CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer HW Development LLC
Business Address 92-1015 U Koio Drive, Kapolei, Hawaii 96707

Project Name(*): MAKAHA VALLEY ESTATES I
Address: 84-801 & 84-809 Alahele Street, Waianae, Hawaii 96792

Registration No. 5974

Effective date: October 19, 2007
Expiration date: November 19, 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 **SUPPLEMENTARY:** (pink) This report updates information contained in the:
[ ] Preliminary Public Report dated: _____
[X] Final Public Report dated: May 12, 2006
[ ] Supplementary Public Report dated: _____

And
[ ] Supersedes all prior public reports.
[X] Must be read together with Final Public Report dated May 12, 2006
[X] This report reactivates the Final public report(s) which expired on June 12, 2007

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request. FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104/0107

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report (see Exhibit "H")

[ ] 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 are as follows:

1. An additional address of 84-809 Alahele Street, Waianae, Hawaii 96792, was added to the Project address on pages 1 and 9 of this report and in Exhibit "H" (Disclosure Abstract) to this report.
2. Section III.B on page 9 of this report adds the new address of 84-809 Alahele Street for Unit 2 and notes that Unit 1's address is 84-801 Alahele Street.
3. An updated title report dated September 13, 2007, from Fidelity National Title Insurance Company has been submitted to the Real Estate Commission. This new title report deletes the $1,550,000 mortgage on the Project in favor of Central Pacific Bank. In its place is a new mortgage dated June 29, 2007 in the amount of $225,000 in favor of Investors Funding Corporation.
4. Section III.E on page 14 of this report amends the date of the title report to September 13, 2007.
5. Exhibit "E" to the Public Report has been amended to delete the aforesaid $1,550,000 mortgage. It has been replaced with the aforesaid $225,000 mortgage and financing statement in favor of Investors Funding Corporation.
6. Section 1 of Exhibit "H" (Disclosure Abstract) has been amended to add the 84-809 Alahele Street address. Exhibit "1" to Exhibit "H" amends the date of the Estimated Maintenance Fees and Disbursements to the period February 1, 2007 to January 31, 2008.

SPECIAL ATTENTION SHOULD BE GIVEN TO THE ADDITIONAL INFORMATION (PAGE 20) AND THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "A")

SPECIAL ATTENTION

Makaha Valley Estates I is a CONDOMINIUM PROJECT, not a subdivision. The Yard Areas beneath and immediately appurtenant to each apartment is designated as a LIMITED COMMON ELEMENT or an EXCLUSIVE USE AREA appurtenant to the respective apartment unit and does not represent legally subdivided lots. The walls, fences and dashed lines shown on the condominium map as delineating the Boundaries between the limited common element Yard Areas of the apartments or units should not be construed to be the property lines of legally subdivided lots.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other governmental agency, nor does it ensure that all applicable County codes, ordinances and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

[ ] 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: 84-801 & 84-809 Alahele Street
Waianae, Hawaii 96792

Tax Map Key (TMK): (1)-8-4-029-138

[X] Address [X] TMK is expected to change because * See Below

Land Area: 113,475 [X] square feet [ ] acre(s) Zoning: Country

Unit 1's address is 84-801 Alahele Street. Unit 2's address is 84-809 Alahele Street. A CPR number will be added to the TMK.

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 "D".

[ ] as follows:

Note: Reference in said Exhibit "D" to "Exclusive Use Area" does not mean legally subdivided Lots.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[ ] described in Exhibit _____.

[X] as follows:

Unit 1 - 50%
Unit 2 - 50%

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 E describes the encumbrances against the title contained in the title report dated September 13, 2007 and issued by Fidelity National Title Insurance Company.

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

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

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's agents, 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. 5974 filed with the Real Estate Commission on April 7, 2006.

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

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

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.

HW Development LLC
Printed Name of Developer

By X _____ 10/12/07
Duly Authorized Signatory* Date

Scott K. Wilson is a Manager of HW Development LLC, the Developer
Printed Name and Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu

Planning Department, City & County of Honolulu

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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 "E"

ENCUMBRANCES AGAINST TITLE

1. Real Property taxes that may be due and payable. For more information, please contact the City and County of Honolulu, Director of Finance, Real Property Tax Assessment.

2. Condominium Map No. 1782, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

3. Terms and provisions contained in the Declaration of Condominium Property Regime of Makaha Valley Estates I dated March 15, 2006 recorded March 30, 2006 in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3410596, as amended, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS.

4. Terms and provisions contained in the By-Laws of the Association of Apartment Owners of Makaha Valley Estates I dated March 15, 2006 recorded March 30, 2006, in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3410597, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS.

5. A mortgage to secure an indebtedness as shown below, and any other obligations secured thereby

Amount:	$225,000.00
Dated:	June 29, 2007
Loan No.:	none shown
Mortgagor:	HW Development LLC, a limited liability company, and Scott K. Wilson and Jennifer Y. Wilson, husband and wife
Mortgagee:	Investors Funding Corporation, a Hawaii corporation, as Trustee under unrecorded Loan Participation Agreement dated June 29, 2007
Recorded:	July 10, 2007, in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, Document No. 3625933 (besides other property)

6. A financing statement recorded in the Bureau of Conveyances, showing

Debtor:	HW Development LLC, and Scott K. Wilson
Secured Party:	Investors Funding Corporation, a Hawaii corporation
Date:	none shown
Recorded:	July 10, 2007, in the Bureau of Conveyances of the State of Hawaii, Document No. 2007-122620

7. Any and all covenants, conditions, restrictions and easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, and/or as delineated on said Condominium Map.

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. (a) PROJECT: Makaha Valley Estates I
84-801 & 84-809 Alahele Street
Waianae, Hawaii 96792

(b) DEVELOPER: HW Development LLC
92-1015 U Koio Drive
Kapolei, Hawaii 96707
Telephone: (808) 282-9148

(c) MANAGING AGENT: Self Managed by Association of Apartment Owners

(d) REAL ESTATE BROKER: A. Joel Criz & Associates
700 Bishop Street, Suite 1031
Honolulu, Hawaii 96813
Telephone: (808) 524-5616

2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:

The Developer is not making any warranties relating to the materials and workmanship of the Units and common elements.

4. USE OF UNITS. Units 1 and 2 shall be occupied and used only for residential purposes by the respective owners, their tenants, families, domestic servants and social guests, and for any other purpose permitted by the Land Use Ordinance of the City and County of Honolulu, including Storage Sheds.

EXHIBIT "1"

ESTIMATED MAINTENANCE FEES AND DISBURSEMENTS FOR COMMON ELEMENTS

For Period September 1, 2007 to August 31, 2008

As Prepared by Developer

Estimated Annual Disbursements:		
1/	Water/Sewer	$ -0-
1/	Electricity:	$ -0-
2/	Fire Insurance:	$ -0-
	Fidelity Bond:	$ -0-
3/	Reserves:	$ -0-
4/	Management Fee:	$ -0-
	Administrative Expenses	$ -0-
	Common Elements Maintenance:	$ -0-
	TOTAL ANNUAL EXPENSES	$ -0-
Estimated Monthly Disbursements:		$ -0-
Estimated Monthly Maintenance Fee for Each Apartment:		$ -0-

Notes:

1/ All utilities will be separately metered or submetered or otherwise charged, and the common elements will incur no separate utility charges.

2/ Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association will elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses.

3/ Developer discloses that no reserve study was done in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

4/ The Project will be self managed by the Association of Apartment Owners.

The Developer certifies that the maintenance fees and disbursements as estimated by the Developer is based on generally accepted accounting principles.

Dated: 10/12/07, 2007

HW DEVELOPMENT LLC

By _____

Scott K. Wilson
Its Manager

"Developer"

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