

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Kona Business Park Phase II LLC
Address 220 South King Street, Suite 2170, Honolulu, Hawaii 96813
Project Name(*): KOHANAIKI LOT 27 CONDOMINIUM PROJECT
Address: Lot 27 (remainder) "Kohanaiki Business Park, Phase II", North Kona, HI, TMK (3) 7-3-058-052

Registration No. 6181

Effective date: February 14, 2007
Expiration date: March 14, 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.

X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[x] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

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

(* Exactly as named in the Declaration

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report 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.

Changes made are as follows:

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

THE PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

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

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

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

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

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: KONA BUSINESS PARK PHASE II LLC Phone: (808) 537-5976
Name (Business)
220 South King Street, Suite 2170
Business Address
Honolulu, Hawaii 96813

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):

TOWNE DEVELOPMENT OF HAWAII, INC., a Hawaii
corporation - Manager (Christopher L. Lau, President)

Real Estate Broker*: Towne Island Homes Ltd. Phone: (808) 537-5976
Name (Business)
220 S. King Street, Suite 2170
Business Address
Honolulu, Hawaii 96813

Escrow: Title Guaranty Escrow Services Inc. Phone: (808) 329-6666
Name (Business)
75-150 Hualalai Road, Suite C-201
Business Address
Kailua-Kona, Hawaii 96740

General Contractor*: N/A Phone:
Name (Business)
Business Address

Condominium Managing Agent*: Self-Managed by AOA Phone:
Name (Business)
Business Address

Attorney for Developer: Jewell & Krueger, a Limited Liability Law Company Phone: (808) 326-7654
Name (Business)
75-5722 Kuakini Highway, Suite 208
Business Address
Kailua-Kona, Hawaii 96740

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

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

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

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

The Declaration for this condominium is:

- Proposed
- Recorded - Bureau of Conveyances Document No. 2006-120516
Book _____ Page _____
- Filed - Land Court Document Number _____

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

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

The Condominium Map for this condominium project is:

- Proposed
- Recorded - Bureau of Conveyances Condo Map No. 4281
- Filed - Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

- Proposed
- Recorded - Bureau of Conveyances Document No. 2006-120517
Book _____ Page _____
- Filed - Land Court Document No. _____

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

- D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>N/A</u>

* 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.

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

[See Exhibit I to this public report]

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 - Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sibleasehold:

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 73-4281 Huliko'a
North Kona, Hawaii

Tax Map Key: (3) 7-3-058-052

Address TMK is expected to change because

Land Area: 9,079 square feet acre(s)

Limited Industrial - 1 acre min.
Zoning: (ML-1A)

5. Special Use Restrictions:

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

- Pets: _____
 Number of Occupants: _____
 Other: _____
 There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0		Stairways:		Trash Chutes:	
Apt. Type	Quantity	BR/Bath	Net Living Area(sf)*	Net Other Area(sf)	(Identify)
Units 1 & 2	2	N/A		16	shed
Unit 3, Bldg. A & office	1**	N/A		6,800	bldg. & office
Unit 3 Bldg. B		N/A		11,884	
Unit 3 Bldg. C		N/A		14,720	
Unit 3 Bldg. D		N/A		14,720	
Unit 3 Bldg. E		N/A		7,360	
Unit 3 Bldg. F		N/A		14,720	
Total Number of Apartments	3	0			

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

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

** Unit 3 includes six (6) buildings.

Boundaries of Each Apartment: Each unit includes, but is not limited to, the footings or slab on which it is constructed, the exterior walls and roof, all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, windows and window frames, the air space within the perimeters of the unit, and all fixtures originally installed in the unit. Each unit shall not include any pipes, shafts, wires, conduits or other utility or service lines running through such unit which are utilized for or serve more than one unit, the same being deemed common elements as hereinafter provided.

Permitted Alterations to Apartments: See Exhibit J.

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

7. Parking Stalls:

Total Parking Stalls: _____ *

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	_____	_____	_____	_____	_____	_____	_____

Each apartment will have the exclusive use of at least _____* parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

*There is sufficient parking space available within the limited common element land area appurtenant to each unit. The reference to "See drawing No. C-1 for new location of parking lot" on Condominium Map No. 4281 is in error and must be disregarded.

Commercial parking garage permitted in condominium project.

8. Recreational and Other Common Facilities.

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: _____

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

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below.

Violations will be cured by _____
(Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years):

(Not applicable)

11. Conformance to Present Zoning Code

- a. 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.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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 nonconformity, 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:

described in Exhibit B .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit C.

as follows:

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

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 E describes the encumbrances against the title contained in the title report dated August 8, 2006, 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.
- There are blanket liens which may affect title to the individual apartments.

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit If Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage in favor of First Hawaiian Bank dated February 28, 2005, and recorded in the Bureau of Conveyances of the State of Hawaii as Document Number 2005-039918.	The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less escrow cancellation fee.
Absolute Assignment of Rentals and Lessor's Interest in Leases in favor of First Hawaiian Bank dated February 28, 2005, and recorded in said Bureau as Document Number 2005-039919.	The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less escrow cancellation fee.
Financing Statement in favor of First Hawaiian Bank dated February 28, 2005, and recorded in said Bureau as Document Number 2005-039920.	The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less escrow cancellation fee.

F. Construction Warranties:

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

1. Building and Other Improvements:

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

2. Appliances:

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

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

Construction of the Project was completed in 2006.

H. Project Phases:

The developer 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):

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

[] Notice to Owner Occupants

[X] Specimen Sales Contract

Exhibit G contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated August 31, 2006

Exhibit H contains a summary of the pertinent provisions of the escrow contract

[] Other

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other:

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 6181 filed with the Real Estate Commission on October 6, 2006.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above

- 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.

KONA BUSINESS PARK PHASE II LLC, a Hawaii limited liability company
 Printed Name of Developer

By its Manager:

TOWNE DEVELOPMENT OF HAWAII, INC.,
 a Hawaii corporation

By  2-5-07
 Its Vice President Date
 Duly Authorized Signatory*

Douglas M. Tonokawa, Vice President*
 Printed Name & Title of Person Signing Above

Distribution:

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

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

EXHIBIT A

DESCRIPTION OF UNITS:

The Project contains three (3) units, containing a total of eight (8) buildings. Units 1 and 2 each contain one building (shed). Unit 3 contains 6 buildings (Buildings A – F). Buildings A, B, C, D and F have two (2) stories or levels and no basement. Building E has one story or level and no basement. The buildings are constructed principally of steel, wood, glass and related building materials.

DESCRIPTION OF BUILDINGS:

The Project contains three (3) units, containing a total of eight (8) buildings, all constructed according to a similar basic floor plan, but of varying sizes, as follows:

Units 1 and 2 each contain a single shed building, containing a net floor area of approximately 16 square feet.

Unit 3, Building “A” contains a net floor area of approximately 5,800 square feet and an office which contains a net floor area of approximately 1,000 square feet.

Unit 3, Building “B” contains a net floor area of approximately 11,884 square feet.

Unit 3, Building “C” contains a net floor area of approximately 14,720 square feet.

Unit 3, Building “D” contains a net floor area of approximately 14,720 square feet.

Unit 3, Building “E” contains a net floor area of approximately 7,360 square feet.

Unit 3, Building “F” contains a net floor area of approximately 14,720 square feet.

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

ORIGINAL APPLIANCES, FIXTURES AND ADDITIONS:

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

LOCATION AND NUMBERING OF APARTMENTS:

Each Unit shall be designated by a one digit number in sequential order from Unit 1 through Unit 3. The Building numbers and locations are more fully illustrated on the Condominium Map.

ACCESS TO COMMON ELEMENTS:

Each Unit & Building in the Project has immediate access to the common elements of the Project.

EXHIBIT B

COMMON ELEMENTS:

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

1. The land described in Exhibit "A", in fee simple.
2. All footings or slab on which each unit is constructed, the exterior walls and roof, all interior walls, floors, ceilings, columns and partitions, and the finished surfaces thereof, the doors and door frames, windows and window frames, the air space within the perimeters of the unit, and all fixtures originally installed in the unit.
3. All yards, grounds, gardens, planters, plants, landscaping, irrigation and refuse facilities.
4. All sidewalks, walkways, driveways, roads, parking areas, parking stalls, loading spaces and bike racks.
5. All ducts, electrical equipment, transformers, wiring, pipes and other central and appurtenant transmissions facilities and installations over, under and across the Project which are utilized by or serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.
6. All areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the Project within or outside of the buildings, which are for common use or which serve more than one apartment, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.
7. All the benefits, if any, inuring to the land or to the Project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A".
8. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.
9. The "Existing Easement '5' for Access and Utility Purposes" as located and denoted on the condominium map, and providing access for all units to Huliko'a Drive.

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

EXHIBIT C

LIMITED COMMON ELEMENTS:

The units shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

PRIVATE LAND AREA. Certain land area of the project, located as shown on the condominium map and designated thereon as limited common element, together with any structures or improvements now or hereafter situated thereon, is appurtenant to and for the exclusive use of each unit as designated on the condominium map.

<u>Unit</u>	<u>Private land area (approx. land area)</u>
1	Approximately 2.804 acres, as shown on the condominium map.
2	Approximately 1.647 acres, as shown on the condominium map.
3	Approximately 4.628 acres, as shown on the condominium map.

NOTE: The boundary of the private land area appurtenant to each unit, shown as a dashed line on the condominium map, does not create or represent County-approved subdivided lots. Such boundary serves only to delineate the limited common element private land area appurtenant to each unit.

EXHIBIT D

COMMON INTEREST:

<u>Unit</u>	<u>Undivided Common Interest</u>
1	0.33 (33.0%)
2	0.33 (33.0%)
3	<u>0.34 (34.0%)</u>
Total	1.00 (100.0%)

EXHIBIT E

ENCUMBRANCES AGAINST TITLE:

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

2. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDITIONS IMPOSED BY LAND USE
DATED : May 27, 1992
RECORDED : Document No. 92-084328

3. The terms and provisions contained in the following:

INSTRUMENT : KOHANAIKI BUSINESS PARK DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
DATED : July 20, 1999
RECORDED : Document No. 99-123820

Said Declaration was amended by instrument dated September 10, 1999, recorded as Document No. 99-150035.

4. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF KOHANAIKI BUSINESS PARK ASSOCIATION,
INC.
DATED : July 20, 1999
RECORDED : Document No. 99-123821

5. The terms and provisions contained in the following:

INSTRUMENT : DEED
DATED : December 14, 1999
RECORDED : Document No. 99-198606

6. DESIGNATION OF EASEMENT "5"

PURPOSE : access and utility
SHOWN : on survey map prepared by Ryan M. Suzuki, Land Surveyor, with
R.M. Towill Corporation, approved by the County of Hawaii
Planning Department on December 5, 2002

7. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : KONA BUSINESS PARK PHASE II LLC, a Hawaii limited
liability company
MORTGAGEE : FIRST HAWAIIAN BANK, a Hawaii corporation

DATED : as of February 28, 2005
RECORDED : Document No. 2005-039918
AMOUNT : \$4,500,000.00 - covers the land described herein, besides other
land

8. The terms and provisions contained in the following:

INSTRUMENT : ABSOLUTE ASSIGNMENT OF RENTALS AND LESSOR'S
INTEREST IN LEASES

DATED : February 28, 2005
RECORDED : Document No. 2005-039919
PARTIES : KONA BUSINESS PARK PHASE II LLC, a Hawaii limited
liability company, "Assignor", and FIRST HAWAIIAN BANK, a
Hawaii corporation, "Assignee"
RE : to secure the repayment of that certain promissory note in the
amount of \$4,500,000.00 - covers the land described herein,
besides other land

9. FINANCING STATEMENT

DEBTOR : KONA BUSINESS PARK PHASE II LLC
SECURED
PARTY : FIRST HAWAIIAN BANK
RECORDED : Document No. 2005-039920
RECORDED ON: February 28, 2005

10. GRANT

TO : WATER BOARD OF THE COUNTY OF HAWAII
DATED : November 22, 2005
RECORDED : Document No. 2005-262959
GRANTING : the right in the nature of an easement to install, maintain, etc. any
and all pipelines, equipment, etc. over and across said Easement
"5"

11. DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "KOHANAIKI
LOT 27 CONDOMINIUM PROJECT"

DATED: June 27, 2006
RECORDED: Document Number 2006-120516
MAP: Condominium Map No. 4281

12. BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF "KOHANAIKI LOT 27
CONDOMINIUM PROJECT"

DATED: June 27, 2006
RECORDED: Document Number 2006-120517
MAP: Condominium Map No. 4281

EXHIBIT F

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

The regular maintenance and repair of each unit and appurtenant limited common elements shall be the sole responsibility of each respective unit owner. Article 7 of the Bylaws requires that the Association shall purchase and maintain casualty and liability insurance covering the project. The Developer anticipates that the cost of such policies will be the principal, if not the only common expense of the project for which maintenance fees will be assessed. The Developer estimates that the annual premiums for such insurance policies will be approximately \$1,500.00. However, Article 7 of the Bylaws further provides that the Association may elect to satisfy the insurance requirement by obligating each unit owner, at such owner's sole expense, to procure and maintain separate policies covering his or her respective unit and appurtenant limited common elements, with such policies meeting each of the requirements set forth in Article 7.

There are presently no common elements which will require maintenance and repair by the Association. In the future, Existing Easement "5" for access and utility purposes shown on the Condominium Map, and which serve all three (3) units as well as other property, will be the only common element of the project to require maintenance and repair by the Association. Easement "5" is not expected to require maintenance or repair on a regular basis. The payment for all utility services to each unit is the sole responsibility of the unit owner. As a result, the Developer anticipates that there will be no annual assessments for maintenance fees. Instead, assessments for maintenance and repair of the common elements will be made as needed and assessments for utilities will be made directly to the unit by the utility provider for payment by the unit owner.

There is no non-exempt Association property requiring the establishment of any replacement reserves pursuant to HRS § 514A-83.6 or Subchapter 6 of Chapter 16-107 of the Hawaii Administrative Rules. Thus, it will not be necessary to assess any maintenance fees for the project.

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

common elements and apartments

Elevator

Gas

common elements only

common elements and apartments

Refuse Collection

Telephone

Water and Sewer

Maintenance, Repairs and Supplies

Buildings

Grounds

Management

Management Fee

Payroll and Payroll Taxes

Office Expenses

Insurance

Reserves(*)

Taxes and Government Assessments

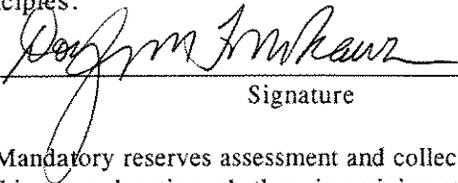
Audit Fees

Other

TOTAL

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

I, Douglas M. Tonokawa, Vice President of TOWNE DEVELOPMENT OF HAWAII, INC., a Hawaii corporation, as Manager of KONA BUSINESS PARK PHASE II LLC, a Hawaii limited liability company, the developer of the "Kohanaiki Lot 27 Condominium Project", hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Signature

9/26/06

Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. The Developer disclosed that no reserve study was done.

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

EXHIBIT G
SUMMARY OF
DEPOSIT RECEIPT, OFFER AND ACCEPTANCE CONTRACT

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

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.
- (b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the DROA.
- (c) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.
- (d) That the purchaser's money will be held in escrow.
- (e) Requirements relating to the purchaser's financing of the purchase of a unit.
- (f) That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.
- (g) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (h) Whether the purchaser will receive interest on deposits made under the DROA.
- (i) In the event of a default by the purchaser under the DROA, the Developer may, in addition to other remedies, be entitled to all deposits paid by the purchaser as liquidated damages.

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

EXHIBIT H

SUMMARY OF ESCROW AGREEMENT

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

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the DROA, including:
 - (1) Upon the written request of both parties to Escrow to return the purchaser’s funds;
 - (2) Upon the exercise by the Developer of any right to cancel the DROA;
 - (3) Upon the exercise by the purchaser of a right to cancel the DROA if the purchaser’s funds were obtained prior to the issuance of a Final Public Report, pursuant to HRS § 514A-62; or
 - (4) Upon the exercise by the purchaser of a right to cancel the DROA pursuant to HRS § 514A-63.
- (d) The purchaser’s funds deposited to Escrow may be disbursed to or otherwise used by the Developer only after:
 - (1) The Real Estate Commission has issued a final Public Report (the “Final Report”) on the project;
 - (2) The purchaser has been given a copy of the Final Report together with a receipt and notice form which complies with Section 514A-62 of the condominium law;
 - (3) The purchaser has signed the receipt and notice form and waived his right to cancel or thirty days have elapsed since the purchaser received a copy of the Final Report and receipt and notice form;
 - (4) The Developer notifies Escrow in writing that, since the things described in (1), (2) and (3) above have happened, neither the purchaser nor the Developer may back out of the agreements they made in the DROA. In the same written notice, the Developer shall notify Escrow either that the time in which the Developer or the purchaser could back out of the agreements in the DROA has passed, or that the Developer and the purchaser have said that they will not back out of the agreements in the DROA;
 - (5) The Developer’s attorney advises Escrow that the DROA has become effective and the requirements of Sections 514A-39.5, 514A-40 and 514A-63 of the condominium law have been met, as provided for in Section 514A-65 of the condominium law;
 - (6) Construction of the unit has been completed and the deed of the unit to the purchaser has been recorded; and
 - (7) If Closing is to occur prior to expiration of the applicable mechanic’s lien period, Escrow shall have received satisfactory assurances that the purchaser will be provided an owner’s title insurance policy with a mechanics’ lien endorsement, protecting the purchaser from mechanics’ and materialmen’s liens.

- (e) Unless otherwise agreed by the parties and Escrow, the purchaser shall not be entitled to any interest earned on any deposits made to Escrow by the purchaser, which interest will be credited to the Developer.
- (f) In the event of a default by the purchaser under the DROA, the Developer may, in addition to any other remedies provided in the DROA, be entitled to all deposits paid to Escrow by the purchaser.

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

EXHIBIT I

RESERVED RIGHTS

The following are from Article N of the Declaration:

- A. At any time prior to the first recording in the Bureau of Conveyances of a conveyance or transfer (other than for security) of a unit and its appurtenances to a party not a signatory hereto, Declarant may amend this Declaration and/or the other project documents in any manner without approval or consent of any unit purchaser. This section shall not be deemed to limit or restrict the Declarant's rights as unit owner to amend the Declaration as provided in the project documents.
- B. Any provision of this Section N to the contrary notwithstanding, and until the recording of unit conveyances or agreements of sale with respect to all of the units in the project in favor of persons other than Declarant, Declarant may amend this Declaration, the Bylaws and/or the Condominium Map without the approval, consent or joinder of any person or group of persons, including the association, any unit owner or any mortgagee, lienholder, apartment purchaser or any other person who may have an interest in the project, to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the project or any of the units, by any institutional lender lending funds on the security of the project or any of the units, or by any governmental agency (including without limitation the VA, HUD, FNMA and/or FHLMC); provided, however, that, except as otherwise provided herein, no such amendment which would change the common interest appurtenant to an apartment or substantially change the design, location or size of an unit shall be made without the consent to such amendment by all persons having an interest in such unit.
- C. Any provision of this Section N to the contrary notwithstanding, Declarant may amend this Declaration (and when appropriate the Condominium Map) without the approval, consent or joinder of any person or group of persons, including the association, any unit owner or any mortgagee, lienholder, unit purchaser or any other person who may have an interest in the project or in any unit, to file a verified statement of a registered architect or professional engineer certifying that the final recorded Condominium Map fully and accurately depicts the layout, location, unit numbers and dimensions of the units, as built, or that any revised plans being filed simultaneously with the amendment involve only immaterial changes to the layout, location and dimensions of the units as built or any change in any unit number, or such other changes as Declarant is permitted to make pursuant to this Declaration.
- D. Any provision of this Section N to the contrary notwithstanding, any amendment affecting any provision of this Declaration which is for the express benefit of holders or insurers of first mortgages on units shall require the approval of eligible holders of first mortgages on units to which at least sixty-seven percent of the votes of units subject to mortgages held by such eligible holders are allocated, together with such other approval requirements as set forth in this Section N.

EXHIBIT J

ALTERATIONS TO APARTMENTS

Section L.1 of the condominium declaration provides as follows:

Each unit owner shall have the right at his sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owner of the other unit or any other persons or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his unit or portions thereof or upon the private land area or yard appurtenant to his unit (collectively, the foregoing are referred to as "alterations"). Each unit owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to accomplish any such alterations. If required by the Act, promptly upon completion of such alterations the owner of the altered unit shall duly record such amendment to this Declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as built. If required by the Act, the board shall be deemed to approve of all such alterations. All existing unit owners and all future unit owners and their mortgagees, by accepting an interest in a unit, consent to all such alterations and agree to give and shall be deemed to have given the owner of the altered unit a power of attorney to execute an amendment to the Declaration solely for the purpose of describing the alterations to such unit in the Declaration so that the owner of the altered unit shall hereafter have a power of attorney from all the other unit owners to execute such amendment to the Declaration. This power of attorney shall be deemed coupled with each owner's interest in his unit (including his common interest) and shall be irrevocable.

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

Any alterations to a unit pursuant to this paragraph L shall be subject to the following conditions:

- (a) All building plans for any such alterations shall conform with State and County land use, building and zoning laws and other applicable County ordinances and regulations.
- (b) Such alterations may decrease or increase the size of the affected unit, provided that no alteration shall extend or place the unit outside of the limits of the private land area or yard appurtenant to such unit.
- (c) All such alterations shall be at the sole expense of the unit owner making the change and shall be completed within one year of the commencement thereof and in a manner that will not unreasonably interfere with the other unit owner's use of his unit or private land area or yard.
- (d) The owner of the altered unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the unit affected by such alteration for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the project, nor shall it unreasonably interfere with the other unit owner's use or enjoyment of his unit or private land area or yard.
- (e) Each and every conveyance, lease and mortgage or other lien made or created on any unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a unit shall reserve to all unit owners the rights set forth in this paragraph.
- (f) Before commencing or permitting construction on any alteration of a unit pursuant to this paragraph L, the costs of which will exceed \$10,000, the unit owner thereof, at his sole expense, shall obtain and provide the other unit owner with evidence of a bond or certificate, or an irrevocable letter of credit issued by a bank authorized to do business in the State of Hawaii, in an amount of not less than one hundred percent (100%) of the cost of such

construction, or, in lieu thereof, a guarantee against mechanics' and materialmen's liens satisfactory to the other unit owner.

EXHIBIT K

CONVERSION

Section O of the condominium declaration provides as follows:

CONVERSION.

Declarant hereby declares, subject to the penalties set forth in Section 514A-49(b) of the Act as follows: Unit 1, and its related improvements, was completed in 2006 in compliance with all zoning and building ordinances and codes and all other permitting requirements applicable to such unit. Unit 2, and its related improvements, was completed in 2006 and in compliance with all zoning and building and ordinances and codes and all other permitting requirements applicable to such unit. Unit 3, and its related improvements, was completed in 2006 and in compliance with all zoning and building and ordinances and codes and all other permitting requirements applicable to such unit.