall have the absolute right, without obtaining the consent or joinder of any other Owners, to sell or otherwise transfer such Apartments subject to all provisions of the Act, the Declaration and the Bylaws.

D. **OWNERS' RIGHT TO MORTGAGE.** The Owners of the respective Apartments shall have the absolute right, without obtaining the consent or joinder of any other Owners, to mortgage or otherwise transfer an interest in their respective Apartments as security for the repayment of a loan, subject to all provisions of the Act, the Declaration and the Bylaws.

E. **PROHIBITION ON ACTIVITIES THAT MAY JEOPARDIZE THE PROJECT.** No Apartment Owner shall do or suffer or permit to be done anything on any Apartment or appurtenant Limited Common Element or elsewhere on the Project that: (1) will injure the reputation of the Project, (2) will jeopardize the safety or soundness of the Project, (3) will create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, (4) will reduce the value of the Project, (5) would be inappropriate for a first-class resort destination, (6) will result in the cancellation of insurance applicable to the Project or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the Bylaws, or (7) will increase the rate of insurance applicable to the Apartments or the contents thereof, or to the Project. Notwithstanding

the foregoing, Original Developer may, through the exercise of any of its reserved rights herein, inadvertently cause one or more of the above.

F. **CHANGES TO BUILDING STRUCTURES AND APARTMENTS.** The Board shall have the right to change the exterior appearance of any Building Structure. No change shall be made which shall result in an appearance which is inconsistent with a first-class resort destination. The Board may delegate the foregoing responsibility to the Managing Agent. Except for the Owners of the Commercial Apartments, which shall have the right to change the appearance of such Apartment and any Limited Common Elements appurtenant thereto without the consent of the Board or Managing Agent, no Owner of an Apartment shall, without the prior written consent of either the Board or the Managing Agent or without first obtaining any requisite government permits or approvals, change or cause a change to the exterior appearance of an Apartment or Limited Common Element in any manner.

G. **OWNERS TO MAINTAIN APARTMENTS AND LIMITED COMMON ELEMENTS IN GOOD ORDER.** The Owner of an Apartment shall keep the interior of his or her Apartment and all appliances, plumbing, electrical and other fixtures and appurtenances constituting a part of the Apartment and the Limited Common Elements appurtenant thereto in good order and repair, and in a condition consistent with a first-class resort destination. Decisions on repairs or modifications to the Limited Common Elements shall be made by the Owners of Apartments to which such Limited Common Elements are appurtenant, subject to the provisions of Article VI, Section F of the Declaration, and subject to any additional provisions stated in the Bylaws.

H. **USE OF COMMON ELEMENTS.** Subject to the reserved rights of the Original Developer and Developer contained in the Declaration, each Apartment Owner may use the Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Apartment Owners, subject always to:

1. The approval requirements for leases or uses of the Common Elements which shall be governed by H.R.S. Section 514B-38.

2. The exclusive use of the Limited Common Elements as provided herein. Notwithstanding anything provided to the contrary, or from which a contrary intent may be inferred, neither the Board nor the Association shall have any right to change the use of or lease or otherwise use any Limited Common Element without the prior written consent of the Owners of all Apartments to which such Limited Common Element is appurtenant. The Owners of at least seventy-five percent (75%) of the Common Interests which are appurtenant to Apartments to which any particular Limited Common Element shall be appurtenant shall have the right to change the use of a particular Limited Common Element.

I. **DEVELOPER'S RIGHT TO USE.** Notwithstanding anything provided herein to the contrary, as long as there are unsold Apartments in the Project, Original Developer and Developer shall have the right to use any Apartment which it owns and any Limited Common Elements appurtenant thereto for promotional purposes, and shall have the right to have guests stay in such Apartments for any length of time; provided that such guests shall abide by and be subject to all of the provisions of the Declaration, Bylaws and House Rules. The Original Developer and Developer may grant license rights to the Limited Common Element appurtenant to any Apartment owned by the Original Developer or Developer to the Association or to a third party to the extent permissible under the law. Additionally, the Original Developer and Developer will have the right to utilize Apartments which it owns or any Limited Common Element which is appurtenant to any Apartment which it owns as sales offices or as a place which is utilized to provide services to the Owners or other occupants of the Project, to the extent such use or uses are permitted under applicable law.

J. **LAND USE PERMITS.** The Project will be subject to any additional conditions and/or use requirements set forth in that certain SMA Permit SMA(U)-2003-1, Project Development Use Permit U-2003-9 and Class IV Zoning Permit Z-IV-2003-8, approved by Kauai Planning Commission at its meeting held on March 25, 2003 pursuant to its letter issued on March 27, 2003, and any subsequent permits issued.

K. **ADA ACCESSIBLE APARTMENTS.** The Project contains certain apartments designed and constructed to meet the standards set by the Americans with Disabilities Act, 42 U.S.C. §§12181 et seq. ("ADA"). No Owner of an ADA accessible apartment shall structurally modify or alter such apartment without the prior written approval of the Original Developer. As it pertains to the ADA apartments, this Section K shall be superior to and supersede any other provision in the Declaration allowing for the alteration of an Apartment, including, without limitation, any additions or alterations permitted by Article XII.B. of the Declaration.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL USE RESTRICTIONS CONTAINED IN THE DECLARATION, BYLAWS , HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH USE RESTRICTIONS, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE PROJECT TO DETERMINE ALL OF THE USE RESTRICTIONS THAT MAY APPLY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE DECLARATION, BYLAWS, HOUSE RULES OR OTHER DOCUMENTS OF THE PROJECT, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT "M"

ADDITIONAL DISCLOSURES IN PURCHASE AGREEMENT

The following are some items that should be considered by a purchaser or that a purchaser may have objections to, which are included in the Purchase Agreement. Purchaser should carefully consider each of the following items before submitting an offer to purchase the Apartment.

1. Airflow and Wind. Air flow in, around and through the building in which the Apartment is located, the Project, and the Apartment resulting in smoke (from tobacco or other smoking substances), barbeque odors, other cooking odors, perfumes, and other odors being transmitted to the Apartment or the Project and wind or wind-related noises or nuisances that may result therefrom.

2. Building Operations. Noises, odors, chemical odors or fumes from building operations, including janitorial, maid, elevator and mechanical equipment operations, and landscape maintenance, repair and replacement activity.

3. Neighbors. Neighbors, including adjacent apartment owners, their guests and invitees, whether existing below, above or on the side of the Apartment and their respective behaviors and idiosyncrasies, whether occurring in an apartment or the common areas of the Project.

4. Adjacent Properties. Nuisances arising from adjacent commercial properties, retail and/or resort and their respective operational issues, such as trash pickup, deliveries, guests, tenants, clients and invitees, and any construction work they may perform from time to time.

5. Traffic. Nuisances arising from traffic, including noise, dust, sounds (alarms, engines, screeching tires, etc.), and exhaust fumes. The Project is located across the street from a one-story shopping center. Purchasers should be aware that as such, there may times when there may be higher traffic near the entrance of the Project.

6. Natural Occurrences. Earthquakes, tsunamis, volcanic ash or haze, whales and other animals, insects, pestilence, drought, and other natural occurrences.

7. Salt Air. Purchaser should be aware that the Project is located on the oceanfront. As such, the salt air may cause premature rusting and/or corroding of fixtures and/or personal property located in the Project. Such exposure to salt, water and sand from the ocean may also increase the amount of maintenance required in future years.

8. Public Easements and Beach. Purchaser acknowledges that the Apartment is in a building abutting a public beach. As such, the building is exposed to salt, water and sand from the ocean, which may increase the amount and nature of maintenance required in future years. Although security systems exist within the Project, the beach area is not covered by such systems, and is subject to patrol by local law enforcement agencies, and not by the Seller, the Association or any private security service. Access to the beach from adjoining beach areas cannot be physically restricted by law. Based upon these factors, there can be no guarantee of security with respect to activities on the beach, and Seller has no control over noise emanating from the public's usage of the beach. Purchaser also acknowledges that there is, or will be, a paved pedestrian public access path located along the perimeter of the Project to provide for such beach access for the public, as required by law.

9. Subdivision and Withdrawal. The Original Developer of the Project has exercised the right it reserved in the Declaration to subdivide and withdraw the Cultural Preserve Land Area, the Restaurant Land Area and the Highway Dedication Land Area (as defined in the Declaration) from the Project. The Original Developer also reserved the right in the Declaration, in its sole

discretion, to convey the Cultural Preserve Land Area, the Restaurant Area and/or the Highway Dedication Land Area to the Association, the State of Hawaii or to a third party. The Association subsequently purchased the Cultural Preserve Land and the Restaurant Areas, which land is now owned by the Association. Purchaser acknowledges that the responsibility for the care and maintenance of the Cultural Preserve Land Area and Restaurant Land Area has been transferred to the Association and the cost of such care and maintenance is borne and shared by all Apartment Owners of the Project in proportion to each owner's common interest. Purchaser further acknowledges that the Cultural Preserve Land is to be maintained in accordance with the guidelines provided to the Original Developer from the State Historic Preservation Division, the Kauai Island Burial Counsel, and Kauai Historic Preservation Review Commission.

10. Condominium Living. All of the resort/hotel apartment buildings of the Project are multi-storied. As such, there are other apartments located adjacent to, above and/or below the Apartment. While the apartments are insulated, there is some possibility of sound transmission, smells, smoke, and other possible nuisances between apartments.

11. Construction Deflection. During the course of construction of the building, certain floors may have been subject to a small degree of "deflection" from construction and settling. Deflection is a condition whereby a floor is not perfectly flat. Deflection is typical in concrete construction. In this instance, such deflection, if not treated, might be noticeable to some people. Much of the practical effect of deflection can be mitigated through the use of floor coverings.

12. Restrictions on Use. The Project is subject to the Declaration of Condominium Property Regime of Waipouli Beach Resort, the Bylaws of the Association of Apartment Owners of Waipouli Beach Resort, and the House Rules, as amended (collectively the "**Restrictions**"). FOR INFORMATION REGARDING YOUR RIGHTS AND OBLIGATIONS REGARDING, AMONG OTHER THINGS, THE USE, DECORATION AND OWNERSHIP OF YOUR APARTMENT, YOU SHOULD READ THE RESTRICTIONS. There are also other restrictions that may apply. Please refer to the Public Report(s) for particulars.

13. Accuracy of Information. The information in this Agreement and in the documents for the Project was collected from sources deemed to be reliable. Seller has made every effort to obtain the most recent and accurate information; however, Seller cannot be responsible for changes brought about by third parties, including changes by the Association or its Board of Directors, neither of which is controlled by the Seller.

14. Insurance. It is the Purchaser's responsibility to determine if any type of insurance is required for the Apartment, and it is the Association's responsibility to determine if any type of insurance is required for the common elements of the Project. If any insurance is required, the Purchaser and/or the Association is responsible for obtaining same.

15. Dimensions. Purchaser is aware that dimensions and locations in the Apartment and the building and common areas are approximate only, and there may be minor adjustments to those dimensions and locations.

16. Potential Future Development. No representation or warranty is made by Seller or its representatives or agents regarding the presence or absence of any view or scene from any portion of the building in which the Apartment is located. Any such view or scene may be changed, blocked or interfered with. Among other things, certain nearby parcels, including in particular the Restaurant Parcel, may be further developed.

17. Stream Maintenance. The State of Hawaii Department of Transportation ("**DOT**") currently has an easement over a lot on the south side of the Project to maintain Uhelekawawa Stream. Such easement, however, may encroach onto the Project. Purchasers acknowledge that the DOT's use of the maintenance easement may cause possible noise and nuisance at the Project.

18. Reserved Rights. The Original Developer reserved certain rights under the Declaration, which the Purchaser should read carefully. Some of those reserved rights were assigned to Seller by way of Partial Assignment of Developer Rights recorded as Document No. 3925211.

19. Easements. Access, utility, drain, electrical, detector loop and landscape easements affecting the land of the Project have been designated and/or granted. Without limitation, Lots 1-C (commonly known as the Restaurant Land Area) and Lot 1-D (commonly known as the Cultural Preserve Land Area) have access through the Project. Additionally, the Project abuts the beach and public shoreline and cultural access parking is provided on an adjoining Lot 1-C, with access to such parking through the Project.

20. SMA/Tsunami. The project is in a special management area and within the tsunami zone.

21. Price. Purchaser acknowledges that the price of the Apartment has taken into account the disclosures contained herein.

22. Amendment to the Bylaws and House Rules. The Bylaws and House Rules have been amended to prohibit smoking and secondhand smoke anywhere on the Project. There is NO designated smoking area.

23. Representations or Warranties. Purchaser acknowledges that no broker or salesperson has the authority to make any representation or warranty regarding the Apartment, the building or this transaction, other than as set forth in this Agreement. No other representations or warranties have been made, except as follows (if none, write "None"):