CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: CL Ocean Villas, LLC
Business Address: c/o 69-1029 Nawahine Place, Waikoloa, Hawaii 96738

Project Name(*): HALI'I KAI (Report covers Phase V consisting of 41 of 193 apartments)**
Address: 69-1029 Nawahine Place, Waikoloa, Hawaii 96738 (temporary)

Registration No. 5671

Effective date: July 5, 2007
Expiration date: August 5, 2008

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 _____

X **THIRD SUPPLEMENTARY: (pink)** This report updates information contained in the:
- [ ] Preliminary Public Report dated: _____
- [ ] Final Public Report dated: _____
- [X] Supplementary Public Report dated: April 24, 2007

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 193 apartments. Of these apartments, 56 apartments are covered by the Final Public Report for Phase I (Reg. No. 5723) issued by the Commission on October 28, 2005, as supplemented by the Supplementary Public Report for Phase I issued by the Commission on January 25, 2006; 16 apartments are covered by the Final Public Report for Phase IIA (Reg. No. 5891) issued by the Commission on February 21, 2006; 16 apartments are covered by the Final Public Report for Phase IIB (Reg. No. 5724) issued by the Commission on June 13, 2006; 32 apartments are covered by the Final Public Report for Phase III (Reg. No. 5892) issued by the Commission on February 24, 2006; 32 apartments are covered by the Final Public Report for Phase IV (Reg. No. 5911) issued by the Commission on March 14, 2006; and 41 apartments are covered by the Final Public Report for Phase V (Reg. No. 5671) issued by the Commission on June 22, 2006. This Supplementary Public Report for Phase V shall, for marketing and sales purposes, cover 41 of the 193 apartments as follows: 1A through 1H, 2A through 2H, 19A through 19H, 20A through 20H, 21A through 21H, and Recreational Apartment 1.

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 Supplementary Public Report are as follows:

1. A Fifth Amendment was recorded which incorporates revised condominium map pages for the renumbering of certain parking stalls in the project.

2. An updated title search has been obtained and Exhibit "G" has been revised to update the list of encumbrances.

SPECIAL NOTICE

Resale of Apartments. Apartments within the Project are subject to a One-Year Resale Restriction Agreement. If an Apartment is transferred during the one-year restriction period, the violating Apartment Owner shall pay to the Developer, as liquidated damages, fifty percent (50%) of the net proceeds of the sale.

SPECIAL NOTICE

On June 17, 2005, the Commission issued an effective date for a Preliminary Public Report under Registration No. 5671 for Hali'i Kai, consisting of a total of 192 apartments. The Project has subsequently been reconfigured with a separate free-standing building formerly characterized as a common element of the Project being redesignated as an additional apartment. The Project now consists of a total of 193 apartments.

Of these apartments, 56 apartments are covered by the Final Public Report for Phase I (Reg. No. 5723) issued by the Commission on October 28, 2005, as supplemented by the Supplementary Public Report for Phase I issued by the Commission on January 25, 2006; 16 apartments are covered by the Final Public Report for Phase IIA (Reg. No. 5891) issued by the Commission on February 21, 2006; 16 apartments are covered by the Final Public Report for Phase IIB (Reg. No. 5724) issued by the Commission on June 13, 2006; 32 apartments are covered by the Final Public Report for Phase III (Reg. No. 5892) issued by the Commission on February 24, 2006; 32 apartments are covered by the Final Public Report for Phase IV (Reg. No. 5911) issued by the Commission on March 14, 2006; and 41 apartments are covered by the Final Public Report for Phase V (Reg. No. 5671) issued by the Commission on June 22, 2006. This Supplementary Public Report for Phase V shall, for marketing and sales purposes, cover 41 of the 193 apartments.

The completion date for all 193 apartments is estimated to be June 30, 2008.

This Supplementary Public Report covers only the following 41 apartments in the Project:

1A through 1H, 2A through 2H, 19A through 19H, 20A through 20H, 21A through 21H, and Recreational Apartment 1.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment 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: CL Ocean Villas, LLC, a Delaware limited liability company **
Name*
c/o 69-1029 Nawahine Place
Business Address
Waikoloa, Hawaii 96738

Phone (808) 886-8270
(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):

LJR Kamalani LLC, a Delaware limited liability company (member)
Centex Homes, a Nevada general partnership, dba Centex Destination Properties (managing member)

Real Estate Broker*: Centex Homes, dba Centex Destination Properties **
Name
69-1029 Nawahine Place
Business Address
Waikoloa, Hawaii 96738

Phone: (808) 886-8270
(Business)

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

Phone: (808) 533-6261
(Business)

General Contractor*: Centex Homes **
Name
69-1029 Nawahine Place
Business Address
Waikoloa, Hawaii 96738

Phone: (808) 886-8270
(Business)

Condominium Managing Agent*: Royal Hawaiian Resorts, LLC, dba RHR Management
Name
1953 S. Beretania Street, 4th Floor
Business Address
Honolulu, Hawaii 96826

Phone: (808) 791-4581
(Business)

Attorney for Developer: Imanaka Kudo & Fujimoto LLLC
Name
745 Fort Street, 17th Floor
Business Address
Honolulu, Hawaii 96813
Attn: Mitchell A. Imanaka, Esq.

Phone: (808) 521-9500
(Business)

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

** See Exhibit "N"

Directors / Officers Report

As of 6/28/2005

CENTEX REAL ESTATE CORPORATION *

Directors

Timothy R. Eller	Director
Robert D. Hillmann	Director
Andrew J. Hannigan	Director

Officers

Andrew J. Hannigan	Chairman of the Board, President and Chief Executive Officer
Joel C. Sowers Jr.	Executive Vice President
Robert D. Hillmann	Executive Vice President - Operations Development
J. Andrew Kerner	Senior Vice President and Chief Financial Officer
Donald R. Westfall	Vice President, General Counsel and Assistant Secretary
Brian J. Woram	Vice President and Secretary
Jordan H. Mintz	Vice President
Melvin M. Chadwick	Vice President - Finance, Treasurer and Assistant Secretary
W. Russell Toates	Regional General Counsel and Assistant Secretary
Deborah L. Godley	Assistant Vice President
Gail M. Peck	Assistant Treasurer
Rebecca L. Arredondo	Assistant Secretary
Kathleen B. Snyder	Assistant Secretary
Mary E. Steigman	Assistant Secretary
Leona L. Hammond	Chief Financial Officer (Centex Destination Properties) and Assistant Secretary
Joseph J. Arcisz III	President (Centex Destination Properties-Central Division)
Jason F. Longo	Controller (Centex Destination Properties-Central Division) and Assistant Secretary
John P. Lenihan	President (Centex Destination Properties-East Division)
Daniel E. Calton	Chief Financial Officer (Centex Destination Properties-East Division) and Assistant Secretary
Lyndi K. Freund	Controller (Centex Destination Properties-East Division) and Assistant Secretary
Bruce N. Sloan	President (Centex Destination Properties-Hawaii Division)
Christine L. Holguin	Controller (Centex Destination Properties-Hawaii Division) and Assistant Secretary
Paul J. Stashick	President (Centex Destination Properties-West Division)
Christina D. Alvarez	Chief Financial Officer (Centex Destination Properties-West Division) and Assistant Secretary

* Centex Real Estate Corporation, a Nevada corporation, is the general partner of Centex Homes, a Nevada general partnership, the managing member of CL Ocean Villas, LLC.

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is: *

[ ] Proposed
[X] Recorded -Bureau of Conveyances: Document No 2005-131507
Book_____Page_____
[ ] Filed - Land Court: Document No._____

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 Hali'i Kai and Condominium Map dated July 26, 2005 and recorded at said Bureau as Document No. 2005-150273.

Second Amendment to Declaration of Condominium Property Regime of Hali'i Kai dated September 8, 2005 and recorded at said Bureau as Document No. 2005-182402.

Third Amendment to Declaration of Condominium Property Regime of Hali'i Kai and Condominium Map dated December 10, 2005 and recorded at said Bureau as Document No. 2005-255471.

Correction to Third Amendment to Declaration of Condominium Property Regime of Hali'i Kai and Condominium Map dated January 13, 2006 and recorded at said Bureau as Document No. 2006-009860.

Fourth Amendment to Declaration of Condominium Property Regime of Hali'i Kai and Condominium Map dated March 27, 2007 and recorded at said Bureau as Document No. 2007-060707.

Fifth Amendment to Declaration of Condominium Property Regime of Hali'i Kai and Condominium Map dated May 10, 2007 and recorded at said Bureau as Document No. 2007-095438.

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

The Condominium Map for this condominium project is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances Condo Map No. 4021
[ ] Filed - _____

The Condominium Map 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 Hali'i Kai and Condominium Map dated July 26, 2005 and recorded at said Bureau as Document No. 2005-150273.

Third Amendment to Declaration of Condominium Property Regime of Hali'i Kai and Condominium Map dated December 10, 2005 and recorded at said Bureau as Document No. 2005-255471.

Fourth Amendment to Declaration of Condominium Property Regime of Hali'i Kai and Condominium Map dated March 27, 2007 and recorded at said Bureau as Document No. 2007-060707.

Fifth Amendment to Declaration of Condominium Property Regime of Hali'i Kai and Condominium Map dated May 10, 2007 and recorded at said Bureau as Document No. 2007-095438.

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[X] Recorded -Bureau of Conveyances: Document No. 2005-131508
Book_____Page_____
[ ] Filed - Land Court: Document No._____

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

Note: Purchasers should also be aware that the following Master Declarations are also applicable to the Project and should make careful review of such Master Declarations as such declarations may contain additional restrictions and obligations affecting the Project:

1. Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort, Liber 14670 Page 531, as amended and supplemented.

2. Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort Conference, Liber 14670 Page 631, as amended and supplemented.

See Exhibit "M" for a summary of the Master Declarations.

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

* A copy of the House Rules is on file with the Real Estate Commission, and therefore, is available for purchasers to examine.

E. **Changes to Condominium Documents**

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	75%
Bylaws	65%	67%
House Rules	---	By a 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.

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"

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): _____

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: 69-1029 Nawahine Place, Waikoloa, Hawaii 96738 (temporary)

Tax Map Key (TMK): (3) 6-9-10:001

[X] Address [X] TMK are expected to change because the County of Hawaii has approved the developer's consolidation of Lots (3) 6-9-10:1-33, 35 and 36 upon which the developer will develop the condominium property regime. The consolidated lot has been assigned the new TMK indicated above. Also upon condominiumization, each apartment will eventually be assigned a separate number. No permanent address has yet been assigned to the Project.

Land Area: 28.37 [ ] square feet [X] acre(s)

Zoning: RM-1.5 and RM-3 (Multiple-Family Residential Districts)

Fee Owner: CL Ocean Villas, LLC
Name

Lessor: N/A
Name

Business Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 26* Floors Per Building 1-3*

[X] Exhibit "D" contains further explanations.

*Twenty-four (24) 8-plex three-story buildings, one (1) one-story Recreational Apartment building, one (1) one-story exercise pavilion.

3. Principal Construction Material:

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

[X] Other Steel, glass, flooring material, drywall, asphalt

4. Uses Permitted by Zoning:

		No. of Apts.	Use Permitted By Zoning	
[X]	Residential	192**	[X]Yes	[ ]No
[ ]	Commercial	___	[ ]Yes	[ ]No
[ ]	Mix Res/Comm	___	[ ]Yes	[ ]No
[ ]	Hotel	___	[ ]Yes	[ ]No
[ ]	Timeshare	___	[ ]Yes	[ ]No
[ ]	Ohana	___	[ ]Yes	[ ]No
[ ]	Industrial	___	[ ]Yes	[ ]No
[ ]	Agricultural	___	[ ]Yes	[ ]No
[X]	Recreational	1 ***	[X]Yes	[ ]No
[ ]	Other	___	[ ]Yes	[ ]No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

[X] Yes [ ] No

** Located in twenty-four (24) 8-plex three-story buildings.
Although Hali'i Kai condominium project is comprised of a total of 192 residential apartments, this Final Public Report only covers those 40 residential apartments further identified on page 1 hereof and in Exhibit "D" attached hereto.

*** Located in one (1) one-story building. The Recreational Apartment is a permissible use in the RM district as an accessory use to the residential apartments and is covered by this Final Public Report.

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: Pets will not be permitted to be kept within the Project; provided that certified seeing eye dogs, signal dogs and service dogs for physically impaired persons are permitted.

[ ] Number of Occupants:_____

[X] Other: See Exhibit "L," House Rules

[ ] There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 (other than within the apartments) Trash Chutes: 0

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

Total Number of Apartments: 193

*** Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls. See Exhibit "D" for details.**

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"

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

7. Parking Stalls:

Total Parking Stalls: 424

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)*	192	93				116	401
Guest **		22					22
Unassigned							
Extra Purchase							
Other: ***		1					1
Total Covered & Open:	192	116	0		116		424

* Each Apartment will have the exclusive use of 1 covered stall located within the detached covered garage or carport located adjacent to or near the building in which their apartment is located ("Covered Stall") and 1 open stall located directly in front of such owners assigned Covered Stall or on the roadways within the Project, as depicted on the Condominium Map. The Recreational Apartment shall have the exclusive use of seventeen (17) open parking stalls, thirteen (13) of which are located in its limited common element parking area and four (4) of which are located near Building 1. Three (3) of the parking stalls assigned to the Recreational Apartment are handicap accessible.

** The location of the guest stalls are also depicted on the Condominium Map. Of the twenty-two (22) shared guest stalls available for use by guests of all Apartment Owners, seven (7) are handicap accessible.

*** There is one (1) loading stall within the Project, as depicted on the Condominium Map. There is one (1) loading zone located within the limited common element parking area of the Recreational Apartment.

[ ] 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.

[ ] Swimming Pools [ ] Storage Area [ ] Recreation Area

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

[ ] Other: _____

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

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

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

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

Not Applicable

**** The Project will contain certain recreational facilities such as swimming pool areas and a barbeque area. However, such areas will be limited common elements appurtenant to the Recreational Apartment that will be owned by the Developer, an affiliate of the Developer or an unrelated third-party. Owners will have the ability to utilize the recreational facilities pursuant to membership in the Hali'i Kai Club. Owners shall be required to pay Club Dues for such usage, estimates of which are set forth in Exhibit "H". Buyers should review page 20a of this report for further information about the use of the recreational facilities of the Project.

11. Conformance to Present Zoning Code

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

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

[X] described in Exhibit "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" *.

[ ] as follows:

* Note: Land areas referenced herein are not legally subdivided lots.

3. Common Interest: Each apartment will have an undivided percentage 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".

[ ] 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 the title contained in the title report dated May 22, 2007 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

Blanket liens (except for improvement district or utility assessments) must be released before the Developer conveys the apartment to a buyer. 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**
* The developer contemplates obtaining a loan to finance construction of the Project. The loan will be secured by a mortgage, which will be released as to the apartments being conveyed. If there is a default and foreclosure of the mortgage prior to conveyance, the buyer may lose the right to buy the Apartment, but will be refunded his/her deposit(s).	

F. **Construction Warranties:**

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

1. Building and Other Improvements:

The Developer will provide to purchaser a two (2) year "fit and finish" warranty and a one (1) year warranty on the common elements to the Association from the date of turnover.

2. Appliances:

The Developer will pass on the manufacturers' or other vendors' warranties made to it, if any, on any appliances included as part of the apartment being conveyed.

Note (as to 1 and 2 above): Except as provided above, Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship and any other express or implied warranties, with respect to the apartments, the Project, the common elements thereof, or as to any appliances and furnishings contained within the apartments or the Project.

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

The Developer estimates, but does not guarantee, that the Project will be completed on June 30, 2008. Completion of all apartments in the Project is dependent on market demand, construction schedules and other variables.

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 Developer has separated the apartments covered by the Preliminary Public Report (Reg. No. 5671) for the Project into separate groups, or phases.

Phase I (consisting of 56 apartments) is covered by the Final Public Report (Reg. No. 5723) issued by the Commission on October 28, 2005, as supplemented by the Supplementary Public Report for Phase I issued by the Commission on January 25, 2006.

Phase IIA (consisting of 16 apartments) is covered by the Final Public Report (Reg. No. 5891) issued by the Commission on February 21, 2006.

Phase IIB (consisting of 16 apartments) is covered by the Final Public Report (Reg. No. 5724) issued by the Commission on June 13, 2006.

Phase III (consisting of 32 apartments) is covered by the Final Public Report (Reg. No. 5892) issued by the Commission on February 24, 2006.

Phase IV (consisting of 32 apartments) is covered by the Final Public Report (Reg. No. 5911) issued by the Commission on March 14, 2006.

Phase V (consisting of 41 apartments) is covered by the Final Public Report (Reg. No. 5671) issued by the Commission on June 22, 2006.

In accordance with Article XXVIII of the Declaration, the Developer intends to register the Project in multiple marketing and construction phases. Also, in accordance with the Developer's reserved rights in the Declaration, a summary of which is attached as Exhibit "A", there is no guaranty that the phases not covered under a Final Public Report, or the Recreational Facilities, or any other improvements in the Project will be developed.

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:
Royal Hawaiian Resorts, LLC, dba RHR Management.

[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, your apartment may be liened and 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 initial maintenance fees and maintenance fee disbursements (subject to change). *

THE AMOUNTS SET FORTH IN SAID EXHIBIT "H" ARE ESTIMATES ONLY AND MAY CHANGE FOR REASONS BEYOND THE CONTROL OF THE DEVELOPER. SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY THE DEVELOPER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES.

*Note that also included in the maintenance fees for the Project are maintenance fees imposed by the Waikoloa Resort Association through the Master Declarations (described on page 6 herein). Purchasers should carefully review such Master Declarations to become familiar with the rights and obligations imposed therein.

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 (basic) **
[X] Other: telephone **

** common elements 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 Deposit Receipt, Reservation Agreement and/or Sales Contract
Exhibit "I" contains a summary of the pertinent provisions of the Deposit Receipt, Reservation Agreement and/or Sales Contract.

[X] Escrow Agreement dated April 27, 2005.

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, as amended.
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: Master Declarations (described on page 6 herein); Hali'i Kai Reserve Study; Hali'i Kai Club Membership Plan; Hali'i Kai Club Resort Membership Agreement; Hali'i Kai Club Rules and Regulations.

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. 5671 filed with the Real Estate Commission on May 11, 2005.

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. Master Declarations. In addition to the Declaration of Condominium Property Regime of Hali'i Kai, purchasers of apartments in the Project will be subject to that certain Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort dated as of April 1, 1980, recorded at the Bureau of Conveyances of the State of Hawaii in Liber 14670 at Page 531, as the same may be amended and/or supplemented from time to time; and that certain Declaration of Protective Covenants, Conditions and Restrictions for Waikoloa Beach Resort Conference dated as of April 1, 1980, recorded in said Bureau in Liber 14670 at Page 631, as the same may be amended and/or supplemented from time to time (collectively "Master Declarations"). Purchasers should pay special attention to additional design restrictions and design review processes imposed by such Master Declarations.

By way of such Master Declarations, purchasers of the Project will be deemed to have membership in the Waikoloa Resort Association and the Waikoloa Beach Resort Conference and, as such, will be subject to certain obligations, including but not limited to, the obligation to pay all assessments imposed by such Master Declarations, which are included in the Project's maintenance fees. All purchasers should review the Master Declarations for any additional obligations.

2. Special Management Area. The Project is located within a Special Management Area under Hawaii Revised Statutes Chapter 205A, Part II, which generally requires that certain types of development may require application and issuance of a Special Management Area use permit. The Planning Commission of the County of Hawaii issued Special Management Area Use Permit No. 25 on March 4, 1977, as amended on January 19, 2001, which permits development of the Project. The Special Management Area permit issued by the County of Hawaii establishes certain conditions for the Project, and will be available for review on request.

3. Affiliates of Developer. Prospective purchasers are hereby advised that Centex Homes, dba Centex Destinations Properties, a member entity of the Developer of the Project, is also licensed to and has been retained to act as the Real Estate Broker and the General Contractor for the Project. See Exhibit "N".

4. Construction and Marketing in Phases. The Developer, for registration purposes, intends to separate the total apartments initially covered in the Preliminary Public Report for the Project into groups covered by multiple Contingent Final or Final Public Reports in order to accommodate changing construction and/or marketing strategies.

Phase I (consisting of 56 apartments) is covered by the Final Public Report (Reg. No. 5723) issued by the Commission on October 28, 2005, as supplemented by the Supplementary Public Report for Phase I issued by the Commission on January 25, 2006.

Phase IIA (consisting of 16 apartments) is covered by the Final Public Report (Reg. No. 5891) issued by the Commission on February 21, 2006.

Phase IIB (consisting of 16 apartments) is covered by the Final Public Report (Reg. No. 5724) issued by the Commission on June 13, 2006.

Phase III (consisting of 32 apartments) is covered by the Final Public Report (Reg. No. 5892) issued by the Commission on February 24, 2006.

Phase IV (consisting of 32 apartments) is covered by the Final Public Report (Reg. No. 5911) issued by the Commission on March 14, 2006.

Phase V (consisting of 41 apartments) is covered by the Final Public Report (Reg. No. 5671) issued by the Commission on June 22, 2006.

The Developer makes no guaranty or warranty that all of the currently-planned buildings or the Recreational Facilities, as defined in the Declaration and as depicted on the Condominium Map, or the improvements in the Project, will be developed at all. Purchasers should thus be aware that all of the apartments in the Project, as described in the Project documents, will be closing at different times (depending on the final number selected by Developer to be constructed), and will be closing in phases over a period of time coinciding with the decision to construct, the obtaining of building permits, financing, bonds and issuance of building permits for each phase.

The Developer hereby discloses that although separate Final Public Reports have been issued for each phase of the Project, all 193 apartments, or lesser number actually constructed, 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 public report purposes. Accordingly, the common elements described in Exhibit "D" attached hereto will serve all apartments actually constructed.

5. Developer to Pay Actual Costs of Project. The Developer hereby discloses that it shall initially assume the actual common expenses of the Project, pursuant to Section 514A-15 of the Hawaii Revised Statutes, from the date upon which certificates of occupancy are issued for the respective apartments of the Project. Accordingly, no apartment owner shall be obligated to pay his or her respective share of the common expenses until the Developer files a written statement ("Notification") with the Real Estate Commission of the State of Hawaii ("Commission") notifying the Commission and all apartment owners of the Project that, after a date certain ("Transition Date"), each apartment owner shall thereafter be obligated to pay for the respective share of common expenses allocated to said owner's apartment. The Notification shall be filed with the Commission at least thirty (30) days prior to the Transition Date, and a copy of said amendment shall be delivered to each of the apartment owners whose maintenance expenses were assumed by the Developer.

6. Design Committee. The Project will have a Design Committee, as described in the Bylaws, which will be established by the Association to promulgate design rules and regulations and regulate the apartment owners' compliance with such design rules and regulations.

7. Real Property Tax Assessment. Developer shall be responsible for any real property taxes attributable to the property prior to closing. Any real property taxes paid in advance by Developer for the property will be prorated as a closing cost payable by purchaser pursuant to the Sales Contract.

8. Subdivision/consolidation. The County of Hawaii has approved developer's consolidation of lots (3) 6-9-10:1-33, 35 and 36 upon which this Project is situated and has assigned the newly consolidated lot the Tax Map Key No. (3) 6-9-10:001. The developer intends to convey Lot 34 to a third party or to the Association and intends to develop on such lot a management office and additional guest and/or staff parking to service the Project.

9. Use of Recreational Facilities; Club Program. The Recreational Facilities within the Project, including, without limitation, the pool areas and the barbeque areas, are limited common elements appurtenant to the Recreational Apartment, and as such, the use of the Recreational Facilities are exclusively reserved to the Recreational Apartment. The Developer, its affiliate, or a third party will own the Recreational Apartment.

Owners will be permitted to use the Recreational Facilities through a Resort Membership in the Hali'i Kai Club. Resort Memberships shall be mandatory for all Residential Apartment Owners and all Residential Apartment Owners shall be responsible for the payment of associated Club Dues, which shall be tied to the actual maintenance and related expenses for the operation of the Recreational Facilities. The Projected Maintenance Fees in the attached Exhibit "H" includes an estimate of the Club Dues payable by each Residential Apartment. The amounts indicated are estimates only, and are subject to change.

Resort Memberships shall be transferable only to subsequent owners of the Residential Apartments. Residential Apartment Owners shall not be relieved of their obligation to pay Club dues through waiver of the use of the Recreational Facilities or suspension from the Hali'i Kai Club.

The Hali'i Kai Club shall be governed by the rules and regulations promulgated by the Owner of the Recreational Apartment, which rules and regulations shall be subject to the Declaration and Master Declarations. Prospective purchasers should carefully review the Hali'i Kai Club Membership Plan, Resort Membership Agreement and Rules and Regulations to familiarize themselves with the Hali'i Kai Club.

10. Waikoloa Beach Golf Course. Prospective purchasers are hereby advised that the Project is adjacent to the Waikoloa Resort Beach Golf Course, a privately-owned public golf course ("Golf Course"). Each Owner, by accepting or acquiring title or interest in the Project shall be deemed to acknowledge and accept the fact that (i) while such closeness to the Golf Course can be beneficial, it also involves certain risks; (ii) activities related to the Golf Course, including but not limited to, tournaments, parties, luaus, concerts and other social activities, may be held on the Golf Course; (iii) the Golf Course is a private facility that is open to the public and that Grantee will not automatically be entitled to any membership or other special privileges as a result of acquiring an apartment in the Project; and (iv) the proximity of the Golf Course to the Project may result in nuisances or hazard to persons, including tenants and guests of the purchaser, as a result of such Golf Course operations and activities. By accepting an apartment deed assumes any and all risks associated with the foregoing and the location of the Project in relation to the Golf Course.

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.

CL OCEAN VILLAS, LLC, a Delaware limited liability company

By CENTEX HOMES, a Nevada general partnership
Its Managing Member

By CENTEX REAL ESTATE CORPORATION, a Nevada corporation
Its Managing Partner

By _____
Name: Bruce N. Sloan
Its: President, Hawaii Division

"Developer"

May 10, 2007
Date

Distribution:

Department of Finance, County of Hawaii
Planning Department; County of Hawaii

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

EXHIBIT "A"

RIGHTS RESERVED BY DEVELOPER

Among other rights, the Developer will have the following reserved rights with respect to the Project that 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 AND/OR RECEIVE EASEMENTS. Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2026 and in accordance with Article XX of the Declaration, to delete, cancel, relocate, realign, reserve, designate, grant and receive any and all easements and rights of way over, under, through, across and upon the Common Elements (including the Limited Common Elements) and the Land, and to receive any and all easements over any other adjacent or adjoining property, as necessary or desirable in Developer's sole discretion, including, but not limited to, easements and/or rights of way for utilities, cesspools, sanitary and storm sewers, cable television, telecommunications systems, refuse disposal, driveways, parking areas, roadways and easements and/or rights of way necessary to exercise any of its reserved rights in the Declaration; provided, however, that such easements and/or rights of way 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 AND/OR EXPAND, SUBDIVIDE AND CONSOLIDATE APARTMENTS. Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2026, as provided in Article XXI of the Declaration, without obtaining the approval of any party with an interest in the Project, including, without limitation, any other Owner and/or mortgagee, and including the Design Committee, 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; and recalculate the Common Interest appurtenant to each Apartment upon subdivision and/or consolidation. Furthermore, if Developer is the Owner of any two (2) or more 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, without limitation, any other Owner and/or mortgagee, to consolidate such 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 reasonable 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.

C. RESERVED RIGHT TO RECHARACTERIZE LIMITED COMMON ELEMENTS. Developer does hereby further reserve the right unto itself, its successors and assigns, to and until December 31, 2026, to amend the Declaration to recharacterize certain Limited Common Elements as may be appurtenant to an Apartment owned by Developer as being Common Elements of the Project. The right to amend the aforesaid Declaration, and to effect the recharacterization of any Limited Common Element as provided in this paragraph shall be exercised in accordance with Article XXIII of the Declaration.

D. RESERVED RIGHT TO MODIFY PROJECT. Developer does hereby further reserve the right unto itself, its successors and assigns, to and until December 31, 2026, to effect such modifications to Apartments and Common Elements in the Project and/or to execute, record and deliver any amendments to the Declaration and the Condominium Map, Bylaws, House Rules and/or Design Committee Rules (if any) for the Project, as may be necessary or required by Developer, in its sole discretion, to effect compliance by the Project, the Association or Developer, with laws which apply to the Project, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§3601 et seq., including any and all rules and regulations promulgated thereunder. 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 XXIV of the Declaration.

E. RESERVED RIGHT TO REDESIGNATE LIMITED COMMON ELEMENTS AS APPURTENANT TO OTHER APARTMENTS. Developer does hereby further reserve the right unto itself, its successors and assigns, to and until December 31, 2026, to amend the Declaration to designate certain Limited Common Elements as may be appurtenant to certain Apartments owned by Developer as being appurtenant to another Apartment or Apartments owned by the Developer. The right to amend the aforesaid Declaration and to effect the designation of any Limited Common Element appurtenant to certain Developer-owned Apartments as being appurtenant to another Developer-owned Apartment or Apartments shall be exercised in accordance with Article XXV of the Declaration.

F. RESERVED RIGHT TO SUBDIVIDE AND/OR CONSOLIDATE AND/OR WITHDRAW LAND. Developer does hereby further reserve unto itself, its successors and assigns, the right, to and until December 31, 2026, to subdivide and/or consolidate and/or withdraw from the operation of the Declaration portions of the Land underlying the Project, and to convey such withdrawn portions to itself or to one or more third parties. The right to subdivide and/or consolidate and/or withdraw and convey portions of the Land underlying the Project as provided in this paragraph shall be exercised in accordance with Article XXVI of the Declaration.

G. RESERVED RIGHT TO CONDUCT SALES ACTIVITIES. Developer does hereby further reserve the right unto itself and its brokers, sales agents and other related persons, to conduct extensive sales activities at the Project and from any Apartment owned by Developer, which right shall include, without limitation, showing the Project to potential buyers, the use of model Apartments, sales and management offices, permitting potential buyers to stay in Apartments owned by Developer and the use of banners, signs or other extensive sales displays at the Project, and to utilize the Common Elements for functions relating to the sale of Apartments in the Project during the time periods specified in Article XXVII of the Declaration. Such sales activities may include the initial sale and resale of Apartments. Owner acknowledges that the sales activities may result in noise and nuisances, and consents to such activity by Developer, and further waives, releases and discharges any rights, claims or actions such party may acquire against Developer, its brokers, sales agents, employees and lenders, and their respective successors and assigns as a result of any such activity or activities.

H. RESERVED RIGHT TO CONSTRUCT THE PROJECT IN PHASES. Developer does hereby further reserve the right unto itself, its successor and assigns, to and until December 31, 2026 (or such other date as may be established by the Developer in its sole discretion) to construct the Project in two or more phases. In connection with such right, Developer 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 the Bureau covering such apartment. The right to construct the Project in two or more phases shall be exercised in accordance with Article XXVIII of the Declaration.

I. RESERVED RIGHT TO DEVELOP AND CONSTRUCT OR NOT TO DEVELOP AND CONSTRUCT BUILDINGS AND/OR RECREATIONAL FACILITIES AT THE SAME TIME OR AT ALL. Developer does hereby reserve unto itself, its successors and assigns, to and until December 31, 2026 (or such other date as may be established by the Developer in its sole discretion), the right to, at any time and from time to time complete construction of all buildings, the Recreational Facilities and other improvements in the Project. The Developer does not represent or warrant that all buildings, the Recreational Facilities and/or improvements described in the Condominium Map will be developed, nor shall anything herein require the Developer to develop all of the buildings, improvements and/or the Recreational Facilities described in the Condominium Map. Developer shall also have the accompanying right to enter upon the property 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, 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, the Recreational Facilities or other improvements at a later time or not at all shall be exercised in accordance with Article XXIX of the Declaration.

J. RESERVED RIGHT TO CONSTRUCT GARAGES AND CARPORT STRUCTURES. Developer does hereby reserve unto itself, its successors and assigns, to and until December 31, 2026, the right to construct and maintain garage and carport structures anywhere within the Project, including, without limitation, within any Limited Common Element area of the Project; provided that the construction of such garages and carports shall not

adversely impact or impair the square footage of any Apartment in the Project. The reserved right to construct and maintain garage and carport structures shall be exercised in accordance with Article XXX of the Declaration.

K. **RESERVED RIGHT TO CONSTRUCT WALKWAYS THROUGH COMMON ELEMENTS.** Developer does hereby reserve unto itself, its successors and assigns, in accordance with Article XXXI of the Declaration, to and until December 31, 2026, the right to construct walkways throughout the Common Elements of the Project. Such walkways shall be for the use and enjoyment of the Apartment Owners.

L. **RESERVED RIGHT TO ALTER THE NUMBER OF APARTMENTS AND/OR BUILDINGS IN THE PROJECT.** Developer does hereby reserve unto itself, its successors and assigns, to and until December 31, 2026 (or such other date as may be established by the Developer in its sole discretion), to reduce or increase the number of Apartments in the Project, notwithstanding anything provided to the contrary, and except as otherwise provided by law. Developer shall further reserve the accompanying right to record and file amendments to the Declaration and Condominium Map describing the revised description of the Apartments that comprise the Project and the undivided percentage common interest appurtenant to the Apartments as a result of the reduction or increase in the total number of Apartments. The reserved right to alter the number of Apartments and/or buildings in the Project shall be exercised in accordance with Article XXXII of the Declaration.

M. **RESERVED RIGHT REGARDING SPECIAL MANAGEMENT AREA PERMIT.** The Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2026, as provided in Article XXXIII of the Declaration, to amend the Declaration, to enter into any agreements and to grant easements and to do all things necessary and convenient to satisfy the requirements of any Special Management Area Permit pertaining to the Project, including, without limitation, Special Management Area Permit No. SMA-25 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.

N. **RESERVED RIGHT REGARDING ARCHAEOLOGICAL EASEMENTS.** The Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2026 (or such other date as may be established by the Developer in its sole discretion), as provided in Article XXXIV of the Declaration, to enter into any agreements and to do all things necessary to satisfy all requirements with respect to the Archaeological Easements imposed by the State of Hawaii, County of Hawaii or any other governmental agency, or any other law, ordinance, rule or regulation.

O. **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, its successors and assigns, to and until December 31, 2026, the right to do all things necessary and proper to facilitate the development of any adjoining parcel of land owned by Developer ("Adjoining Parcels"), as Developer deems appropriate in its sole discretion, to convey the fee simple title in and to any or all of the Adjoining Parcels to the Association, 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 Adjoining Parcels. This right shall be exercised as provided in and in accordance with Article XXXV of the Declaration.

P. **RESERVED RIGHT TO INSPECT THE CONDITION OF THE COMMON ELEMENTS AND THE IMPROVEMENTS THEREON.** Developer does hereby reserve the right, but not the obligation, unto itself, its successors and assigns, to and until December 31, 2026, to inspect the condition of the Common Elements, including the Limited Common Elements, and the Improvements thereon, if any, and to perform any maintenance and any repairs thereto as Developer deems necessary or appropriate in Developer's sole and absolute discretion. This right shall be exercised in accordance with Article XXXVIII of the Declaration. Notwithstanding the foregoing, the foregoing shall not impose upon Developer any independent obligation to perform inspections, maintenance or repairs of the Common Elements or Limited Common Elements, and the Association shall not be relieved of its obligation to maintain the Common Elements and Limited Common Elements because of the election of Developer or any predecessor developer to inspect or not to inspect or report to the Association the condition of the Common Elements and Limited Common Elements or to perform or not to perform any maintenance or repair.

Owner by taking title to an Apartment consents to each of the foregoing reserved rights, and Developer's exercise thereof, and to the recording of any and all documents necessary to effect the same in said Bureau,

including any amendment or amendments to the Declaration, the Condominium Map, the Bylaws, the House Rules and/or the Design Guidelines, as appropriate; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its successors and assigns as his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on Owner's behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights in accordance with Article XXXIX of the Declaration, and shall not be affected by the disability of such party or parties.

Notwithstanding anything stated herein to the contrary, the rights reserved to the Developer herein shall be fully assignable by the Developer in whole or in part, 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" under this Deed. This right shall be exercised as provided in and in accordance with Article XL of the Declaration.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY THE 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 DEVELOPER. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION WILL CONTROL.

EXHIBIT "B"

BOUNDARIES OF EACH APARTMENT

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

Each Residential Apartment shall be deemed to include (i) all walls and partitions that are not load-bearing within its perimeter or party walls, (ii) all pipes, shafts, vents, ducts, pumps, conduits, cables, wiring, other utility or service lines running through such Residential Apartment or other utility meters which are utilized for and serve only that Residential Apartment, (iii) the decorated or finished interior surfaces of all perimeter and party walls and load-bearing walls, floors and ceilings of each Residential Apartment, and the air space located within said walls, floors and ceilings, (iv) the decorated or finished interior surfaces of any doors, door frames, windows or window frames, (v) all cranks and other window hardware, (vi) all appliances and fixtures installed in the Residential Apartment, and replacements therefor, and (vii) any interior stairway connecting the floors of a Residential Apartment.

Each respective Residential Apartment shall not be deemed to include: (i) the perimeter or party walls surrounding a Residential Apartment from the undecorated or unfinished interior surfaces thereof and any improvements and/or air space located beyond such undecorated or unfinished interior surface of such perimeter or party walls, (ii) the undecorated or unfinished interior surfaces of the floors and ceilings and the roof of the building in which the Residential Apartment is located, and any improvements and/or air space (if any) located beyond such floors and ceilings, (iii) the decorated or finished exterior surfaces of perimeter doors, door frames, windows and window frames, (iv) the interior load-bearing walls and columns (if any) and the undecorated or unfinished surfaces thereof, (v) any pipes, shafts, vents, ducts, pumps, conduits, cables, wiring and other utility or service lines running through each Residential Apartment or other utility meters, which are utilized for or serve more than one Residential Apartment, (vi) the Common Elements, including the Limited Common Elements.

The Recreational Apartment shall be deemed to include the entire structure of the Recreational Apartment as depicted on the Condominium Map, including: (i) all finished decorated perimeter exterior surfaces of the structure, including, without limitation, the finished or decorated exterior surfaces of the perimeter doors, door frames, windows and window frames, (ii) the foundation underlying the structure, and (iii) all areas within the finished or decorated perimeter, exterior surface of the structure and the foundation underlying the structure, including, but not limited to, any air space and improvements.

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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 or in the Master Declarations, 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 Design Committee. 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 registered architect or professional engineer.

B. **ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT**. Notwithstanding anything to the contrary contained in the Declaration, provided that all requisite governmental permits have been obtained, 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 or the Design Committee, to make any of the following alterations solely within the Apartment: to install, maintain, remove and rearrange non-load bearing partitions and other non-load bearing structures from time to time within such Apartment, and to paint, paper, panel, plaster, tile, carpet, re-carpet, finish, and do or cause to be done such other work on the interior surfaces of the ceilings, floors and walls within any such Apartment and to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as may be appropriate for the utilization of such Apartment by such Owner or the tenants or lessees thereof; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of the Apartment or any other part of the Project, reduce the value thereof, adversely affect any other Apartment, affect or impair any easement or rights of any of the other Apartment Owners, or interfere with or deprive any Owner of the use or enjoyment of any part of the Common Elements or directly affect any Owner or alter the external appearance of the Project in contravention of the Design Committee Rules (if any) and/or the Design Committee's approval as required under the Bylaws.

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 in the Declaration, 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 filing of the same at said Bureau. 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. 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 affect 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 for the term of said reserved rights 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, LAYOUT, APPROXIMATE NET LIVING AREA, APPROXIMATE LANAI AND BALCONY AREA, PARKING STALL, PERCENTAGE COMMON INTEREST

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

Only the following 41 Apartments are covered by this report:
1A through 1H, 2A through 2H, 19A through 19H, 20A through 20H, 21A through 21H and Recreational Apartment 1.

Apartment Number	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Area(sf)	Approximate Lanai Area(sf)	Approximate Balcony Area(sf)	Parking Stall No.	Percentage Common Interest
1A	BR	2/2	1,317		142	1A.1, 1A.2	0.496288%
1B	AR	2/2	1,082	122		1B.1, 1B.2	0.407733%
1C	A	2/2	1,082	122		1C.1, 1C.2	0.407733%
1D	B	2/2	1,317		142	1D.1, 1D.2	0.496288%
1E	CR	3/2	1,403	142		1E.1, 1E.2	0.528696%
1F	DR	3/3	1,677		253	1F.1, 1F.2	0.631948%
1G	D	3/3	1,677		253	1G.1, 1G.2	0.631948%
1H	C	3/2	1,403	142		1H.1, 1H.2	0.528696%
2A	BR	2/2	1,317		142	2A.1, 2A.2	0.496288%
2B	AR	2/2	1,082	122		2B.1, 2B.2	0.407733%
2C	A	2/2	1,082	122		2C.1, 2C.2	0.407733%
2D	B	2/2	1,317		142	2D.1, 2D.2	0.496288%
2E	CR	3/2	1,403	142		2E.1, 2E.2	0.528696%
2F	DR	3/3	1,677		253	2F.1, 2F.2	0.631948%
2G	D	3/3	1,677		253	2G.1, 2G.2	0.631948%
2H	C	3/2	1,403	142		2H.1, 2H.2	0.528696%
3A	BR	2/2	1,317		142	3A.1, 3A.2	0.496288%
3B	AR	2/2	1,082	122		3B.1, 3B.2	0.407733%
3C	A	2/2	1,082	122		3C.1, 3C.2	0.407733%
3D	B	2/2	1,317		142	3D.1, 3D.2	0.496288%
3E	CR	3/2	1,403	142		3E.1, 3E.2	0.528696%
3F	DR	3/3	1,677		253	3F.1, 3F.2	0.631948%
3G	D	3/3	1,677		253	3G.1, 3G.2	0.631948%
3H	C	3/2	1,403	142		3H.1, 3H.2	0.528696%
4A	BR	2/2	1,317		142	4A.1, 4A.2	0.496288%
4B	AR	2/2	1,082	122		4B.1, 4B.2	0.407733%
4C	A	2/2	1,082	122		4C.1, 4C.2	0.407733%
4D	B	2/2	1,317		142	4D.1, 4D.2	0.496288%
4E	CR	3/2	1,403	142		4E.1, 4E.2	0.528696%
4F	DR	3/3	1,677		253	4F.1, 4F.2	0.631948%
4G	D	3/3	1,677		253	4G.1, 4G.2	0.631948%
4H	C	3/2	1,403	142		4H.1, 4H.2	0.528696%

Apartment Number	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Area(sf)	Approximate Lanai Area(sf)	Approximate Balcony Area(sf)	Parking Stall No.	Percentage Common Interest
5A	BR	2/2	1,317		142	5A.1, 5A.2	0.496288%
5B	AR	2/2	1,082	122		5B.1, 5B.2	0.407733%
5C	A	2/2	1,082	122		5C.1, 5C.2	0.407733%
5D	B	2/2	1,317		142	5D.1, 5D.2	0.496288%
5E	CR	3/2	1,403	142		5E.1, 5E.2	0.528696%
5F	DR	3/3	1,677		253	5F.1, 5F.2	0.631948%
5G	D	3/3	1,677		253	5G.1, 5G.2	0.631948%
5H	C	3/2	1,403	142		5H.1, 5H.2	0.528696%
6A	BR	2/2	1,317		142	6A.1, 6A.2	0.496288%
6B	AR	2/2	1,082	122		6B.1, 6B.2	0.407733%
6C	A	2/2	1,082	122		6C.1, 6C.2	0.407733%
6D	B	2/2	1,317		142	6D.1, 6D.2	0.496288%
6E	CR	3/2	1,403	142		6E.1, 6E.2	0.528696%
6F	DR	3/3	1,677		253	6F.1, 6F.2	0.631948%
6G	D	3/3	1,677		253	6G.1, 6G.2	0.631948%
6H	C	3/2	1,403	142		6H.1, 6H.2	0.528696%
7A	BR	2/2	1,317		142	7A.1, 7A.2	0.496288%
7B	AR	2/2	1,082	122		7B.1, 7B.2	0.407733%
7C	A	2/2	1,082	122		7C.1, 7C.2	0.407733%
7D	B	2/2	1,317		142	7D.1, 7D.2	0.496288%
7E	CR	3/2	1,403	142		7E.1, 7E.2	0.528696%
7F	DR	3/3	1,677		253	7F.1, 7F.2	0.631948%
7G	D	3/3	1,677		253	7G.1, 7G.2	0.631948%
7H	C	3/2	1,403	142		7H.1, 7H.2	0.528696%
8A	BR	2/2	1,317		142	8A.1, 8A.2	0.496288%
8B	AR	2/2	1,082	122		8B.1, 8B.2	0.407733%
8C	A	2/2	1,082	122		8C.1, 8C.2	0.407733%
8D	B	2/2	1,317		142	8D.1, 8D.2	0.496288%
8E	CR	3/2	1,403	142		8E.1, 8E.2	0.528696%
8F	DR	3/3	1,677		253	8F.1, 8F.2	0.631948%
8G	D	3/3	1,677		253	8G.1, 8G.2	0.631948%
8H	C	3/2	1,403	142		8H.1, 8H.2	0.528696%
9A	BR	2/2	1,317		142	9A.1, 9A.2	0.496288%
9B	AR	2/2	1,082	122		9B.1, 9B.2	0.407733%
9C	A	2/2	1,082	122		9C.1, 9C.2	0.407733%
9D	B	2/2	1,317		142	9D.1, 9D.2	0.496288%
9E	CR	3/2	1,403	142		9E.1, 9E.2	0.528696%
9F	DR	3/3	1,677		253	9F.1, 9F.2	0.631948%
9G	D	3/3	1,677		253	9G.1, 9G.2	0.631948%
9H	C	3/2	1,403	142		9H.1, 9H.2	0.528696%
10A	BR	2/2	1,317		142	10A.1, 10A.2	0.496288%
10B	AR	2/2	1,082	122		10B.1, 10B.2	0.407733%
10C	A	2/2	1,082	122		10C.1, 10C.2	0.407733%

Apartment Number	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Area(sf)	Approximate Lanai Area(sf)	Approximate Balcony Area(sf)	Parking Stall No.	Percentage Common Interest
10D	B	2/2	1,317		142	10D.1, 10D.2	0.496288%
10E	CR	3/2	1,403	142		10E.1, 10E.2	0.528696%
10F	DR	3/3	1,677		253	10F.1, 10F.2	0.631948%
10G	D	3/3	1,677		253	10G.1, 10G.2	0.631948%
10H	C	3/2	1,403	142		10H.1, 10H.2	0.528696%
11A	BR	2/2	1,317		142	11A.1, 11A.2	0.496288%
11B	AR	2/2	1,082	122		11B.1, 11B.2	0.407733%
11C	A	2/2	1,082	122		11C.1, 11C.2	0.407733%
11D	B	2/2	1,317		142	11D.1, 11D.2	0.496288%
11E	CR	3/2	1,403	142		11E.1, 11E.2	0.528696%
11F	DR	3/3	1,677		253	11F.1, 11F.2	0.631948%
11G	D	3/3	1,677		253	11G.1, 11G.2	0.631948%
11H	C	3/2	1,403	142		11H.1, 11H.2	0.528696%
12A	BR	2/2	1,317		142	12A.1, 12A.2	0.496288%
12B	AR	2/2	1,082	122		12B.1, 12B.2	0.407733%
12C	A	2/2	1,082	122		12C.1, 12C.2	0.407733%
12D	B	2/2	1,317		142	12D.1, 12D.2	0.496288%
12E	CR	3/2	1,403	142		12E.1, 12E.2	0.528696%
12F	DR	3/3	1,677		253	12F.1, 12F.2	0.631948%
12G	D	3/3	1,677		253	12G.1, 12G.2	0.631948%
12H	C	3/2	1,403	142		12H.1, 12H.2	0.528696%
13A	BR	2/2	1,317		142	13A.1, 13A.2	0.496288%
13B	AR	2/2	1,082	122		13B.1, 13B.2	0.407733%
13C	A	2/2	1,082	122		13C.1, 13C.2	0.407733%
13D	B	2/2	1,317		142	13D.1, 13D.2	0.496288%
13E	CR	3/2	1,403	142		13E.1, 13E.2	0.528696%
13F	DR	3/3	1,677		253	13F.1, 13F.2	0.631948%
13G	D	3/3	1,677		253	13G.1, 13G.2	0.631948%
13H	C	3/2	1,403	142		13H.1, 13H.2	0.528696%
14A	BR	2/2	1,317		142	14A.1, 14A.2	0.496288%
14B	AR	2/2	1,082	122		14B.1, 14B.2	0.407733%
14C	A	2/2	1,082	122		14C.1, 14C.2	0.407733%
14D	B	2/2	1,317		142	14D.1, 14D.2	0.496288%
14E	CR	3/2	1,403	142		14E.1, 14E.2	0.528696%
14F	DR	3/3	1,677		253	14F.1, 14F.2	0.631948%
14G	D	3/3	1,677		253	14G.1, 14G.2	0.631948%
14H	C	3/2	1,403	142		14H.1, 14H.2	0.528696%
15A	BR	2/2	1,317		142	15A.1, 15A.2	0.496288%
15B	AR	2/2	1,082	122		15B.1, 15B.2	0.407733%
15C	A	2/2	1,082	122		15C.1, 15C.2	0.407733%
15D	B	2/2	1,317		142	15D.1, 15D.2	0.496288%
15E	CR	3/2	1,403	142		15E.1, 15E.2	0.528696%
15F	DR	3/3	1,677		253	15F.1, 15F.2	0.631948%

Apartment Number	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Area(sf)	Approximate Lanai Area(sf)	Approximate Balcony Area(sf)	Parking Stall No.	Percentage Common Interest
15G	D	3/3	1,677		253	15G.1, 15G.2	0.631948%
15H	C	3/2	1,403	142		15H.1, 15H.2	0.528696%
16A	BR	2/2	1,317		142	16A.1, 16A.2	0.496288%
16B	AR	2/2	1,082	122		16B.1, 16B.2	0.407733%
16C	A	2/2	1,082	122		16C.1, 16C.2	0.407733%
16D	B	2/2	1,317		142	16D.1, 16D.2	0.496288%
16E	CR	3/2	1,403	142		16E.1, 16E.2	0.528696%
16F	DR	3/3	1,677		253	16F.1, 16F.2	0.631948%
16G	D	3/3	1,677		253	16G.1, 16G.2	0.631948%
16H	C	3/2	1,403	142		16H.1, 16H.2	0.528696%
17A	BR	2/2	1,317		142	17A.1, 17A.2	0.496288%
17B	AR	2/2	1,082	122		17B.1, 17B.2	0.407733%
17C	A	2/2	1,082	122		17C.1, 17C.2	0.407733%
17D	B	2/2	1,317		142	17D.1, 17D.2	0.496288%
17E	CR	3/2	1,403	142		17E.1, 17E.2	0.528696%
17F	DR	3/3	1,677		253	17F.1, 17F.2	0.631948%
17G	D	3/3	1,677		253	17G.1, 17G.2	0.631948%
17H	C	3/2	1,403	142		17H.1, 17H.2	0.528696%
18A	BR	2/2	1,317		142	18A.1, 18A.2	0.496288%
18B	AR	2/2	1,082	122		18B.1, 18B.2	0.407733%
18C	A	2/2	1,082	122		18C.1, 18C.2	0.407733%
18D	B	2/2	1,317		142	18D.1, 18D.2	0.496288%
18E	CR	3/2	1,403	142		18E.1, 18E.2	0.528696%
18F	DR	3/3	1,677		253	18F.1, 18F.2	0.631948%
18G	D	3/3	1,677		253	18G.1, 18G.2	0.631948%
18H	C	3/2	1,403	142		18H.1, 18H.2	0.528696%
19A	BR	2/2	1,317		142	19A.1, 19A.2	0.496288%
19B	AR	2/2	1,082	122		19B.1, 19B.2	0.407733%
19C	A	2/2	1,082	122		19C.1, 19C.2	0.407733%
19D	B	2/2	1,317		142	19D.1, 19D.2	0.496288%
19E	CR	3/2	1,403	142		19E.1, 19E.2	0.528696%
19F	DR	3/3	1,677		253	19F.1, 19F.2	0.631948%
19G	D	3/3	1,677		253	19G.1, 19G.2	0.631948%
19H	C	3/2	1,403	142		19H.1, 19H.2	0.528696%
20A	BR	2/2	1,317		142	20A.1, 20A.2	0.496288%
20B	AR	2/2	1,082	122		20B.1, 20B.2	0.407733%
20C	A	2/2	1,082	122		20C.1, 20C.2	0.407733%
20D	B	2/2	1,317		142	20D.1, 20D.2	0.496288%
20E	CR	3/2	1,403	142		20E.1, 20E.2	0.528696%
20F	DR	3/3	1,677		253	20F.1, 20F.2	0.631948%
20G	D	3/3	1,677		253	20G.1, 20G.2	0.631948%
20H	C	3/2	1,403	142		20H.1, 20H.2	0.528696%
21A	BR	2/2	1,317		142	21A.1, 21A.2	0.496288%

Apartment Number	Apartment Type	Bedrooms/ Bathrooms	Approximate Net Living Area(sf)	Approximate Lanai Area(sf)	Approximate Balcony Area(sf)	Parking Stall No.	Percentage Common Interest
21B	AR	2/2	1,082	122		21B.1, 21B.2	0.407733%
21C	A	2/2	1,082	122		21C.1, 21C.2	0.407733%
21D	B	2/2	1,317		142	21D.1, 21D.2	0.496288%
21E	CR	3/2	1,403	142		21E.1, 21E.2	0.528696%
21F	DR	3/3	1,677		253	21F.1, 21F.2	0.631948%
21G	D	3/3	1,677		253	21G.1, 21G.2	0.631948%
21H	C	3/2	1,403	142		21H.1, 21H.2	0.528696%
22A	BR	2/2	1,317		142	22A.1, 22A.2	0.496288%
22B	AR	2/2	1,082	122		22B.1, 22B.2	0.407733%
22C	A	2/2	1,082	122		22C.1, 22C.2	0.407733%
22D	B	2/2	1,317		142	22D.1, 22D.2	0.496288%
22E	CR	3/2	1,403	142		22E.1, 22E.2	0.528696%
22F	DR	3/3	1,677		253	22F.1, 22F.2	0.631948%
22G	D	3/3	1,677		253	22G.1, 22G.2	0.631948%
22H	C	3/2	1,403	142		22H.1, 22H.2	0.528696%
23A	BR	2/2	1,317		142	23A.1, 23A.2	0.496288%
23B	AR	2/2	1,082	122		23B.1, 23B.2	0.407733%
23C	A	2/2	1,082	122		23C.1, 23C.2	0.407733%
23D	B	2/2	1,317		142	23D.1, 23D.2	0.496288%
23E	CR	3/2	1,403	142		23E.1, 23E.2	0.528696%
23F	DR	3/3	1,677		253	23F.1, 23F.2	0.631948%
23G	D	3/3	1,677		253	23G.1, 23G.2	0.631948%
23H	C	3/2	1,403	142		23H.1, 23H.2	0.528696%
24A	BR	2/2	1,317		142	24A.1, 24A.2	0.496288%
24B	AR	2/2	1,082	122		24B.1, 24B.2	0.407733%
24C	A	2/2	1,082	122		24C.1, 24C.2	0.407733%
24D	B	2/2	1,317		142	24D.1, 24D.2	0.496288%
24E	CR	3/2	1,403	142		24E.1, 24E.2	0.528696%
24F	DR	3/3	1,677		253	24F.1, 24F.2	0.631948%
24G	D	3/3	1,677		253	24G.1, 24G.2	0.631948%
24H	C	3/2	1,403	142		24H.1, 24H.2	0.528696%
Recreational Apartment 1			2,378			RA-1, RA-2, RA-3, RA-4, RA-5, RA-6, RA-7, RA-8, RA-9, RA-10, RA-11, RA-12, RA-13, RA-14, HC-1, HC-2, HC-3	0.896080%
TOTAL			265,370				100.000000%

1. **Location of Apartments.**

a. Residential Apartments. The Residential Apartments are located in twenty-four (24) separate 8-plex three-story, multi-family condominium dwelling unit buildings as depicted on the Condominium Map (numbered 1 through 24). Each building contains Apartment Types A, AR, B, BR, C, CR, D and DR.

b. Recreational Apartment. One Recreational Apartment contained within one (1) one-story building as depicted on the Condominium Map.

2. **Layout of Apartments.**

a. Residential Apartments. All Residential Apartments have the number of bedrooms and bathrooms as indicated in the table above, a living/dining room, a foyer, a laundry room, a kitchen and a lanai and/or balcony. Apartment Types A, AR, B, BR, C and CR have one (1) floor. Apartment Types D and DR have two (2) floors.

b. Recreational Apartment. The Recreational Apartment has men's and women's restrooms, a kitchen, a storage area, a hall and two (2) offices as depicted on the Condominium Map.

3. **Common Interest.**

The percentage *Common Interest* attributable to each Apartment in the Project was calculated by dividing the approximate Net Living Area square footage of each individual Apartment by the total Net Living Area square footage of all Apartments within the Project. The approximate Net Living Area square footage of each Apartment in the Project was determined by measuring the area between the perimeter walls of each Apartment.

Note that the Common Interest percentages reflected in the chart above have been rounded to the sixth decimal place. Thus, the calculations herein are estimates and not exact figures. In order to permit the Common Interest for all Apartments in the Project to equal exactly one hundred percent (100%), the Common Interest attributable to Recreational Apartment 1 was decreased by .000027%.

4. **Parking Stalls.**

Each Residential Apartment will have for its exclusive use of two (2) numbered parking stalls located in their Limited Common Element covered garage or covered carport, and an uncovered stall located either directly in front of their Limited Common Element covered garage or covered carport or on the roadways within the Project, as assigned in the chart above. The Recreational Apartment will have for its exclusive use the seventeen (17) numbered parking stalls, three (3) of which are handicap accessible, located in its Limited Common Element parking area adjacent to the Ocean Club. Additional, unassigned guest parking is available throughout designated areas in the Project for use by guests of Owners of the Apartments. There are also seven (7) unassigned handicap stalls located within the Project.

EXHIBIT "E"

COMMON ELEMENTS

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

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

1. The Land in fee simple;

2. Regarding the building in which a Residential Apartment is located: (i) the perimeter or party walls surrounding the Residential Apartment from the undecorated or unfinished interior surfaces thereof and any improvements and/or air space located beyond such undecorated or unfinished interior surface of such perimeter or party walls, (ii) the undecorated or unfinished interior surfaces of the floors and ceilings surrounding the Residential Apartment and the roof of the building in which the Residential Apartment is located, and any improvements and/or air space (if any) located beyond such floors and ceilings, (iii) the decorated or finished exterior surfaces of perimeter doors, door frames, windows and window frames surrounding the Residential Apartment, (iv) the interior load-bearing walls and columns (if any) located in the building and the undecorated or unfinished surfaces thereof, (v) any pipes, shafts, vents, ducts, pumps, conduits, cables, wiring and other utility or service lines running through each Residential Apartment or other utility meters, which are utilized for or serve more than one Residential Apartment, and (vi) all stairways and railings, landings and entry areas leading to the Residential Apartment;

3. Any and all other apparatus and installations existing for common use, such as the private water pumping station, tanks, motors, fans, compressors and other such installations and apparatus;

4. The grounds and landscaping within the Project and planter strips along certain roadways of the Project and other plants and refuse facilities (if any);

5. All entry gates, roadways, driveways, parking areas, garages, carports, guest or handicap parking stalls, access lanes, ramps, loading areas, mailboxes, garbage receptacles, sidewalks and walkways of the Project;

6. All lamps, lamp posts, walkways and sitting areas (if any) within the Project;

7. Unimproved areas, maintenance and storage areas and other similar areas that are not part of an Apartment;

8. Any and all parks and other community or recreational facilities operated to serve the residents of the Project, including, without limitation, the Recreational Facilities;

9. Any and all retaining or high screen walls installed by the Developer separating the surrounding properties and the Land;

10. All ducts, pipes, valves, sewer lines, drain lines, electrical equipment, cables, chutes, pipes, shafts, wire conduits or other utility service lines which are utilized to serve some or any of the Common Elements described herein or more than one Apartment, and other central and appurtenant transmission facilities over, under and across the Project that serve any Common Element or more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and cable television signal distribution; and

11. All other areas of the Project that are not described as an Apartment or a part thereof, and that are necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT "F"

LIMITED COMMON ELEMENTS

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

Certain parts of the Common Elements, herein called "Limited Common Elements," are designated, set aside and reserved for the exclusive use of certain Apartments in the Declaration, and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements.

The descriptions of each Limited Common Element, the designation of the party responsible to Maintain such Limited Common Element and the party responsible to pay the cost to Maintain such Limited Common Element for both the Residential Apartments and the Recreational Apartment are set forth below. Note that each example provided herein is provided for informational purposes only and is not intended to represent the only circumstance under which such illustration would apply.

A. **RESIDENTIAL APARTMENTS**

Limited Common Element	Responsibility to Maintain	Responsibility to Pay	Example
I. The building in which the Residential Apartment is located including: (i) perimeter or party walls surrounding the Apartment from the undecorated or unfinished interior surfaces thereof and any improvements and/or air space located beyond such undecorated or unfinished interior surface of such perimeter or party walls, (ii) the undecorated or unfinished interior surfaces of the floors and ceilings surrounding the Apartment and the roof of the building in which the Apartment is located, and any improvements and/or air space (if any) located beyond such floors and ceilings, (iii) the decorated or finished exterior surfaces of perimeter doors, door frames, windows and window frames surrounding the Apartment, (iv) the interior load-bearing walls and columns (if any) located in the building and the undecorated or unfinished surfaces thereof, (v) any pipes, shafts, vents, ducts, pumps, conduits, cables, wiring and other utility or service lines running through each Apartment or other utility meters, which are utilized for or serve more than one Apartment, (vi) all stairways and railings, landings and entry areas leading to any Apartment in that building, and (v) all other components of the building in which the Apartment is located that are not part of an apartment or are not designated as Limited Common Elements appurtenant to that specific Apartment shall be a Limited Common Element appurtenant to those Apartments located within the same building.	Association	All Owners of the Residential Apartments, collectively	The pipes running through the walls between 1B and 1C shall be a Limited Common Element appurtenant to all of the Residential Apartments located in building 1. The Association shall Maintain those utility pipes, and every Owner of a Residential Apartment will be charged a Product Fee for such maintenance. The exterior of building 1, including the exterior window frames and doors and the exterior surfaces of the doors and the stairways and landings leading to an Apartment in building 1 shall be a Limited Common Element appurtenant to all of the Apartments located in building 1. The Association shall, for example, repaint the exterior of the building when necessary and all Residential Apartment Owners will pay for such repainting through the Residential Product Fee.

Limited Common Element	Responsibility to Maintain	Responsibility to Pay	Example
II. The garage structures and carports assigned to the Apartment: **A. Garage/Carport Structures** The finished or decorated exterior surfaces of the perimeter walls and ceiling and the exterior of any perimeter doors, door frames, windows and window frames, the interior load-bearing walls and columns (if any) from the undecorated or unfinished surfaces thereof, the foundation and the exterior surface of the garage door. The area located between the finished or decorated exterior surface of the perimeter or party walls and ceiling and the exterior of any perimeter doors, door frames, windows and window frames; and the finished or decorated interior surfaces of the perimeter walls and ceiling, including, but not limited to, any pipes and conduits, and the air space located therein.	**A.** Association	**A.** All Owners of the Residential Apartments, collectively	The exterior of the entire garage structure in which 1E and 1F have assigned stalls shall be a Limited Common Element appurtenant to 1E and 1F. The Association shall be responsible for, for example, painting the exterior of the garage, and all Owners of Residential Apartments shall share in the cost of painting. The interior of the garage shall be a Limited Common Element appurtenant to the Apartments that share use of the garage, based on the specific stall assigned to each apartment. Thus, the Owner of 1E shall be responsible for the maintenance of and the cost of maintenance for the interior of the section of the garage in which its assigned stall is located. The pipes running through the garage walls shall be a Limited Common Element appurtenant to all of the Apartment Owners sharing in the use of the garage.
B. Stalls Within Garage or Carport Structure The decorated or finished interior surfaces of the perimeter or party walls and ceiling and floor and the interior of any doors, door frames, windows and window frames, and also including the interior surface of the garage door.	**B.** Owner of the Apartment to which such stall in the garage or carport is appurtenant.	**B.** Owner of the Apartment to which such stall in the garage or carport is appurtenant.	
III. The covered stall located in the garage or carport assigned to an Apartment in accordance with Exhibit "B" attached hereto shall be a Limited Common Element appurtenant to the Apartment to which such stall is assigned. The assigned tandem-parking stall (if any) located directly in the front of the garage or carport stall assigned to an Apartment in accordance with Exhibit "B" attached hereto and any improvements thereon shall be a Limited Common Element appurtenant to the Apartment to which such garage or carport stall it is assigned. The street parking stall (if any) and any improvements assigned to an Apartment in accordance with and Exhibit "B" attached hereto shall be a Limited Common Element appurtenant to the Apartment to which such stall is assigned.	Association	All Owners of the Residential Apartments, collectively	The interior section of the garage or carport assigned to 1E shall be maintained by the Owner of 1E. The tandem-parking stall located directly in front of the stall in the garage or the street parking stall assigned to 1E shall be a Limited Common Element appurtenant to 1E. The Association shall maintain such tandem-parking stall or assigned street parking stall and each Residential Apartment Owner shall pay for such maintenance as a Residential Product Fee.

Limited Common Element	Responsibility to Maintain	Responsibility to Pay	Example
All parking stalls are numbered and depicted on the Condominium Map.			
IV. Lanai/balcony areas, including the following: **A. Interior** The finished or decorated interior surfaces of the perimeter or party walls and ceiling and the interior of any perimeter doors, door frames, windows and window frames, the decorated or finished surface of the floors, including all areas within the finished or decorated perimeter interior surfaces of the perimeter walls and ceiling and floors, inclusive, but not limited to, any air space and improvements located within such area, but excluding the railing affixed to such lanai or balcony (if any). **B. Exterior** The finished or decorated exterior surfaces of the perimeter or party walls, the interior load-bearing walls and columns (if any) from the undecorated or unfinished surfaces thereof and the undecorated or unfinished surface of the ceiling and the foundation. Each lanai/balcony shall be a Limited Common Element appurtenant to the Apartment to which such lanai/balcony is affixed.	**A.** Owner of the Apartment to which such lanai/balcony is appurtenant **B.** Association	**A.** Owner of the Apartment to which such lanai/balcony is appurtenant **B.** All Owners of the Residential Apartments, collectively	The lanai attached to 1A shall be a Limited Common Element to 1A. The Owner of 1A is responsible for the maintenance and the cost of such maintenance of, for example, replacing the tile (if any), repainting the walls, repairing any sliding doors leading to the balcony from the Apartment and installing and maintaining a ceiling fan, if any, on such balcony. The same shall apply to the balcony attached to 1D. The Association, however, shall be responsible for maintaining the exterior of building 1 and each Residential Apartment Owner shall pay for such maintenance, which may include, for example, painting or repainting of the exterior surfaces of the walls and railing, if any.
V. The storage closet, any other utility apparatus fixture or appliance situate on the lanai/balcony of all the Residential Apartments, including the following: **A.** The finished or decorated exterior surfaces of the perimeter walls and ceiling and doors of any such closet or encasing for any utility apparatus. **B.** The interior finished or decorated surfaces of the perimeter walls, ceiling and doors and floors of any storage closet, including all areas within the finished or decorated interior surfaces of the perimeter walls, ceilings doors and floor, including, but not limited to, the actual utility apparatus located therein (if any).	**A.** Association **B.** Owner of the Apartment to which such storage closet, utility apparatus, fixture or appliance is appurtenant.	**A.** All Owners of the Residential Apartments, collectively **B.** Owner of the Apartment to which such storage closet, utility apparatus, fixture or appliance is appurtenant.	The storage closet and any other utility apparatus or fixture or appliance situate on the Limited Common Element lanai appurtenant to 1A shall be Limited Common Elements to 1A. The Owner of 1A shall be responsible for the Cost of and to Maintain the interior of the storage closet and any such utility apparatus or fixture located on the lanai or balcony. The Association, however, shall be responsible for painting or repairing the exterior surfaces of the walls of the closets. Each Residential Apartment Owner will pay for such painting and repainting as a Residential Product Fee.

Limited Common Element	Responsibility to Maintain	Responsibility to Pay	Example
Each closet and fixture shall be a Limited Common Element appurtenant to the Apartment to which such closet is affixed.			
VI. Each Apartment shall have an assigned mailbox labeled with a specific Apartment number, the interior of which shall be a Limited Common Element appurtenant only to such designated Apartment.	Association	All Owners of the Residential Apartments, collectively	The Association shall pay for the maintenance of the entire exterior mailbox structure and the interior of the individual mailboxes, although Apartment 1A will have exclusive use of the mailbox labeled "1A". Each Residential Apartment Owner will be charged for such maintenance as a Residential Product Fee.

* "LCE" is the abbreviation for Limited Common Element, as defined in the Declaration.

B. **RECREATIONAL APARTMENT**

1. The Recreational Facilities, including, but not limited to the swimming pool, tennis court, basketball court and barbeque areas and the yard areas surrounding such facilities as more specifically designated in Exhibit "B" and the Condominium Map;

2. The exercise room, including the exercise equipment contained therein;

3. The lounge; and

4. The parking stall(s) and mailboxes (if any) assigned to the Recreational Apartment as set forth in Exhibit "B" to the Declaration.

EXHIBIT "G"

ENCUMBRANCES AGAINST TITLE

1. Real property taxes that may be due and owing. Check with the County tax assessor for additional information.

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

3. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land described herein.

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

INSTRUMENT:	DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT
DATED :	as of April 1, 1980, effective on April 23, 1980
RECORDED :	Liber 14670 Page 531

Said Declaration was amended and/or supplemented by the following instruments:

(a) dated as of April 1, 1980, effective as of April 23, 1980, recorded in Liber 14670 at Page 607.

(b) dated December 30, 1980, effective December 30, 1980, recorded in Liber 15297 at Page 147.

(c) dated June 10, 1981, effective as of July 1, 1981, recorded in Liber 15676 at Page 497.

(d) dated October 29, 1985, recorded in Liber 19071 at Page 562.

(e) dated December 20, 1985, recorded in Liber 19166 at Page 388.

(f) dated December 9, 1985, recorded in Liber 19166 at Page 392.

(g) dated December 20, 1985, recorded in Liber 19166 at Page 412.

(h) dated as of June 1, 1986, recorded in Liber 19792 at Page 339.

(i) dated as of May 1, 1989, recorded in Liber 23187 at Page 750.

(j) dated as of August 24, 1989, recorded in Liber 23588 at Page 784.

(k) dated October 25, 1989, recorded in Liber 23806 at Page 164.

(l) dated as of September 8, 1989, recorded in Liber 24007 at Page 530, Joinder and Consent (WBR) dated February 26, 1990, recorded as Document No. 90-057829.

(m) dated as of May 21, 1990, recorded as Document No. 90-074294, as amended by instrument dated October 15, 2001, recorded as Document No. 2001-168808.

(n) dated as of May 24, 1990, recorded as Document No. 90-077240.

(o) dated as of August 7, 1990, recorded as Document No. 90-120680.

(p) dated as of September 27, 1990, recorded as Document No. 90-150228, Joinder and Consent dated September 26, 1990, recorded as Document No. 90-150229.

(q) dated October 9, 1991, recorded as Document No. 91-166876.

(r) dated March 12, 1993, but effective as of August 16, 1990, recorded as Document No. 93-041631.

(s) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041633.

(t) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041635.

(u) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041637.

(v) dated March 12, 1993, but effective as of December 27, 1990, recorded as Document No. 93-041639.

(w) dated April 1, 1993, but effective as of February 8, 1991, recorded as Document No. 93-067585.

(x) dated November 3, 1993, recorded as Document No. 93-203157.

(y) dated March 27, 2000, recorded as Document No. 2000-042859.

(z) dated February 2, 2001, recorded as Document No. 2001-020530.

(aa) dated April 4, 2001, recorded as Document No. 2001-048450.

(bb) dated June 6, 2001, recorded as Document No. 2001-085464.

(cc) dated June 28, 2001, recorded as Document No. 2001-101573.

(dd) dated August 25, 2004, recorded as Document No. 2004-174518.

(ee) dated August 25, 2004, recorded as Document No. 2004-174520.

(ff) dated May 2, 2005, recorded as Document No. 2005-087026.

(gg) dated May 25, 2005, recorded as Document No. 2005-103524.

(hh) dated as of August 30, 2005, recorded as Document No. 2005-173376.

(ii) dated March 24, 2006, recorded as Document No. 2006-056543.

(jj) dated May 5, 2006, recorded as Document No. 2006-084351.

(kk) dated May 5, 2006, recorded as Document No. 2006-084357.

(ll) dated May 5, 2006, recorded as Document No. 2006-084359.

(mm) dated May 5, 2006, recorded as Document No. 2006-084360.

(nn) dated April 3, 2006, recorded as Document No. 2006-081050.

SUPPLEMENTAL DECLARATION dated May 1, 1989, recorded in Liber 23179 at Page 433, by and between TRANSCONTINENTAL DEVELOPMENT CO., a Texas partnership, "Assignor", and WAIKOLOA DEVELOPMENT CO., a Hawaii limited partnership, "Assignee".

AMENDMENT TO SUPPLEMENTAL DECLARATION (ANNEXING LOT 6, FILE PLAN 1954) dated October 15, 2001, recorded as Document No. 2001-168808; re: Supplemental Declaration recorded as Document No. 90-074294.

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

INSTRUMENT :	DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE
DATED :	as of April 1, 1980, effective on April 23, 1980
RECORDED :	Liber 14670 Page 631

Said Declaration was amended and/or supplemented by the following instruments, namely,

(a) dated as of April 1, 1980, effective as of April 23, 1980, recorded in Liber 14670 at Page 674.

(b) dated December 20, 1985, recorded in Liber 19166 at Page 426.

(c) dated December 20, 1985, recorded in Liber 19166 at Page 434.

(d) dated December 20, 1985, recorded in Liber 19166 at Page 438.

(e) dated December 20, 1985, recorded in Liber 19166 at Page 448.

(f) dated as of June 1, 1986, recorded in Liber 19792 at Page 344.

(g) dated as of May 1, 1989, recorded in Liber 23187 at Page 757.

(h) dated as of August 24, 1989, recorded in Liber 23588 at Page 788.

(i) dated October 25, 1989, recorded in Liber 23806 at Page 168.

(j) dated as of September 8, 1989, recorded in Liber 24007 at Page 521, Joinder and Consent (WBRC) dated February 26, 1990, recorded as Document No. 90-057830.

(k) dated as of May 21, 1990, recorded as Document No. 90-074295, as amended by instrument dated October 15, 2001, recorded as Document No. 2001-168809.

(l) dated as of May 24, 1990, recorded as Document No. 90-077241.

(m) dated as of August 7, 1990, recorded as Document No. 90-120681.

(n) dated as of September 27, 1990, recorded as Document No. 90-150230.

(o) dated May 1, 1995, recorded as Document No. 95-060406.

(p) dated March 27, 2000, recorded as Document No. 2000-042860.

(q) dated February 2, 2001, recorded as Document No. 2001-020529.

(r) dated April 4, 2001, recorded as Document No. 2001-048451.

(s) dated June 28, 2001, recorded as Document No. 2001-101574.

(t) dated August 25, 2004, recorded as Document No. 2004-174521.

(u) dated May 2, 2005, recorded as Document No. 2005-087027.

(v) dated May 25, 2005, recorded as Document No. 2005-103525.

(w) dated as of August 30, 2005, recorded as Document No. 2005-173377.

(x) dated as of November 15, 2005, recorded as Document No. 2005-236474.

(y) dated May 5, 2006, recorded as Document No. 2006-084350.

(z) dated May 5, 2006, recorded as Document No. 2006-084358.

(aa) dated May 5, 2006, recorded as Document No. 2006-084361.

(bb) dated May 5, 2006, recorded as Document No. 2006-084362.

SUPPLEMENTAL DECLARATION (ASSIGNING DECLARANT'S RIGHTS) dated December 27, 1990, recorded as Document No. 91-160953, by and between TRANSCONTINENTAL DEVELOPMENT CO., a Texas partnership, "Assignor", and TRANSCONTINENTAL DEVELOPMENT (HAWAII) CO., a Hawaii limited partnership, "Assignee".

Said Declaration was further amended by FOURTH AMENDMENT TO AND RESTATEMENT OF DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR WAIKOLOA BEACH RESORT CONFERENCE dated May 1, 1998, recorded as Document No. 98-138993.

AMENDMENT TO SUPPLEMENTAL DECLARATION (ANNEXING LOT 6, FILE PLAN 1954) dated October 15, 2001, recorded as Document No. 2001-168809; re: Supplemental Declaration recorded as Document No. 90-074295.

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

INSTRUMENT : DEED

DATED : May 21, 1990
RECORDED : Document No. 90-074296

The foregoing includes, but is not limited to:

(A) Matters relating to restrictions relative to construction within the building setback line area as more particularly set forth therein.

(B) Excepting and reserving, however, unto Grantor and its successors and assigns, Easement 12 for roadway purposes as shown on File Plan 1954, together also with the right to grant to the State of Hawaii, the County of Hawaii, any appropriate governmental agency, public utility or private utility, and or other corporation, partnership or individual, easements for any such purposes within said easements over, under, across, along, upon and through said easement areas.

AMENDMENT TO DEED RESTRICTIONS dated October 15, 2001, recorded as Document No. 2001-168807.

SECOND AMENDMENT TO DEED RESTRICTIONS dated November 18, 2004, recorded as Document No. 2004-239288.

7. Existing Easement "12" for roadway purposes, as shown on File Plan No. 1954.

Said Easement "12" is subject to an unrecorded Roadway License dated October 18, 1983, by and between WAIKOLOA DEVELOPMENT CO., a Hawaii limited partnership, "Licensor", and WAIKOLOA RESORT ASSOCIATION, a Hawaii nonprofit corporation, "Licensee", amended by instrument dated March 13, 1993, recorded as Document No. 93-041632, dated May 4, 1995, recorded as Document No. 95-064087, and dated March 24, 2006, recorded as Document No. 2006-056545.

8. GRANT in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED, now known as HAWAIIAN TELCOM, INC., dated May 10, 1989, recorded in Liber 23307 at Page 1; granting a perpetual right and easement for utility purposes over said Easement "12".

-Note:- No joinder by WAIKOLOA DEVELOPMENT CO.

9. Existing Easement "6" for communication purposes, as shown on File Plan No. 2320.

10. Existing Easement "22" for utility purposes, as shown on File Plan No. 2320.

11. Existing Easement "24" for archaeological purposes, as shown on File Plan No. 2320.

12. Grant in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and VERIZON HAWAII INC., now known as HAWAIIAN TELCOM, INC., dated September 13, 2001, recorded as Document No. 2001-156273; granting non-exclusive right and easement for utility purposes over Easements "2", "6", "7", "9", "10", "11", "12", "13", "14", "15", "17", "18", "19" and "22", as shown on File Plan No. 2320.

-Note:- Said Easements, excluding Easements "6" and "22", were deleted pursuant to subdivision map prepared by Robert W. Cunningham, Licensed Professional Land Surveyor, with Belt Collins Hawaii Ltd., dated May 17, 2005, approved by the County of Hawaii on August 11, 2005.

13. GRANT in favor of TIME WARNER ENTERTAINMENT COMPANY, L.P., doing business as SUN CABLEVISION, dated November 14, 2001, recorded as Document No. 2001-189602; granting an easement for utility purposes over said Easement "22".

14. GRANT in favor of WAIKOLOA RESORT UTILITIES, INC., dated January 16, 2002, recorded as Document No. 2002-011599; granting an easement for utility purposes over said Easement "22".

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

INSTRUMENT :	DECLARATION OF CONDOMINIUM PROPERTY REGIME OF HALI'I KAI
DATED :	June 23, 2005
RECORDED :	Document No. 2005-131507
MAP :	4021 and any amendments thereto

Said Declaration was amended by instruments dated July 26, 2005, recorded as Document No. 2005-150273, dated September 8, 2005, recorded as Document No. 2005-182402, dated December 10, 2005, recorded as Document No. 2005-255471 (said Document No. 2005-255471 was corrected by instrument

dated January 13, 2006 and recorded as Document No. 2006-009860), dated March 27, 2007 and recorded as Document No. 2007-060707 and dated May 10, 2007 and recorded as Document No. 2007-095438.

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

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

DATED : June 23, 2005
RECORDED : Document No. 2005-131508

17. DESIGNATION OF EASEMENT "A" (6 feet wide)

PURPOSE : pedestrian, shoreline access
SHOWN : on File Plan No. 2397

18. Beach Trail, as shown on File Plan No. 2397 and on the tax map.

19. Encroachments or any other matters as shown on survey map prepared by Chrystal Thomas Yamasaki, Land Surveyor, with Wes Thomas Associates, dated October 25, 2004.

20. Encroachments or any other matters which a survey prepared after October 25, 2004 would disclose.

21. Grant in favor of HAWAII ELECTRIC LIGHT COMPANY, INC. and HAWAIIAN TELCOM, INC., dated August 30, 2005, recorded as Document No. 2005-204197; granting a perpetual right and easement for utility purposes.

22. CONSTRUCTION MORTGAGE WITH ABSOLUTE ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING

MORTGAGOR : CL OCEAN VILLAS, LLC, a Delaware limited liability company

MORTGAGEE : LEHMAN BROTHERS HOLDINGS INC., a Delaware corporation

DATED : August 29, 2006
RECORDED : Document No. 2006-158671
AMOUNT : $50,000,000.00 - covers the premises described herein, besides other premises

23. FINANCING STATEMENT

DEBTOR : CL OCEAN VILLAS, LLC

SECURED PARTY : LEHMAN BROTHERS HOLDINGS INC.

RECORDED : Document No. 2006-158672
RECORDED ON: August 29, 2006

HALI'I KAI

193 Units

Estimate of Maintenance Fee Disbursement

OPERATING EXPENSES		Monthly	Annual
SALARIES & WAGES			
	Salaries & Wages Administration	$ 5,950	$ 71,400
	Total Salaries & Wages	$ 5,950	$ 71,400
	Employee Benefits	$ 2,380	$ 28,560
	Net Payroll & Related	$ 8,330	$ 99,960
UTILITIES			
	Electricity	$ 15,833	$ 189,996
	Gas	$ 50	$ 600
	Sewer	$ 8,000	$ 96,000
	Water	$ 20,833	$ 249,996
	Total Utilities	$ 44,716	$ 536,592
Maintenance, Repairs & Supplies			
	Backflow Preventer Valve	$ 50	$ 600
	Building - Maintenance	$ 1,000	$ 12,000
	Entry Gate Maintenance	$ 70	$ 840
	Exterior Window Cleaning	$ 1,600	$ 19,200
	Grounds & Landscaping	$ 40,000	$ 480,000
	Housekeeping Supplies	$ 50	$ 600
	Locks & Keys	$ 200	$ 2,400
	Other Maint. Contracted Service Fees		
	Janitorial	$ 2,880	$ 34,560
	Pump & Equipment	$ 1,600	$ 19,200
	Security Supplies	$ 40	$ 480
	Signage	$ 250	$ 3,000
	Uniforms	$ 100	$ 1,200
	Waste Removal	$ 6,500	$ 78,000
	Total Maintenance	$ 54,340	$ 652,080
Administration / Management			
	Accounting Fees	$ 2,500	$ 30,000
	Bad Debt Provision	$ 200	$ 2,400
	Bank Charges	$ 150	$ 1,800
	Board Expense	$ 100	$ 1,200
	Copier Lease	$ 200	$ 2,400
	Data Processing	$ 220	$ 2,640
	Dues & Publications	$ 50	$ 600
	Employee Motivation	$ 60	$ 723
	General Excise Tax	$ 25	$ 300
	Legal Fees	$ 200	$ 2,400
	Licenses & Permits	$ 75	$ 900
	Office Equipment	$ 60	$ 720
	Office Supplies	$ 300	$ 3,600
	Other Professional Fees	$ 834	$ 10,008
	Postage & Freight	$ 400	$ 4,800
	Telephone	$ 400	$ 4,800
	Telephone Cell	$ 200	$ 2,400
	Travel, Mtgs & Bus Entertainment	$ 200	$ 2,400

Other	$ 25	$ 300
Total Administrative	$ 6,199	$ 74,391
Insurance - Commercial Pkg, Umbrella, etc.	$ 25,102	$ 301,224
Management Fees	$ 3,000	$ 36,000
Capital Reserve Contribution	$ 10,674	$ 128,088
Resort Assoc Fees	$ 18,000	$ 216,000
Total	$ 170,361	$ 2,044,335

I, Glenn S. Nakamura, as agent for Royal Hawaiian Resorts, LLC dba RHR Management, hereby certify that the above estimates of initial maintenance fee disbursements were prepared on an accrual basis in accordance with generally accepted accounting principles. Attached hereto is a summary of the Hali'i Kai Reserve Study completed by Armstrong Consulting, Inc. detailing the calculation of the estimated replacement reserves for the Project calculated using the cash flow method.

January 4, 2006

Signature

Date

Hali'i Kai

Apartment Number	Percentage Common Interest	Product Fee Limited Common	Projected Club Dues	Projected Maintenance Fee		Total	
				Monthly	Annual	Monthly	Annual
1A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
1B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
1C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
1D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
1E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
1F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
1G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
1H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
2A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
2B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
2C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
2D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
2E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
2F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
2G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
2H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
3A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
3B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
3C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
3D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
3E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
3F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
3G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
3H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
4A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
4B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
4C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
4D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
4E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
4F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
4G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
4H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
5A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
5B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
5C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
5D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
5E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
5F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
5G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
5H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
6A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
6B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
6C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
6D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
6E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
6F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
6G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
6H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
7A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
7B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
7C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
7D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
7E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
7F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
7G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
7H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
8A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
8B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
8C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
8D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
8E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
8F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
8G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
8H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
9A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
9B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73

Hali'i Kai

Apartment Number	Percentage Common Interest	Product Fee Limited Common	Projected Club Dues	Projected Maintenance Fee		Total	
				Monthly	Annual	Monthly	Annual
9C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
9D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
9E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
9F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
9G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
9H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
10A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
10B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
10C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
10D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
10E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
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10G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
10H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
11A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
11B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
11C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
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11E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
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12A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
12B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
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12F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
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12H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
13A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
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13G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
13H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
14A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
14B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
14C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
14D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
14E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
14F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
14G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
14H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
15A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
15B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
15C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
15D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
15E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
15F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
15G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
15H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
16A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
16B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
16C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
16D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
16E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
16F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
16G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
16H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
17A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
17B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
17C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
17D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09

Hali'i Kai

Apartment Number	Percentage Common Interest	Product Fee Limited Common	Projected Club Dues	Projected Maintenance Fee		Total	
				Monthly	Annual	Monthly	Annual
17E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
17F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
17G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
17H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
18A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
18B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
18C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
18D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
18E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
18F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
18G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
18H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
19A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
19B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
19C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
19D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
19E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
19F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
19G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
19H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
20A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
20B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
20C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
20D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
20E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
20F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
20G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
20H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
21A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
21B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
21C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
21D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
21E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
21F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
21G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
21H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
22A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
22B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
22C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
22D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
22E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
22F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
22G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
22H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
23A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
23B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
23C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
23D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
23E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
23F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
23G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
23H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
24A	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
24B	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
24C	0.407733%	$ 73.26	$ 219.76	$ 695	$ 8,335	$ 987.64	$ 11,851.73
24D	0.496288%	$ 73.26	$ 219.76	$ 845	$ 10,146	$ 1,138.51	$ 13,662.09
24E	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
24F	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
24G	0.631948%	$ 73.26	$ 219.76	$ 1,077	$ 12,919	$ 1,369.62	$ 16,435.44
24H	0.528696%	$ 73.26	$ 219.76	$ 901	$ 10,808	$ 1,193.72	$ 14,324.62
Recreational Apartment 1	0.896080%	$ -	$ -	$ 1,527	$ 18,319	$ 1,526.57	$ 18,318.87
TOTAL	100.000000%	$ 14,066.88	$ 42,194.00	$ 170,361	$ 2,044,334.76	$ 226,622.11	$ 2,719,465.28

		Monthly	Annual
OPERATING EXPENSES			
Maintenance, Repairs & Supplies			
	Electrical	$ 150	$ 1,800
	Equipment Rental	$ 100	$ 1,200
	FF&E Maintenance	$ 25	$ 300
	Life Safety	$ 1,000	$ 12,000
	Lighting	$ 2,750	$ 33,000
	Maint Supplies/Expenses	$ 500	$ 6,000
	Painting	$ 500	$ 6,000
	Pest Control	$ 1,500	$ 18,000
	Plumbing	$ 380	$ 4,566
	Pump & Equipment	$ 500	$ 6,000
	Total Maintenance	$ 7,405	$ 88,866
Capital Reserve Contribution		$ 6,661	$ 79,937
Total		$ 14,067	$ 168,803

Estimate of Initial Product Fee*	Monthly	Annually
$14,067 monthly divided by 192 Residential Apartments	$73.26	$879.12

* *The Real Estate Commission has not reviewed the estimate of Initial Product Fee and Product Fee distribution for accuracy or sufficiency.*

I, Glenn S. Nakamura, as agent for Royal Hawaiian Resorts, LLC dba RHR Management, hereby certify that the above estimates of Product Fee disbursements were prepared on an accrual basis in accordance with generally accepted accounting principles. Attached hereto is a summary of the Hali'i Kai Reserve Study completed by Armstrong Consulting, Inc. detailing the calculation of the estimated replacement reserves for the Project calculated using the cash flow method.

January 4, 2006

Signature

Date

HALI'I KAI

192 Residential Apartments

Recreational Apartment Expenses: Estimate of Club Dues

		Monthly	Annual
OPERATING EXPENSES			
UTILITIES			
	Electricity	$ 6,000	$ 72,000
	Gas	$ 117	$ 1,404
	Sewer	$ 1,500	$ 18,000
	Water	$ 6,417	$ 77,004
	Total Utilities	$ 14,034	$ 168,408
Maintenance, Repairs & Supplies			
	Air Conditioning	$ 200	$ 2,400
	Building - Maintenance	$ 200	$ 2,400
	Cable Television	$ 70	$ 840
	Electrical	$ 25	$ 300
	Equipment Rental	$ 25	$ 300
	FF&E Maintenance	$ 25	$ 300
	Grounds & Landscaping	$ 2,500	$ 30,000
	Housekeeping Supplies	$ 200	$ 2,400
	Life Safety	$ 20	$ 240
	Lighting	$ 800	$ 9,600
	Locks & Keys	$ 150	$ 1,800
	Maint Supplies/Expenses	$ 200	$ 2,400
	Other Maint. Contracted Service Fees		
	Janitorial	$ 5,000	$ 60,000
	Painting	$ 500	$ 6,000
	Pest Control	$ 100	$ 1,200
	Plumbing	$ 100	$ 1,200
	Pool	$ 1,500	$ 18,000
	Signage	$ 50	$ 600
	Uniforms	$ 100	$ 1,200
	Waste Removal	$ 250	$ 3,000
	Total Maintenance	$ 12,015	$ 144,180
Administration / Management			
	Accounting Fees	$ 1,000	$ 12,000
	Computer Expense	$ 175	$ 2,100
	Employee Motivation	$ 50	$ 600
	Licenses & Permits	$ 50	$ 600
	Office Supplies - Copier Lease	$ 80	$ 960
	Office Supplies - Equipment	$ 25	$ 300
	Office Supplies - general	$ 25	$ 300
	Other Professional Fees	$ 500	$ 6,000
	Outside Contract Service	$ 500	$ 6,000
	Postage & Freight	$ 80	$ 960
	Telephone	$ 75	$ 900
	Telephone Cell	$ 50	$ 600
	Travel, Mtgs & Bus Entertainment	$ 25	$ 300
	Total Administrative	$ 2,635	$ 31,620
Insurance - Commercial Pkg, Umbrella, etc.		$ 4,000	$ 48,000

HALI'I KAI — *192 Residential Apartments*

Recreational Apartment Expenses: Estimate of Club Dues

Maintenance Fee	$ 1,679	$ 20,148
Management Fees	$ 1,000	$ 12,000
General Excise Taxes	$ 2,500	$ 30,000
Real Property Taxes	$ 2,500	$ 30,000
Capital Reserve Contribution	$ 1,831	$ 21,972
Total	$ 42,194	$ 506,328

Estimate of Club Dues for Resort Members*	**Monthly**	**Annually**
$42,194 monthly divided by 192 Residential Apartments	$219.76	$2637.13

I, Glenn S. Nakamura, as agent for Royal Hawaiian Resorts, LLC dba RHR Management, hereby certify that the above estimates of Club Dues disbursements were prepared on an accrual basis in accordance with generally accepted accounting principles. Attached hereto is a summary of the Hali'i Kai Reserve Study completed by Armstrong Consulting, Inc. detailing the calculation of the estimated replacement reserves for the Project calculated using the cash flow method.

January 4, 2006

Signature — Date

Armstrong Consulting, Inc.

850 W. Hind Drive, Suite 208
Honolulu, Hawaii 96821
Phone (808) 377-8500

1333 Gateway Drive, Suite 1014
Melbourne, Florida 32901
Phone (321) 674-0196

Toll Free (800) 561-7732 Fax (808) 377-8511
E-mail: sales@armstrongassoc.net

April 21, 2005

Hali'i Kai
c/o Centex Destination Properties
Attn: Heather Sorum
69-1029 Nawahine Place
Waikoloa, Hawaii 96738

Re: **Hali'i Kai Reserve Study Summary**

Dear Ms. Sorum:

Enclosed is the reserve study conducted on Hali'i Kai. This project will contain twenty-four 8-plex buildings with a total of 192 residential units. This study considers the replacement, repairs and/or refurbishment of the project's proposed common area improvements. The total current cost of the components included in this analysis as of January 1, 2006 is $4,260,255, and the total future cost is $8,524,055. The largest proportion of these expenses that are within the 20-year analysis period involves building exterior renovations.

Analysis 1 indicates our recommended 2006 contributions into reserves. The subject property is currently under development with improvements that are projected for completion between mid 2005 and 2008. Because this is a new development, the beginning reserve balance for January 1, 2006 is projected at $0. Our recommended annual contribution to reserves is $230,000 for the duration of this study.

Exterior painting cost is currently estimated at $5,000 per unit for a total cost of $960,000 for the association's planned 192 units. It appears that the demand for exterior painting has far exceeded the supply of painting contractors for the Big Island in recent years resulting in rapid and extreme increases in costs. Increases in exterior painting cost could diminish or even decrease if the rate of construction slows or the supply of painting contractors increase. For budgeting purposes, current market cost estimates for exterior painting are used in this analysis.

It should be noted that the derivation of our recommended annual reserve contributions are based on components calculated from the project's proposed conceptual illustrations, floor plans and site layout figures provided by Centex Properties. Upon completion of the development, a new reserve study is recommended with a review of actual improvements in-place as well as analysis of "as built" construction drawings. Analysis of completed improvements could change our recommended annual reserve contributions.

Please feel free to call us if you have any concerns or questions. We appreciate the opportunity to be of service.

Sincerely,

Robert Wilder
Reserve Specialist

EXHIBIT "I"

SUMMARY OF DEPOSIT RECEIPT, RESERVATION AGREEMENT AND/OR SALES CONTRACT

Capitalized terms have the same meaning as ascribed to such terms in the Deposit Receipt, Reservation Agreement and/or Sales Contract ("Sales Contract").

The specimen Sales Contract, filed with the State of Hawaii Real Estate Commission, provides for, among other things, a description of the Apartment to be sold, the purchase price, the closing costs, the time, manner and place of payment, the Purchaser's obligations regarding financing, the Seller's warranties and disclaimers regarding the Condominium Map and the Project, and the remedies of the Seller and of the Purchaser in the event of a default under the Sales Contract.

Among other provisions the specimen Sales Contract provides:

1. Notwithstanding any other provision of the Sales Contract to the contrary, the Sales Contract shall become binding upon (i) delivery by Seller of a copy of the Contingent Final Public Report or Final Public Report for the Project (if any), either personally or by registered or certified mail with return receipt requested, and the receipt and notice ("Receipt and Notice Form") advising Purchaser of Purchaser's right to cancel the Sales Contract, the delivery of which is required by Hawaii Revised Statutes, Section 514A-62, (ii) Purchaser having been given an opportunity to read said report(s), (iii) Purchaser's waiver of Purchaser's right to cancel the Sales Contract pursuant to the terms of the Receipt and Notice Form, and (iv) if the Sales Contract is entered into prior to the effective date of the Contingent Final Public Report, or if there is no Contingent Final Public Report, prior to the effective date of the Final Public Report, then, upon delivery of the Contingent Final Public Report or Final Public Report, as applicable, Purchaser's and Seller's execution of an Affirmation Instrument agreeing to render the Sales Contract a binding contract. IF PURCHASER FAILS TO EXECUTE SAID AFFIRMATION INSTRUMENT AND RETURN THE AFFIRMATION INSTRUMENT TO SELLER WITHIN THIRTY (30) DAYS OF PURCHASER'S RECEIPT THEREOF, THE SALES CONTRACT SHALL AT SELLER'S OPTION, BE CANCELLED, AND SELLER SHALL THEREUPON CAUSE ESCROW TO REFUND PAYMENTS PREVIOUSLY MADE BY PURCHASER WITHOUT INTEREST, LESS ANY ESCROW CANCELLATION FEES.

Purchaser may cancel the Sales Contract within thirty (30) days of Purchaser's receipt of the Contingent Final Public Report or, if no Contingent Final Public Report has been issued, the Final Public Report. It is understood that Purchaser may, at any time after Purchaser's receipt of the Receipt and Notice Form, waive Purchaser's right to cancel the Sales Contract. If Purchaser shall fail to execute the Receipt and Notice Form within thirty (30) days of Purchaser's receipt of the Receipt and Notice Form, Purchaser shall be deemed to have received the Contingent Final Public Report or Final Public Report ("Deemed Receipt") and waived Purchaser's right to cancel the Sales Contract (by Purchaser's failure to give said written notice of cancellation). The conveyance of the Apartment to the Purchaser within the thirty (30)-day period referenced above shall also be treated as a Deemed Receipt of the Contingent Final Public Report or Final Public Report and as a waiver by Purchaser of Purchaser's right to cancel the Sales Contract.

If the Sales Contract shall become binding prior to the issuance of an effective date for a Final Public Report, the issuance of an effective date for a Final Public Report for the Project by the Real Estate Commission prior to the expiration of the Contingent Final Public Report (and/or any Supplementary Public Report) shall not affect the enforceability of Purchaser's obligations under the Sales Contract. The Sales Contract will continue to be binding on Purchaser. Moreover, upon the issuance of said Final Public Report, Seller shall not be required to deliver to the Purchaser the Final Public Report, together with a Receipt and Notice Form, but may instead promptly deliver to Purchaser a disclosure statement, informing Purchaser that the Real Estate Commission has issued an effective date for the Final Public Report. The disclosure statement shall also contain all information contained in the Final Public Report that is not contained in the Contingent Final Public Report.

If an effective date for a Final Public Report is not issued by the Real Estate Commission prior to the expiration of the Contingent Final Public Report and/or any Supplementary Public Report, as the case may be, then Seller shall notify the Purchaser by certified mail, and the Seller or the Purchaser may rescind the Sales Contract

and, in such event, the Purchaser shall be entitled to a prompt refund of the Purchaser's entire deposit plus any escrow fees that Purchaser may have paid less any escrow cancellation fees.

2. The Seller has entered into an Escrow Agreement, summarized in Exhibit J herein, with Title Guaranty Escrow Services, Inc. ("Escrow"), covering the deposit with Escrow of all funds paid by the Purchaser under the Sales Contract and the disbursement of the funds by Escrow. In the event a purchase is cancelled, Escrow may charge a cancellation fee on account of escrow services performed not to exceed $250.00.

3. The Sales Contract requires the Purchaser to pay the Total Purchase Price by a series of payments prior to Closing. Such payments include the Reservation Deposit due upon execution of the Deposit and Reservation Agreement, and the initial payment when Purchaser signs the Sales Contract. Purchaser shall then deposit at or prior to Closing, the remaining balance due.

4. The Sales Contract provides that Purchaser will not receive any interest on Purchaser's Deposits. All interest on Purchaser's Deposits, if any, shall accrue to Seller.

5. Purchaser's obligations under the Sales Contract are not contingent or conditional on Purchaser's ability to secure financing from a mortgage lender or on Purchaser's ability to sell Purchaser's current residence or any other property. Financing by Seller of any portion of the Total Purchase Price is not available.

6. The Sales Contract provides that closing costs and expenses shall be allocated as follows: Seller shall pay 60% of the premium for the Title Policy, the cost of drafting of conveyance documents, Seller's notary fees, conveyance tax, and 50% of escrow fees. Purchaser shall pay 40% of the premium for the Title Policy, and any additional costs relating to the issuance of extended coverage policy (including a lender's policy), the cost of drafting of any revisions or addenda to the Sales Contract in addition to those listed in Section C.4 of the Sales Contract, if any, the cost of obtaining Purchasers consents, if any, Purchaser's notary fees, all recording fees, 50% of escrow fees, any mortgage fees, and Hawaii General Excise Tax. The Sales Contract also provides that at Closing Purchaser shall pay (a) one (1) month's maintenance fee for the Condominium Association, and (b) a non-refundable, non-transferable start-up fee to the Condominium Association in the amount equal to two (2) months' maintenance fee assessments. These start-up fees are one-time assessments at Closing and are not advance payments of common expenses or assessments, and shall be in addition to the normal monthly assessments.

7. The Sales Contract provides that Purchaser may purchase upgrades, including modifications or additions to, or upgrades of, the standard fixtures, appliances and/or layout of the Apartment to be made by Seller, pursuant to an upgrade addendum attached to the Sales Contract upon Purchaser's execution of the Sales Contract. Purchaser must deposit one hundred percent (100%) of the purchase price of the upgrades upon Purchaser's execution of the upgrade addendum.

8. The Sales Contract provides that it shall not be construed as a present transfer of any rights or of any interest in the Apartment, but rather states that it is an agreement to transfer in the future. By execution of the Sales Contract, the Purchaser agrees to waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest arising under the Sales Contract in favor of the lien or charge on the Project of the security interests of the Lender, including but not limited to any lien, mortgage or charge securing a loan made to finance the acquisition of the land and the costs of construction (if applicable) and any and all advances therefore until the filing of the Apartment Deed.

9. The Sales Contract provides that it may not be assigned by Purchaser. Any assignment of the Sales Contract is void and of no legal effect. Notwithstanding the foregoing, Purchaser may assign its rights under the Sales Contract to affiliated entities for estate planning purposes without the consent of Seller, provided that any such assignment shall not release Purchaser from its obligations under the Sales Contract. In the event that Purchaser decides to make such an assignment for estate planning purposes, Purchaser shall provide written notice thereof to Seller at least fifteen (15) days prior to the Closing Date, as defined in the Sales Contract, and shall provide to Seller copies of such documents as Seller, in its sole and absolute discretion, deems necessary to complete Closing.

10. The Sales Contract provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract, or the development or management of the Project, the sale of the Apartment or the use or occupancy thereof, or any other aspect of the relationship between Seller and Purchaser regarding the Project which is raised or otherwise asserted after Closing shall be submitted to mediation and, if necessary, to arbitration in accordance with the terms, conditions and procedures set forth in the Sales Contract. The Sales Contract also provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract that is raised or otherwise asserted before Closing need not be submitted to arbitration, and Seller and Purchaser shall be free to pursue such dispute, as otherwise provided herein, in proceedings in a court of competent jurisdiction, provided that any judicial proceedings initiated shall be conducted in Honolulu, Hawaii.

11. The Sales Contract provides that the Apartments shall be sold subject to the Hali'i Kai One-Year Resale Restriction Agreement which shall be executed by Purchaser at Closing. Should Purchaser transfer Purchaser's Apartment during the Restriction Period, Purchaser shall be required to compensate Seller for Purchaser's default by payment of Liquidated Damages as further explained in the Sales Contract.

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

EXHIBIT "J"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement for the Project dated April 27, 2005 ("Agreement") contains the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. As and when Seller and prospective Purchaser enters into a Deposit and Reservation Agreement for the right to participate in a lottery for the reservation and purchase of an Apartment in the Project ("Reservation Agreement"), it shall require payment of deposit due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Reservation Agreement to Escrow together with the address of prospective Purchaser. Seller shall also promptly pay over to Escrow all monies (including checks) received by Seller from or on behalf of the prospective Purchaser.

B. As and when Seller shall enter into a Sales Contract for the conveyance of an Apartment or other interest in the Project ("Sales Contract"), it shall require the payment of deposit due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Sales Contract to Escrow together with the address of the Purchaser. Seller shall also promptly pay over to Escrow all monies (including checks) received by Seller from or on behalf of the Purchasers, including those received on any Sales Contract, and all payments made on loan commitments from lending institutions on account of any Apartment in the Project, other than funds received from interim financing.

C. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Reservation Agreements and Sales Contracts, (b) such sums received by it under the Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any Purchaser's funds with funds belonging to or held for the benefit of Seller. All funds and instruments received from Purchasers or prospective Purchasers shall be held by Escrow in accordance with the provisions contained in Chapter 514A of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow and in reasonably convenient and practical sums, in an interest-bearing account with a federally insured bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms of the Agreement. All income derived from said account, and all interest paid thereon, shall be credited to the account of Seller unless otherwise directed by a Seller.

D. Notwithstanding anything in the Agreement to the contrary, Escrow shall make no disbursements of Purchasers' funds or proceeds from the sale of Apartments in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Agreement, until the Final Public Report for the particular phase of the Project under which such disbursement is requested, has been issued and Escrow has received a letter from Seller stating that the Purchasers have signed the required Receipt and Notice of Right to Cancel or are deemed to have receipted for the public reports and to have waived their right to cancel, and stating further that no subsequent events have occurred which would give the Purchasers the right to rescind, the Sales Contracts have "become binding" and "the requirements of Sections 514A-40, 514A-39.5 and 514A-63" of the Hawaii Revised Statutes have been met, as said phrases are used in Section 514A-65, Hawaii Revised Statutes, and further that the requirements of Section 514A-62 of the Hawaii Revised Statutes have been met.

E. Purchaser's funds may be used for construction and other allowable expenses in accordance with Section 514A-67 of the Condominium Property Act, as amended, and as enumerated in the Agreement and defined below prior to closing, provided that all the requirements in provision D. above have been met. If funds are to be used for construction prior to closing, the funds shall be distributed by Escrow upon the submission of bills and upon direction to do so from Seller and a qualified financially disinterested person from time to time to pay for: (a) construction costs of the buildings and improvements in proportion to the valuation of the work completed by the contractor in accordance with the contract documents, as certified by a registered architect or engineer and approved for payment by a qualified financially disinterested person; (b) architectural, engineering, and interior design service fees in proportion to the services performed within each phase of services, as approved by a qualified financially disinterested person; (c) the costs of purchasing furnishings and fixtures for the Apartments, as approved by a

qualified financially disinterested person; (d) finance and legal fees, and other incidental expenses of constructing the Apartments or developing the Project, as approved by a qualified financially disinterested person; and (e) such other costs incurred in connection with the construction of the improvements of the Project as a qualified financially disinterested person may approve. Any funds remaining shall not be disbursed until construction of the Project has been completed (or until construction of the particular Apartment being conveyed has been completed to the extent that the Condominium Property Act permits such disbursement) and Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared (or, to the extent permitted by the Condominium Property Act, have been dealt with in such a fashion as to avoid non-compliance with Section 514A-18 of the Condominium Property Act), unless sufficient funds have been set aside for any bonafide dispute.

F. Each Purchaser shall be entitled to a return of his or her funds, without interest, and Escrow shall pay such funds to such Purchaser, promptly after request for return by the Purchaser if one of the following has occurred:

(1) Escrow receives a written request from Seller to return to the Purchaser the funds of the Purchaser then being held by Escrow;

(2) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Seller;

(3) The conditions providing for a refund under Section 514A-62 or under Section 514A-63 of the Hawaii Revised Statutes (as amended on the date upon which the Sales Contract becomes binding and effective) have been met, and written notice thereof has been provided by Seller.

(4) The conditions providing for refund under Section 514A-62 or under Section 514A-63 of the Hawaii Revised Statutes, as amended, have been met and which notice thereof has been provided by Seller.

Upon the cancellation of any Sales Contract as specified above, Escrow shall be entitled to a cancellation fee commensurate with the services rendered by Escrow prior to such cancellation, up to a maximum of $250.00, as described in Exhibit "A" of the Agreement, plus all costs incurred by Escrow, which shall be paid by the Purchaser.

G. Except as otherwise provided by law, Escrow shall give each purchaser entitled to a return of his or her funds notice thereof by certified or registered mail, addressed to such purchaser at his address shown on the Sales Contract or any address later made known to Escrow by such purchaser. If such purchaser shall not have claimed such refund within one hundred twenty (120) days from the date said notice is mailed, Escrow shall deposit such funds into a special account in a bank or other depository selected by Escrow in the name of Seller, as trustee for the benefit of such purchaser. After having sent Seller written notice of the foregoing acts, Escrow shall thereupon be released from further liability hereunder with respect to such funds and such purchaser.

H. If the Purchaser fails to make any payment on or before the due date thereof or if the Purchaser does or fails to do any act which would constitute an event of default under the Sales Contract, Seller shall promptly give to such Purchaser and to Escrow, written notice of default. If Purchaser has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow: (1) that Seller has elected to terminate the Sales Contract and has notified the Purchaser, or (2) that Purchaser is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands set forth in paragraph 15 of the Agreement, shall thereafter treat all funds of the Purchaser paid under such Sales Contract, less Escrow's cancellation fee, as funds of Seller and not of the Purchaser. Thereafter, such funds shall be held free of the escrow established by the Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller or order and shall return to Seller the Sales Contract of such Purchaser and any other documents theretofore delivered to Escrow in connection with the purchase of the Apartment specified in such Sales Contract shall be returned to the person from whom or entity from which such documents were received.

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

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 for Hali'i Kai ("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 Hali'i Kai condominium property regime ("Project") situate at Anaehoomalu, District of South Kohala, Island and County of Hawaii, State of Hawaii.

B. The Developer ("Developer") is the lawful Owner of the fee simple interest in the real property and the rights to be transferred to the Purchaser; 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 Developer has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Developer will WARRANT AND DEFEND the same unto the Purchaser forever against the lawful claims and demands of all persons, except as mentioned in the Deed.

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

D. Purchaser 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, Master Declarations, 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, Master Declarations, Bylaws and House Rules.

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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 PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE APARTMENT DEED, PURCHASER MUST REFER TO THE APARTMENT DEED TO DETERMINE PURCHASER'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. **RESIDENTIAL APARTMENTS**. Except as provided herein, the Residential Apartments shall be occupied and used only as private dwellings by the respective Owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. Notwithstanding anything contained herein or in law to the contrary, the Residential Apartments in the Project or any interest therein shall not be the subject of or sold, transferred, conveyed, leased, occupied, rented or used at any time under a time share plan (as defined in Hawaii Revised Statutes, Chapter 514E, as amended) or similar arrangement or program whether covered by Chapter 514E or not, or under any so-called "fractional ownership", "fractional interest ownership", "rental pool", "vacation license", "travel club membership", "club membership", "membership club" or "time-interval ownership" or "interval ownership" as offered and established through a third party vacation membership service provider who is in the business of providing such programs; provided, however, that any Residential Apartment owned by the Developer shall be free of the restriction on use set forth in this sentence. A Residential Apartment may be rented for such periods of time and to such number of persons permissible under the Hawaii County Code; provided, however, that no two bedroom unit shall be occupied by more that six (6) persons and no three bedroom unit shall be occupied by more than eight (8) persons at any time. Except as otherwise provided for in this Section VI.A, no business or trade of any kind may be conducted in or from any Residential Apartment or any portion of the Project except that an Owner or occupant residing in a Residential Apartment may conduct business activity within the Apartment so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from the exterior of the Apartment; (b) the business activity conforms to all zoning requirements for the Project, including, without limitation, Hawaii County Code §25-4-13, as amended; (c) the business activity does not involve persons coming onto the Project who do not reside in the Project; (d) the business activity does not increase the liability or casualty insurance obligation or premium of the Association; and (e) the business activity is consistent with the residential character of the Project and does not constitute a nuisance or hazardous or offensive use, as may be determined in the sole discretion of the Board. This Section VI.A shall not be amended without the prior written consent of the Developer.

The terms "business" and "trade" as used in this Section, shall be construed to have their ordinary generally accepted meaning and shall include, without limitation, any work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full-or part-time; (ii) such activity is intended to or does generate a profit; and (iii) a license is required therefor.

B. **RECREATIONAL APARTMENT**. The Recreational Apartment may be used for any purpose permissible by law, the Master Declarations, the Declaration and the Bylaws, including, but not limited to, administrative offices, management offices, concierge services, storage, sales and marketing offices and activity desks or offices. The Owner of the Recreational Apartment may enter into agreements, as it deems appropriate, to utilize the Recreational Apartment for any purpose permissible by law, the Master Declaration, the Declaration and the Bylaws, including, but not limited to providing services to Owners (but shall not be limited to such use) such as real estate sales, concierge services and security. Any income derived from such services shall belong solely to the Owner of the Recreational Apartment.

C. **OWNERS' RIGHT TO LEASE APARTMENTS**. Subject to those certain prohibitions on uses set forth in Article VI, Section A of the Declaration, the Owners of the respective Apartments shall have the absolute right to lease such Apartments subject to all provisions of the Declaration, the Master Declarations, the Bylaws and the House Rules; provided, however, that (i) all leases shall be in writing, signed by the Owner or Owner's representative and the tenant, (ii) all leases shall have a term of not less than thirty (30) days, (iii) no leasing of less than an entire Apartment shall be allowed, and (iv) Owner gives notice in writing to the Association that such Owner's Apartment is being leased out. Such Owner's right to lease is subject to any owner-occupant requirements under Sections 514A-101 through 514A-108 of the Act, as amended.

D. **OWNERS' RIGHT TO SELL APARTMENTS.** The Owners of the respective Apartments shall have the absolute right to sell or otherwise transfer such Apartments subject to all provisions of the Act, the Declaration, the Bylaws, the House Rules, the Design Committee Rules (if any), the Apartment Deed, any agreements regarding the Owner's right to resell Apartments and the Master Declarations.

E. **OWNERS' RIGHT TO MORTGAGE.** The Owners of the respective Apartments shall have the right to mortgage or otherwise transfer an interest in their respective Apartments as security for the repayment of a loan.

F. **PROHIBITION ON ACTIVITIES WHICH 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 which will (i) injure the reputation of the Project, (ii) jeopardize the safety or soundness of the Project, (iii) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, (iv) reduce the value of the Project, (v) 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 (vi) increase the rate of insurance applicable to the Apartments or the contents thereof, or to the Project.

G. **PROHIBITION ON UNAUTHORIZED CHANGES TO THE EXTERIOR OF CERTAIN APARTMENTS OR COMMON AREAS.** No Owner shall, without the written approval and continuing consent of the Design Committee and the Resort Association Architectural Committee, as more specifically provided in the Bylaws, change the exterior appearance of said Apartment or any Common Element in any manner, and any and all changes made to any Apartment or to the Common Element of the Project shall strictly comply with the Design Committee Rules promulgated by the Design Committee, or other applicable rules.

H. **OWNERS TO MAINTAIN APARTMENTS AND APPURTENANT LIMITED COMMON ELEMENTS IN GOOD ORDER.** The Owner of an Apartment shall keep the Apartment and all plumbing, electrical and other fixtures and appurtenances constituting a part of the Apartment in good order and repair, and shall be responsible for any damage or loss caused by his or her failure to do so. Also, in accordance with and as provided in Article II, Section D of the Declaration, certain Owners shall also keep the Limited Common Elements appurtenant to said Owner's Apartment in good order and repair, and shall be responsible for any damage or loss caused by said Owner's failure to do so. The Owners of any Apartment, however, shall be responsible for any damage or loss caused by such Owner to any of the Common Elements and Limited Common Elements and any costs associated therewith.

I. **USE OF COMMON ELEMENTS.** 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 the rights reserved to the Developer in the Declaration and in the Master Declarations, and further subject to:

1. The right of the Board, upon the approval of the Owners of seventy-five percent (75%) of the Common Interest, to change the use of the Common Elements;

2. The right of the Board, on behalf of the Association, to lease or otherwise use for the benefit of the Association those Common Elements which are not actually used by any of the Apartment Owners for an originally intended special purpose, as determined by the Board; provided that unless the approval of the Owners of seventy-five percent (75%) of the Common Interest is obtained, any such lease shall not have a term exceeding five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days written notice;

3. The right of the Board to lease or otherwise use for the benefit of the Association those Common Elements not falling within Article VI, Section H of the Declaration, upon obtaining: (i) the approval of the Owners of seventy-five percent (75%) of the Common Interest, including all directly affected Owners and all Owners of Apartments to which such Common Elements are appurtenant in the case of Limited Common Elements, and (ii) the approval of all mortgagees of record which hold mortgages on Apartments with respect to which owner approval is required by (i) above, if such lease or use would be in derogation of the interest of such mortgagees; and

4. The exclusive use of the Limited Common Elements as provided herein.

J. **DEVELOPER'S RIGHT TO USE**. Notwithstanding anything provided to the contrary, as long as there are unsold Apartments in the Project, Developer shall have the right to use any Apartment which it owns 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. Additionally, the Developer will have the right to utilize Apartments 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.

K. **PROHIBITION AGAINST INCREASING ENCLOSED LIVING AREA OF ANY RESIDENTIAL APARTMENT**. The enclosed living area of a Residential Apartment of the Project (as such living area is depicted on the Condominium Map on the date the Apartment is conveyed to an Owner by the Developer) may not be increased. Notwithstanding the foregoing, the Owner of the Recreational Apartment may alter the floor plan of the Recreational Apartment in accordance with Article XXII.B of the Declaration.

L. **SPECIAL MANAGEMENT AREA PERMIT REQUIREMENTS**. The use of the Common Elements will be subject to any conditions imposed by the SMA Permit. Each Owner's ownership, use and occupancy is subject to, limited by and must conform and comply with Chapter 205A of the Hawaii Revised Statutes, as amended, Rule 9 of the Hawaii County Planning Commission and the terms, conditions, obligations and other provisions set forth in the SMA Permit. Each Owner is further deemed to acknowledge that the Common Elements of the Project are subject to a shoreline setback imposed and regulated by Section 205A-41 of the Hawaii Revised Statutes, as amended, and Rule 8 of the Hawaii County Planning Commission Rules, as amended, which prohibits certain structures and activities within the shoreline area.

M. **ARCHAEOLOGICAL EASEMENTS**. Archaeological sites have been discovered within the Common Elements of the Project and said Common Elements are subject to the Archaeological Easements. Each Owner is deemed to acknowledge that (i) Owners may be prohibited from entering onto or disturbing the archaeological sites, (ii) there may be risks, disturbances, liability, nuisances, hazards and damages associated with the location of the archaeological sites and the easements related thereto, and (iii) the Association shall maintain, preserve and not disturb, and take affirmative action to prevent any person or thing from destroying, damaging or otherwise disturbing such archaeological sites and shall comply with all requirements imposed by Developer, the State of Hawaii, County of Hawaii or any other governmental agency, and any other law, ordinance, rule or regulation.

N. **USE OF RECREATIONAL FACILITIES; HALI'I KAI CLUB**. Each Residential Apartment Owner, by virtue of the Owner's acceptance of an Apartment Deed, shall be required to maintain a Resort Membership in the Hali'i Kai Club, and shall be subject to the Club Documents, including, but not limited to, the Membership Plan, Resort Membership Agreement and the Rules and Regulations. The Resort Membership shall entitle the Residential Apartment Owner to use the Club Facilities, including the Recreational Apartment and the Recreational Facilities, subject to the terms and conditions of the Club Documents. Each Resort Member will be required to pay Club Dues for such usage, and no Owner shall be relieved of the obligation to pay the Club Dues by waiving the Owner's rights to the Resort Membership or the use of the Club Facilities or any part thereof.

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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"

SUMMARY OF MASTER DECLARATIONS

The Declaration of Covenants, Conditions and Restrictions for Waikoloa Beach Resort, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14670 Page 531, as amended and supplemented (the "Resort Declaration") and the Declaration of Covenants, Conditions and Restrictions for Waikoloa Beach Resort Conference, recorded in said Bureau in Liber 14670 Page 531, as amended and supplemented (the "Conference Declaration") (collectively, the "Master Declarations") apply to the Project.

Among other provisions, the Master Declarations provide:

1. The Conference Declaration establishes the Waikoloa Beach Conference ("Conference Association") to advertise and market the Waikoloa Beach Resort area, Waikoloa, and the Kohala Coast Region as a destination area for vacation, residence and recreation. Each purchaser of an apartment within the Project will be a member of the Conference Association and shall be charged for Conference Association expenses.

2. The Resort Declaration establishes the Waikoloa Resort Association ("Resort Association"). The purpose of the Resort Association is to enhance and protect the value, desirability and attractiveness of Waikoloa Beach Resort as a whole, and each of the separate properties contained therein. Each purchaser of an apartment within the Project will be a member of the Resort Association and shall be charged for Resort Association expenses.

3. The Resort Association manages, operates, controls and maintains common use property of the Resort Association, which includes, but is not limited to, paths, parking lots, parks, bathhouses, utilities and utility improvements and other property of general use and or benefit to Resort Association members.

4. The Resort Declaration creates the Resort Association Architectural Committee. Any alteration of the landscape plan or of the exterior of any improvement as to shape, color, finish requires the prior written approval of the Resort Association Architectural Committee except as otherwise provided in the Resort Declaration.

5. The Resort Association imposes certain restrictions upon the use of property, including, but not limited to, the following:

a. All garbage, rubbish and trash shall be kept in closed containers. In no event shall such containers be maintained so as to be visible from neighboring lots, roads or common use property.

b. Except to the extent specifically permitted by Resort Association Rules, no house pets or other animals shall be allowed.

c. No mobile home, travel trailer, house trailer or similar vehicle, or any boat shall be placed on any lot in any location visible from any adjoining land area. No stripped down, wrecked or junked motor vehicle shall be kept, parked, stored or maintained on any lot. No commercial vehicle or boat bearing commercial insignias or names shall be parked on any lot in a location where it is visible from any adjoining land area unless it is temporarily parked for the purpose of serving the lot.

d. No outside clotheslines or other outside clothes drying or airing facilities.

e. No exterior antenna shall be installed or maintained on any lot without prior written consent of the Resort Association Architectural Committee.

f. No furniture, fixtures, appliances or other goods not currently in use shall be stored in a manner visible form adjoining land areas.

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

EXHIBIT "N"

AFFILIATES OF DEVELOPER

1. The Developer is a Delaware limited liability company whose members are LJR Kamalani LLC and Centex Homes. Centex Homes is the managing member of the Developer.

   A. LJR Kamalani LLC is a Delaware limited liability company.

   B. Centex Homes is a Nevada general partnership whose general partners are AAA Holdings, L.P., Centex Real Estate Corporation and Nomas Corp.

      (1) AAA Holdings, L.P. is a Delaware limited partnership.

      (2) Centex Real Estate Corporation is a Nevada corporation. The directors and officers of Centex Real Estate Corporation are listed on page 5a of the Public Report.

      (3) Nomas Corp. is a Nevada corporation.

2. Centex Homes is both the Real Estate Broker and the General Contractor for the Project.

   A. The Hawaii licensed principal broker for Centex Homes, dba Centex Destination Properties, the Real Estate Broker for the Project is Patrick H. Callahan (License RB-16574).

   B. The Hawaii licensed Responsible Managing Employee for Centex Homes, the General Contractor of the Project is Ricky M. Kamimura (License CT-15516).