

AMENDMENT 1 TO DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME:	SEASCAPE CONDOMINIUM PHASE I
PROJECT ADDRESS:	Nuuanu Street, Kailua-Kona, North Kona, Hawaii. Street Nos are for each Building are as follows: Building "A" - 73-1107 Nuuanu St.; Building "B" - 73-1105 Nuuanu St.; Building "C": 73-1103 Nuuanu St.; Building "D": 73-1101 Nuuanu St.; and Building "N": 73-1111
REGISTRATION NUMBER:	6186
EFFECTIVE DATE OF REPORT:	August 8, 2007
MUST BE READ TOGETHER WITH DEVELOPER'S PUBLIC REPORT DATED:	March 15, 2007
DEVELOPER(S):	SEASCAPE DEVELOPMENT, LLC.

Preparation of this Amendment

The Developer prepared this amendment pursuant to the Condominium Property Act, Section 5148-56, Hawaii Revised Statutes (HRS), as amended from time to time. Section 5148-56, HRS, requires that after the Commission has issued an effective date for the Developer's Public Report, if there are any changes, either material or pertinent changes, or both, regarding the information contained in or omitted from the Developer's Public Report, or if the developer desires to update or change the information set forth in the Developer's Public Report, the developer shall immediately submit to the Commission an amendment to the Developer's Public Report or an amended Developer's Public Report clearly reflecting the change, together with such supporting information as may be required by the Commission, to update the information contained in the Developer's Public Report.

The law defines "material change" as used in parts IV and V of Chapter 514B, HRS means any change that directly, substantially, and adversely affects the use or value of (1) A purchaser's unit or appurtenant limited common elements; or (2) Those amenities of the project available for the purchaser's use.

The law defines "pertinent change" to mean, as determined by the commission, a change not previously disclosed in the most recent public report that renders the information contained in the public report or in any disclosure statement inaccurate, including, but not limited to (1) The size, construction materials, location, or permitted use of a unit or its appurtenant limited common element; (2) The size, use, location, or construction materials of the common elements of the project; or (3) The common interest appurtenant to the unit. A pertinent change does not necessarily constitute a material change.

The filing of an amendment to the Developer's Public Report or an amended Developer's Public Report, in and of itself, shall not be grounds for a purchaser to cancel or rescind a sales contract. A purchaser's right to cancel or rescind a sales contract shall be governed by sections 5148-86 and 514B-87, HRS, the terms and conditions of the purchaser's contract for sale, and applicable common law.

This Amendment has n- been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this amendment to the Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts, material changes, or pertinent changes about the project have been fully or adequately disclosed; and (3) is not the

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Commission's judgment of the value or merits of the project.

The law defines "material facts" to mean any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale.

This amendment may be used by the Developer for promotional purposes only if it is used with the last Developer's Public Report in its entirety.

Prospective purchasers and purchasers are encouraged to read this amendment carefully and to seek professional advice.

Summary of Changes from Earlier Developer's Public Report are Described Beginning on the Next Page

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Summary of Changes from Earlier Developer's Public Report:

This summary contains a general description of the changes, if any, made by the developer since the last Developer's Public Report was issued an effective date. It is not necessarily all inclusive. Prospective purchasers and purchasers must read this amendment together with the last Developer's Public Report with the effective date as noted on the top of page 1 if they wish to know the specific changes that have been made.

Changes made are as follows (include a description of what the change is and page number and or exhibit alphabet or number; additional pages may be used):

Sales Now Permitted to Buyers Who Do Not Qualify Under The County of Hawaii's Affordable Housing Policy. Page 1 of the Developer's Public Report is revised to state as follows:

"Units in Phase I of the Condominium were initially designated as "*affordable housing units*" as provided for in Article 1, Affordable Housing, Chapter 11, Hawaii County Code (the "**Affordable Housing Policy**"). Pursuant and subject to the terms and conditions stated in the Agreement Re Affordable Housing dated March 7, 2006, between the Developer and the County of Hawaii (the "**County**") recorded in the Bureau of Conveyances of the State of Hawaii on March 16, 2006 as Document No. 2006-049941 ("**Affordable Housing Agreement**"), the Developer initially was obligated to offer the Phase I units for sale to a "*qualified household*" (as defined in the Affordable Housing Policy) earning 120% to 140% of the County's median family income at the time of sale.

The Affordable Housing Agreement also provided that if Developer was unable, after good faith efforts, to sell any particular unit to a qualified household, and the County did not exercise its first right to purchase such unit, then the Developer would be permitted to sell such unit to a non-qualified buyer at the "*affordable price.*"

The Developer commenced its pre-registration marketing of units in Phase I of the Condominium in June, 2006 in compliance with the County's requirements, including conducting a lottery for qualified prospective buyers. The Developer advised the County that as of May 3, 2007, it had been unable, after such good faith efforts, to locate prospective qualified buyers for all of the units in Phase I of the Condominium. By letter dated May 14, 2007, the County has waived its first right to purchase.

Therefore, the Developer's Public Report is revised to bring to attention of purchasers and prospective purchasers that the Developer is now authorized to sell to non-qualified buyers those units in Phase I not reserved for or not subsequently contracted for purchase by or not sold to prospective qualified buyers."

Accordingly, the Purchase Contract has been revised to include a Rider for non-qualified buyers, and the Public Report is also revised at page 5 to add a new paragraph 4 to Exhibit H "**Summary of Purchase and Sale Contract (the 'Purchase Contract') and Escrow Agreement**" as follows:

4. Sales to Buyers Not Qualified under the County of Hawaii Affordable Housing Policy. The Developer is now authorized to sell to buyers who are not "*qualified households*" under the County of Hawaii's Affordable Housing Policy. The Purchase Contract for such non-qualified buyers shall include a Rider that:

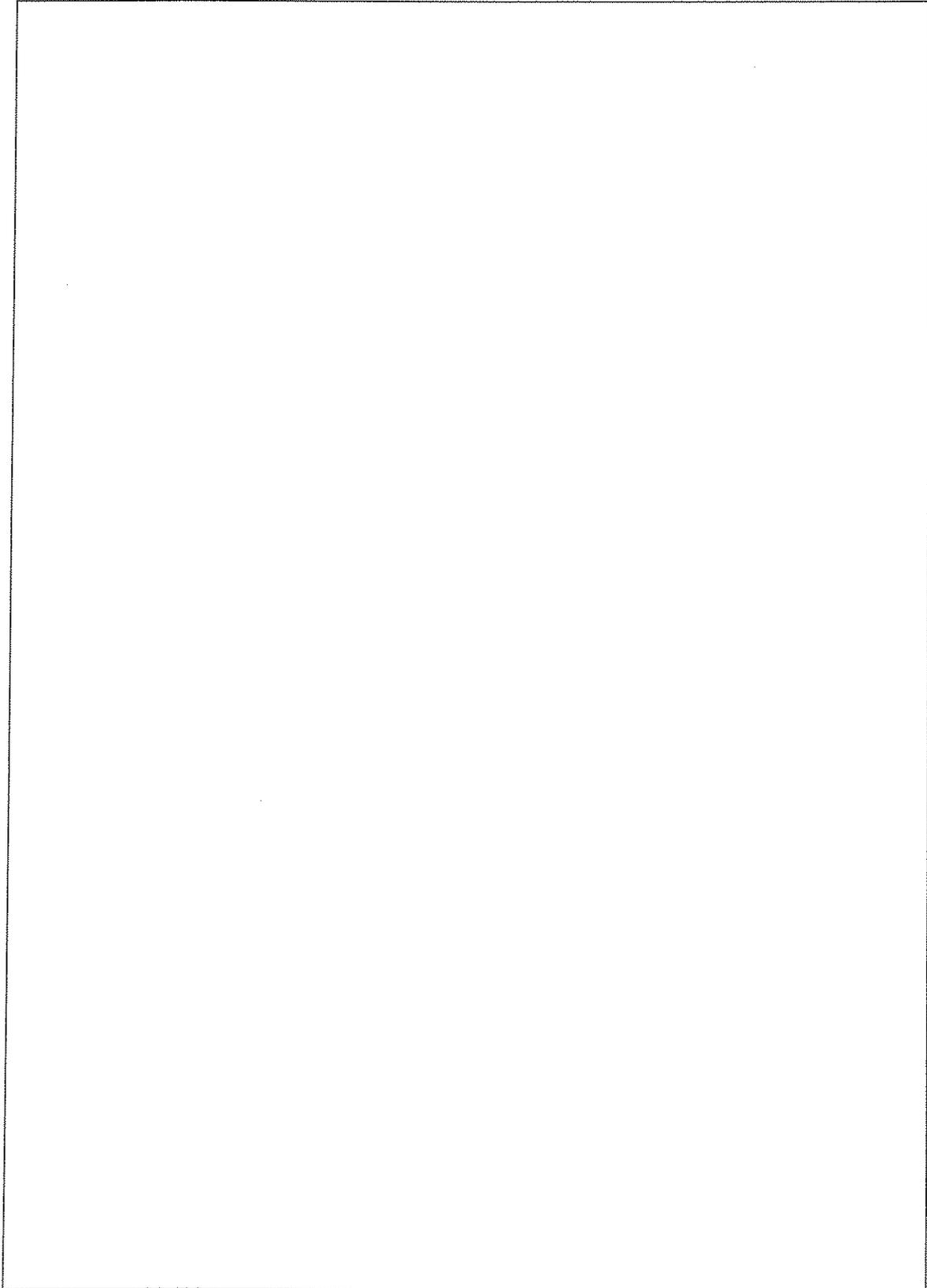
(a) deletes all provisions in the Purchase Contract requiring or related to the requirement that a buyer must be a "*qualified household,*"

(b) adds that sales to non-qualified buyers will be subject to the restrictions in favor of the County as stated in an additional Exhibit to the Public Report attached hereto as Exhibit I, and

(c) requires that these restrictions found in Exhibit I be included in all deeds to non-qualified buyers."

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Changes continued:



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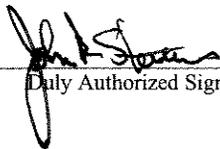
The Developer declares subject to the penalties set forth in Section 514B-69, HRS that this project continues to conform to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a) (13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report as amended, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report as amended, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report as amended and the exhibits attached to this report (if any) as amended and all documents to be furnished by the Developer to purchasers 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. The Developer hereby agrees promptly to amend this report as amended to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report as amended at least 30 days prior to the anniversary date of the effective date of this report.

SEASCAPE DEVELOPMENT, LLC, a Hawaii limited liability company,
By its Manager, Westpro Holdings LLC, a Hawaii limited liability company

Printed Name of Developer

By:  _____
Duly Authorized Signatory* 7-19-07
Date

JOHN STEVENS, Its Manager
Printed Name & Title of Person Signing Above

Distribution:
Department of Finance, County of Hawaii
Planning Department, County of Hawaii

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

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EXHIBIT I
ATTACHED TO AMENDMENT TO DEVELOPER'S PUBLIC REPORT
ON SEASCAPE CONDOMINIUM PHASE I

Each Deed to a non-qualified buyer shall include the following as an Exhibit "B":

"The conveyance by this Deed of the property described therein by Grantor to Grantee is subject to the following rights of the County of Hawaii:

1. **Definitions:** The following terms shall have the following meanings:

(a) "County" shall mean the County of Hawaii.

(b) "Grantee" shall mean the named Grantee in this Deed.

(c) "HRS" shall mean the Hawaii Revised Statutes, as amended from time to time.

(d) "**Mortgage Holder**" shall mean and include the United States Department of Housing and Urban Development, Federal Housing Administration; the United States Department of Agriculture, Farmers Home Administration; or other federal or state agency engaged in housing activity; Administrator of Veterans Affairs; Federal National Mortgage Association; Governmental National Mortgage Association; Federal Home Loan Mortgage Corporation; any private mortgage tender; or any private mortgage insurer; and their respective successors, grantees and assigns.

(e) "**Property**" shall mean the property conveyed by this Deed.

(f) "**Right of First Refusal**" shall mean the County's Right of First Refusal to purchase the Property as set forth in Sections 2(b) and (c) below.

(g) "**Purchaser**" shall mean Grantee. "**Purchaser**" shall also mean any person(s) to whom title or any other interest in the Property shall have been transferred with the County's consent under Section 3 below or pursuant to a sale with respect to which the County shall not have exercised its Right of First Refusal under Section 2 below.

(h) "**Restriction Period**" shall mean a period of ten years after the date of which this Deed is recorded in the Bureau of Conveyances of the State of Hawaii.

(i) "**Transfer**" shall mean the transfer of title to the Property or any portion thereof or interest therein, whether in fee simple, leasehold, transfer of equitable interest or otherwise.

2. **Restrictions and Right of First Refusal.** The following provisions shall apply to the Property during the Restriction Period:

(a) Except as otherwise permitted in this Exhibit B, no person may Transfer the Property at any time during the Restriction Period unless the County shall have received prior written notice of said Transfer.

(b) The County shall have the Right of First Refusal during the Restriction Period to purchase fee simple title to the Property at a price equal to the sum of the following three amounts:

(i) The original purchase price of the Property paid by the Grantee named in this Deed;

(ii) The actual cost to the Purchaser of *any* capital improvements to the Property constructed or installed on the Property and paid for by the Purchaser as evidenced by receipted invoices or other reasonable and accurate records of said costs and payments. The term "capital improvements" shall mean improvements of a capital nature and shall not include labor or materials

normally considered as repairs or incident to periodic home maintenance.

(iii) Interest on the total of the amounts under subparagraphs (i) and (ii) at the rate the Consumer Price Index for the City & County shall have increased from the date of Purchaser's acquisition of the Property to the date of the conveyance of the Property to or as directed by the County pursuant to this Right of First Refusal.

(c) In the event of any proposed transfer of the Property at any time during the Restriction Period, the County shall have, within 90 days following written notice thereof given to the County as provided for in Section 2(a) above, the power to exercise its Right of First Refusal by written notice to Purchaser. If the County exercises said Right of First Refusal, then within 90 days following the County's notice of exercise the County will pay to the Purchaser the purchase price computed under Section 2(b) above and Purchaser will convey to the County (or to such other person or entity which the County shall designate), by warranty deed, good and marketable fee simple' title to the Property free and clear of all mortgages, liens and encumbrances, except (i) those encumbrances listed on Exhibit A and this Exhibit B to this Deed, and (ii) any mortgage of the Property then of record which the County (or its designated transferee) shall elect to assume as part of the purchase (in which case the principal balance of all indebtedness so assumed shall be credited against the purchase price at closing and the County will pay in cash only the unpaid balance of the purchase price after deducting the amount of said assumed indebtedness). If any mortgage on the Property *is* not so assumed at closing, said mortgage will be paid and discharged by the closing escrow agent out of the proceeds of the purchase price before any disbursements are made to the Purchaser. If at the time of any Transfer during the Restriction Period the County fails to exercise its said Right of First Refusal, all of the restrictions and Right of First Refusal set forth in this Exhibit B shall not terminate but shall continue to apply as a continuing encumbrance on the Property in the hands of the new Purchaser.

3. Transfers to Which Said Restrictions Do Not Apply. The restrictions set forth in this Exhibit B shall not apply to the following transactions:

(a) The Transfer by devise or descent to a parent, sibling or lineal descendant of the Purchaser; provided that the transferee shall take title subject to the restrictions and option set forth in this Exhibit B.

(b) Any Transfer under a federally subsidized mortgage program for affordable housing if (but only to the extent that) said restrictions and Right of First Refusal *are* prohibited by applicable federal laws, rules or regulations as limiting or jeopardizing the federal government's ability to recapture any interest-credit subsidies provided to the homeowner.

(c) Any Transfer with respect to which the County determines in its sole discretion to waive the restriction because the Transfer would be at a price and upon terms that are consistent with the purpose and intent of this Exhibit B without the necessity of the County repurchasing the Property, and the transferee takes title subject to the restrictions and Right of First Refusal set forth in this Exhibit B.

4. Expiration of the Restriction Period. Upon the expiration of the Restriction Period, the Right of First Refusal shall expire and thereafter the Property may be transferred at any time and from time to time free and clear of the above restrictions and Right of First Refusal; provided, however, that if the County shall have paid any rent, interest or purchase price subsidy with respect to the Property at any time in connection with any purchase, development, construction and sale of the Property either before or during the Restriction Period, the Purchaser shall be required to repay to the County any such subsidy, plus interest at 7% per annum, non-compounded.

5. Protection of Mortgagees. Notwithstanding anything herein to the contrary, the above restrictions shall be subject to the following terms and provisions for the benefit of Mortgage Holders holding any interest in the Property:

(a) The transfer of a security interest in the Property by the Purchaser to a Mortgage Holder shall not be deemed to be a Transfer for purposes of Section 2(a) above.

(b) Any laws to the contrary notwithstanding, as long as the Right of First Refusal set forth in Section 2 above apply to the Property, any Mortgage Holder, prior to commencing mortgage foreclosure proceedings, shall notify the County in writing of (1) any default of mortgagor under the mortgage, and (2) any intention of the mortgagee to foreclose the mortgage under HRS Chapter 667; provided that the mortgagee's failure to provide such written notice to the County shall not affect the Mortgage Holder's rights under the mortgage.

(c) The County shall be made a party to any foreclosure action and shall be entitled to all proceeds remaining after payment of (i) all customary and actual costs and expenses of foreclosure and transfer pursuant to default and (ii) all liens and encumbrances of record; provided that the owner(s) of the Property who are then in default shall be entitled to an amount which shall not exceed the sum of the amounts determined pursuant to Section 2(a)(ii) and (iii), above.

(d) The restrictions and Right of First Refusal set forth in Section 2 above shall be automatically extinguished and shall not attach in subsequent Transfers of title when a Mortgage Holder or other party becomes the owner of the Property pursuant to a mortgage foreclosure, foreclosure under power of sale, or conveyance in lieu of foreclosure after a foreclosure action is commenced, or when a mortgage is assigned to a federal housing agency.

6. **Miscellaneous.** Except as provided in Section 5 above, every Transfer which occurs during the Restriction Period shall be expressly made subject to all the terms and restrictions and Right of First Refusal set forth in this Exhibit B. The terms set forth in this Exhibit B shall not be amended or modified without the express written joinder of the County.

END OF EXHIBIT I