

# IMPORTANT - - Read This Developer Prepared Report Before Buying

This Report Is Not a Commission Approval or Disapproval of This Condominium Project

## AMENDED DEVELOPER'S PUBLIC REPORT FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	THE PARKSIDE AT KILANI
Project Address	1106 Kilani Avenue, Wahiawa, Hawaii 96786
Registration Number	6298 (partial conversion)
Effective Date of Report	June 8, 2015
Developer(s)	Kilanikoa Development, LLC (a Hawaii limited liability company)

### Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. 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 report has not 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 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 or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

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

**Special Attention - - Significant Matters**

[Use this page for special or significant matters which should be brought to the purchaser's attention. At minimum "Subject Headings" and page numbers where the subject is explained more may be used.]

**The developer's inclusion of a disclosure or an explanation of any or all of the following applicable significant matters in this part of the developer's public report shall not be construed to constitute the Commission's:**

- **Approval or disapproval of the project;**
- **Representation that the developer has fully or adequately disclosed either all material facts or all pertinent changes, or both, concerning the project;**
- **Representation that the developer's disclosures of other material facts elsewhere in this report is less important; or**
- **Judgment of the value or merits of the project.**

**The commission reserves the right to request that the developer include these special and significant matters elsewhere in the developer's public report.**

This Amended Public Report covers the portion of the Project originally called "Development Unit No. 1" which was acquired by Developer from a previous developer.

There are additional "Special Attention - Significant Matters" set forth in the pages which immediately follow this page (pages a through f).

## SPECIAL ATTENTION

### 1. Units Covered by This Report

This Public Report only covers the portion of the Project originally called "Development Unit No. 1" and which has now been revised by KILANIKOA DEVELOPMENT, LLC, a Hawaii limited liability company, the "Developer", to consist of ten (10) "spatial units" and one (1) "duplex" unit. This Public Report does not cover Development Unit No. 2 of the Project, sometimes referred to herein as the "Church Unit". Developer owns Development Unit No. 1 in fee simple. Developer does not own the Church Unit. This Public Report does not cover the Church Unit.

### 2. The Project and the Creation of the Revised Units

The Parkside at Kilani condominium property regime (the "Project") was originally established by Wahaiwa Development Partners LLC, a Hawaii limited liability company (the "Original Developer") as a project consisting of two units, Development Unit No. 1 and Development Unit No. 2. The Declaration of Condominium Property Regime of The Parkside At Kilani dated May 30, 2006 (the "Declaration"), recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (the "Recording Office") as Document No. 3447570, created the Project.

Under Section 8.g. of the Declaration, the owner of Development Unit No. 1 has the right to create multiple units within and from the 52,895 square foot limited common element land area appurtenant to Development Unit No. 1 as shown on Condominium Map No. 1836, which includes the rights to demolish Development Unit No. 1, to replace it with new units, and to otherwise change Development Unit No. 1. The Declaration was amended and restated several times and the current Declaration is the Third Amended and Restatement of Declaration of Condominium Property Regime of The Parkside at Kilani and Amendment of Condominium Map dated February 18, 2015 (the "Third Restatement of Declaration") recorded in the Recording Office as Document No. T-9276114.

The declaration of condominium property regime, bylaws, and condominium map for the Project as they exist now are called "Project Documents".

By Limited Warranty Apartment Deed dated January 27, 2011, recorded in the Recording Office as Document No. 4043801, Developer identified in this Report acquired Development Unit No. 1 and has the rights with respect thereto under the Declaration.

### 3. Amendment of the Project Documents

The Project Documents are being amended to change Development Unit No. 1 by Developer and the owner of Development Unit No. 2 is consenting to those changes.

The Developer has changed Development Unit 1 as set forth in that Third Amended and Restatement of Declaration of Condominium Property Regime of The Parkside at Kilani and Amendment of Condominium Map dated February 18, 2015 (the "Third Restatement of Declaration") recorded in the Recording Office as Document No. T-9276114 along with amendments to the condominium map accompanying it and that Third Amendment and Restatement of Bylaws of the Association of Apartment Owners of the Parkside at Kilani dated February 18, 2015 (the "Third Restatement of Bylaws") recorded in the Recording Office as Document No. T9276115. These documents are called "Amended Project Documents" and they amend the Project Documents. Those changes are summarized below, but prospective purchasers must review, read and understand the Amended Project Documents themselves and not rely on this summary.

4. The Residential Phase, Residential Limited Common Elements, and House Units

The Residential Phase consists of twelve (12) condominium "units". Ten (10) of those units are "spatial units" located on ten (10) "Sites" and two (2) of those units are dwelling units within one "duplex" structure located on one (1) "Site". Each "Site" is land which is described and bounded as shown on the condominium map. A "spatial unit" is a condominium unit whose boundary is not defined by a physical structure, but is defined by spatial coordinates set forth on Sheet F-1 of the Condominium Map. A "duplex" unit consists of two (2) separate dwelling units separated by a common wall or, in this case, ceiling/floor (i.e., "top and bottom" duplex).

The Site on which each spatial unit or the duplex unit is situated is a limited common element appurtenant to the spatial unit or the duplex unit, as the case may be.

The Residential Phase also contains two (2) driveways. One driveway is called the "Kilani Driveway" which opens onto Kilani Avenue, serves Sites 1 through 9 which all front onto the Kilani Driveway, and is a limited common element appurtenant to Sites 1 through 9. The other driveway is called the "Koa Driveway" which opens onto Koa Avenue, serves Sites 10 and 11 and Development Unit No. 2, and is a limited common element appurtenant to Sites 10 and 11 and Development Unit No. 2.

5. Unit Classes in the Project

The Third Restatement of Declaration retains the two (2) Unit Classes in the Project under the prior version of the Declaration, the House Unit Class and the Church Unit Class. The twelve (12) units in the Residential Phase belong to the House Unit Class. The Church Unit is the sole member of the Church Unit class.

6. Allocation of Expenses and Voting Rights by Unit Class

Each House Unit shall have a specified percentage of common interest in the Common Elements of the Project as set forth in Exhibit D attached to this Public Report and a specified percentage of Class Common Interest (the percentage share assigned to a unit within a Unit Class) in the Residential Limited Common Elements as set forth in Exhibit C attached to this Public Report.

All owners of units in the House Unit Class, in addition to being responsible for such owner's share of the common expenses of the Project, shall also be responsible for a share of all House Unit Class Common Expenses. Some examples of the House Unit Class Common Expenses are: all charges, costs and expenses incurred for the administration, maintenance and repair of the Residential Limited Common Elements including, without limitation, all compensation of the Managing Agent related to or connected with the operation and maintenance of the Residential Limited Common Element, and any labor, services, materials, supplies, and equipment therefor, and all premiums for any required hazard and liability insurance covering the Residential Limited Common Elements. The foregoing are only examples, are not exhaustive, and do not limit or change any of the owners' rights or obligations under the Project Documents.

All House Unit owners shall have the right to vote according to that owner's House Unit Class Common Interest with respect to matters requiring voting by Unit Class. Examples of when the House Unit owners would vote their respective House Class Common Interest include, without limitation, the following: (a) for the election and/or the removal of directors representing the House Unit Class on the Board of Directors of the Association; (b) to approve or disapprove the borrowing of money if the cost of such borrowing shall constitute a House Unit Class Common Expense; (c) to approve or disapprove the Board exceeding the adopted annual operating budget by more than 20% to the extent the excess spending will constitute a House Unit Class Common Expense; and (d) for the rebuilding of the Residential Limited Common Elements in the event such improvements are damaged or destroyed by an uninsured casualty. The foregoing are only examples, are not exhaustive, and do not limit or change any of the owners' rights or obligations under the Project Documents.

7. Board of Directors of the Association

The initial Board of Directors of the Association shall have consist of four (4) members who shall be selected by and from the Unit Classes as follows: one (1) director by and from the Church Unit Class and three (3) directors by and from the House Unit Class. The Board of Directors shall at all times manage and maintain the common elements, exclusive of the limited common elements that serve only one (1) unit, on behalf of all House Class Unit owners. All limited common elements appurtenant to or serving only one (1) unit shall be managed and maintained by the owner of the Unit to which such limited common element is appurtenant, unless otherwise provided in the Third Restatement of Declaration or the Bylaws.

8. Church Unit Owner's Reserved Rights

Pursuant to section 8.g. of the Third Restatement of Declaration, the owner of the Church Unit has the right to change Development Unit No. 2, such as by creating additional condominium units within it.

9. Off-Site Improvements

The previous Developer entered into an agreement with the City and County of Honolulu to do various things, including, without limitation, the construction and dedication to the city of street setback improvements, including, without limitation, the construction of a concrete sidewalk, curb, gutter, and roadway pavement. The work was deferred under a "Deferral Agreement" with the city which is filed in the Recording Office as Document No. 3593678 and constitutes an encumbrance running with the land. A copy of the Deferral Agreement is delivered to you along with this Public Report. The Deferral Agreement provides that the date for the required construction of the Street Setback Improvements is deferred until February 15, 2027, although the city has the right to shorten the period of the deferral upon ninety (90) days' notice or when the road widening improvements are constructed along the frontage of the adjacent property. The obligations under the Deferral Agreement run with the land and shall be binding on all owners who must pay for the construction and dedication of the Street Setback Improvements. The cost of constructing and dedicating the Street Setback Improvements will vary depending on various factors, including, without limitation, when the construction and dedication is done, whether or not the city will require any changes as permitted under the Deferral Agreement, and the cost of labor and materials. Until the city requests the construction of the Street Setback Improvements, the area that will be affected by such construction shall remain in its current, existing condition. The area affected is at the corner of Kilani Avenue and Koa Avenue.

10. What a Purchaser May Buy

As long as the duplex units (8a and 8b) are available (there are two), a purchaser may purchase either or both of the duplex units.

All other purchasers may purchase an unimproved Site. A purchaser of an unimproved Site will be responsible for constructing any structure on the Site after the purchase, which the Project Documents allow the owner of a Site to do, at the purchaser's own expense, subject to the requirements of law and in the applicable terms of the Project Documents. Among the applicable terms in the Project Documents is the portion that says, "[U]ntil the Residential Developer no longer owns any unit in the Project, nothing may be done (whether the demolition, construction, finishing, improvement, replacement, expansion, extension, or modification of any unit or any limited common element or otherwise) without the prior written consent of the Residential Developer, which consent Residential Developer shall give or withhold based on whether or not the thing(s) to be done comply/complies with this Declaration, whether any common elements or infrastructure would be affected, and taking into consideration the appropriateness of the thing(s) to be done based on the surrounding community and

uniformity of appearance, design, finish, construction, materials, and workmanship. Residential Developer shall not unreasonably withhold consent.”

If a purchaser builds a structure on the purchaser’s Site, the Third Restatement of Declaration will need to be amended by the filing of an “as built” amendment by the purchaser amending the description of the purchaser’s Site and including the required information regarding the structure. Another public report also may be required to reflect that change.

Note – Each of the sites is under 5,000 square feet. The Sites cannot be treated as subdivided parcels but are condominium units.

11. Additional Matters

- a. Construction is not dependent on any pending changes to county zoning, building codes, or ordinances, or federal administrative approval.
- b. The construction of the Project in phases is not planned and there are no merger plans. Site owners will, however, build-out their own improvements on the Sites (except for Site 8 upon which there already are two (2) “duplex” units. Sub-associations may be formed for the separate administration of the residential portion of the Project and the church portion of the Project.
- c. The Project is not located within or subject to a master planned community.
- d. The Project Documents for the Project, the sales contract which the purchaser signs, and the unit deed which the purchaser receives contain (will contain) various waivers, disclaimers, or limitations of rights and claims a prospective purchaser must agree to and disclaimers, limitations of any liability, damages, claims as to the Developer. These include the following: (1) “As is”. The Developer sells and the purchaser buys “as is”. The Developer expressly disclaims all warranties (express or implied). This disclaimer applies to real property (such as the land, structures, and fixtures) and to personal property (such as furnishings, appliances and “consumer products”). The Developer will, however, assign to the purchaser (if possible) any warranty given to the Developer by the contractor or supplier of goods in the unit. (Note: This applies only to the duplex units.) (2) **Inspection**. The Developer will permit inspection of the property being purchased. While the purchaser will not have rights against the Developer in any event, as to any rights under any warranty which a contractor, supplier or manufacturer may provide, the purchaser waives rights based on anything not shown on an inspection sheet if one is provided by the Developer and to be completed by the purchaser or which an inspection would have shown. The purchaser is free to conduct its own due diligence as to the Project and the unit being purchased. The purchaser must rely on purchaser’s own due diligence and inspection and bear the consequences thereof or of not conducting an adequate due diligence inquiry or inspecting the property. (3) **Developer Right to Re-Purchase**. If the purchaser brings a lawsuit against the Developer about the purchaser’s unit or the Project, the Developer will have the right to repurchase the unit at the price it was sold at plus interest, and, if the Developer does so, that will be the only right the purchaser will have. (4) **Ongoing Activities**. The purchaser understands that there will be ongoing construction, sales, and development activities and various nuisances because of those activities. The purchaser is agreeing to those activities and will not have rights to stop or delay those activities, otherwise affect those activities, or to the payment of any money because of those activities, as long as those activities do not violate law. (5) **Claims Against Contractor**. The purchaser will be required to comply with the notice and other requirements under Hawaii statute (Chapter 672E) (such as giving a notice to the contractor and giving the contractor an opportunity to repair or pay for any defect) before being able to the pursue any claim against the contractor. (6) **No Investment Representations**. The Developer or anyone acting for it does not make any representation about any financial gain or benefit from buying, owning, renting, or selling any unit and the purchaser waives all rights based on any claim that the Developer or anyone acting for it under any securities law. (7) **Maintenance Fees Only Estimates**. The

Developer does not guarantee the monthly maintenance charges, which are only best estimates, and the purchaser waives any claim based on any inaccuracy. (8) **Descriptions Not Guaranteed.** The Developer does not warrant or guarantee the exact accuracy of the condominium map or any exact square footage or other sizes, dimensions, location, or description, and the purchaser will waive any claims based on any inaccuracy. (9) **Aprons, Curbs, Gutters Not Built.** When units are sold to the purchaser, the Koa Driveway and the Kilani Driveway will be paved but there will be no driveway aprons, sidewalks, curbs or gutters, all responsibility therefor being on the purchasers. Utility lines for electricity, water, sewer, cable and telephone will be built to the perimeter of each Site, and each Site owner will be responsible for building the utility lines into and within the Site, except for the duplex units 8A and 8B which are each already served with those utilities. (10) **No Promises of Conditions.** The purchaser waives all claims and rights based on promises or expectations of habitability, merchantability, workmanlike construction, profitability or fitness for any particular use or purpose, or the condition of the property (legally, physically, or otherwise) or value or regarding surroundings. (11) **Developer Rights to Change Project.** The purchaser agrees that the Developer can change any portion of the Project and the Project Documents to suit its purposes as long as the purchaser's unit size, limited common elements, or common interest is not materially adversely affected, and the purchaser waives claims against the Developer based on those matters. (12) **Release of Claims for Defects or Violations.** The purchaser releases the Developer (and those connected with the Developer) from any claim based on any obvious or non-obvious defect or based on violation of certain laws (such as environmental). (13) **Actual Documents Must Be Read.** THIS PUBLIC REPORT IS NOT A SUBSTITUTE FOR THE PURCHASER READING COMPLETELY AND UNDERSTANDING THE ACTUAL DOCUMENTS. The discussion in this Public Report is not complete or exhaustive of the terms and conditions which may affect the purchaser. If there is any conflict between anything in (or not in) this Public Report and the actual document (such as the Project Documents, the sales contract, the unit deed, and the escrow agreement), what is set forth in the actual document will control, even if certain things are not discussed in this Public Report or are discussed in different ways than in the actual document. If necessary, the purchaser should hire someone to assist the purchaser in understanding the relevant documents or conducting a due diligence inquiry. The purchaser waives all claims against the Developer based on any failure to include (or any deficiency in the discussion of) any matter in this Public Report which is contained in the actual documents (such as the Project Documents, the sales contract, the unit deed, or the escrow agreement).

- e. The Developer currently is a party to the following lawsuit ("Lawsuit"): Frances Maeda v. Kilanikoa Development, LLC, et al., Civil No. 12-1-2646-10 VLC. The Lawsuit involves a claim by Mr. Maeda against the Developer and another neighboring property owner alleging responsibility for causing a wall on Mr. Maeda's property to tilt. The Lawsuit does not affect the ability of Developer to perform under the sales contract or a purchaser's rights under a sales contract.
- f. All units in the Project, other than Unit 8A and Unit 8B are spatial units. Structures and uses of any replacements as permitted by applicable state and county land use laws are as allowed by zoning, which is A-2, which includes single family dwelling structures and duplexes.
- g. There are various encroachments and easements as shown in the public records, the Third Restatement of Declaration, and the title report on file with the Real Estate Commission, which will be shown on each purchaser's unit deed. These encroachments and easements are not anticipated by Developer to adversely impact a purchaser's use of the unit or project.
- h. There are no non-conforming structures in the residential portion of the Project.
- i. The Project Documents contain encumbrances and covenants restricting a purchaser's or prospective purchaser's use and enjoyment of the unit and amenities to residential use on the terms set forth in the Project Documents.
- j. List of notices of uncured building or other code violation - None received by Developer.

- k. Other applicable special or significant disclosures - Developer received a notice of overgrown vegetation from the county but that matter has been remedied.

12. Commission Oversight of Developer's Public Report

Pursuant to the provisions of section 514B-57(a), Hawaii Revised Statutes, the Real Estate Commission of the State of Hawaii at any time may require a developer to amend or supplement the form or substance of a developer's public report to assure adequate and accurate disclosure to prospective purchasers.

The discussions above are only summaries, are not exhaustive, and do not replace or change anything contained in the Project Documents, Sales Contract, Unit Deed, or Escrow Agreement or governed by applicable law. A prospective purchaser must not rely solely on this public report, but must read and understand (and hire anyone to assist in such reading and understanding if necessary) all of the Project Documents, Sales Contract, Unit Deed, and Escrow Agreement.

## TABLE OF CONTENTS

	<u>Page</u>
Preparation of this Report.....	1
General Information On Condominiums.....	2
Operation of the Condominium Project.....	2
1. THE CONDOMINIUM PROJECT.....	3
1.1 The Underlying Land.....	3
1.2 Buildings and Other Improvements.....	3
1.3 Unit Types and Sizes of Units.....	3
1.4 Parking Stalls.....	4
1.5 Boundaries of the Units.....	4
1.6 Permitted Alterations to the Units .....	4
1.7 Common Interest.....	4
1.8 Recreational and Other Common Facilities.....	4
1.9 Common Elements.....	5
1.10 Limited Common Elements.....	5
1.11 Special Use Restrictions .....	5
1.12 Encumbrances Against Title.....	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters .....	6
1.14 Other Zoning Compliance Matters.....	6
1.15 Conversions .....	7
1.16 Project In Agricultural District.....	8
1.17 Project with Assisted Living Facility.....	8
2. PERSONS CONNECTED WITH THE PROJECT.....	9
2.1 Developer.....	9
2.2 Real Estate Broker.....	9
2.3 Escrow Depository.....	9
2.4 General Contractor.....	9
2.5 Condominium Managing Agent.....	9
2.6 Attorney for Developer .....	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS .....	10
3.1 Declaration of Condominium Property Regime .....	10
3.2 Bylaws of the Association of Unit Owners .....	10
3.3 Condominium Map.....	10
3.4 House Rules.....	11
3.5 Changes to the Condominium Documents.....	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents.....	11
4. CONDOMINIUM MANAGEMENT.....	12
4.1 Management of the Common Elements .....	12
4.2 Estimate of the Initial Maintenance Fees.....	12
4.3 Utility Charges to be Included in the Maintenance Fee.....	12
4.4 Utilities to be Separately Billed to Unit Owner .....	12
5. SALES DOCUMENTS.....	13
5.1 Sales Documents Filed with the Real Estate Commission.....	13
5.2 Sales to Owner-Occupants.....	13
5.3 Blanket Liens.....	13
5.4 Construction Warranties .....	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion.....	14

TABLE OF CONTENTS

	Page
5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance .....	14
5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance.....	14
5.6.2 Purchaser Deposits Will Be Disbursed Before Closing.....	15
5.7 Rights Under the Sales Contract .....	17
5.8 Purchaser's Right to Cancel or Rescind a Sales Contract .....	17
5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract.....	17
5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed.....	18
5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change	18
6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT.....	19
EXHIBIT A: Unit types, sizes of units	
EXHIBIT B: Parking stalls	
EXHIBIT C: Permitted alterations to the units	
EXHIBIT D: Common interests (overall)	
EXHIBIT E: Common interests (phases)	
EXHIBIT F: Common elements	
EXHIBIT G: Limited common elements	
EXHIBIT H: Encumbrances against the units	
EXHIBIT I: Developer reserved rights	
EXHIBIT J: Maintenance fees	
EXHIBIT K: Summary of pertinent provisions of sales contract	
EXHIBIT L: Summary of pertinent provisions of escrow agreement	

## General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

## Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	Not applicable
Address of Project	1106 Kilani Avenue, Wahiawa, Hawaii 96786
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 7-4-009-002
Tax Map Key is expected to change because	Refer to discussion at 6.a. below.
Land Area	79,936 square feet
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not applicable

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	2 for "duplex" (2-story) and 1 for church (1 story)
Number of New Building(s)	1
Number of Converted Building(s)	1
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Duplex - Wood, steel, glass Church building only - concrete

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
See Exhibit "A"						

13	Total Number of Units
----	-----------------------

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stall in the Project:	Each spatial unit will have its own parking
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2 for 8A & 8B, 0 for Sites, 23 for Church Unit
Attach Exhibit <u> "B" </u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. The Developer has various rights to amend the Residential Phase and to construct and change improvements which would include parking but there is no right to change the parking actually built and assigned to a unit which is owned by someone other than the Developer.	

1.5 Boundaries of the Units

Boundaries of the unit:  Space within the undecorated or unfinished surfaces of the perimeter or party walls and floors or interior load bearing walls (if any), and the windows, doors, floors and ceilings surrounding each unit (as to Units 8A and 8B). All other units - Point defined by its spatial coordinates.
---

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): Refer to Exhibit "C".
--

1.7 Common Interest

<u>Common Interest:</u> Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit <u> "D" &amp; "E" </u> .
As follows: Exhibit "D" describes the units' common interests in the overall Project. Exhibit "E" describes the units' common interests within the Residential Phase and within Development Unit No. 2.

1.8 Recreational and Other Common Facilities (Check if applicable):

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe): None

1.9 Common Elements

**Common Elements:** Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.

Described in Exhibit "F".

Described as follows:

Common Element	Number
Elevators	
Stairways	
Trash Chutes	

1.10 Limited Common Elements

**Limited Common Elements:** A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

Described in Exhibit "G".

Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: All use must comply with law and Project documents.
<input type="checkbox"/>	There are no special use restrictions.

1.12 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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit "H" describes the encumbrances against title contained in the title report described below.

Date of the title report: May 20, 2015

Company that issued the title report: Fidelity National Title & Escrow of Hawaii

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input checked="" type="checkbox"/>	Residential	12	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	A-2
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other (Specify): Church	1	<input type="checkbox"/> Yes <input type="checkbox"/> No	A-2
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code				

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots			
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>			
	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p> <p>Not applicable.</p>			

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input type="checkbox"/> Applicable</p> <p><input checked="" type="checkbox"/> Not Applicable (for the units covered by this public report)</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	
<p><b>Verified Statement from a County Official</b></p>	
<p>Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <p style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>	
<p>Other disclosures and information:</p>	

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

**2. PERSONS CONNECTED WITH THE PROJECT**

<p>2.1 Developer(s)</p>	<p>Name: Kilanikoa Development, LLC</p> <p>Business Address: c/o Dale Ho &amp; Associates P.O. Box 22752 Honolulu, Hawaii 96823</p> <p>Business Phone Number : (808) 542-5313</p> <p>E-mail Address: acpw@caldream@yahoo.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Lloyd Tom, member Daniel Siu, member Alvin Wong, member</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Oahu Realty</p> <p>Business Address: 1451 South King St., #201 Honolulu, Hawaii 96814</p> <p>Business Phone Number: (808) 927-2372</p> <p>E-mail Address: masuda.wayne@gmail.com</p>
<p>2.3 Escrow Depository</p>	<p>Name: Fidelity National Escrow and Title of Hawaii, Inc.</p> <p>Business Address: 201 Merchant Street, Suite 2100 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 536-0404</p>
<p>2.4 General Contractor</p>	<p>Name: Koga Engineering (only for grading, driveways)</p> <p>Business Address: 1162 Mikole Street Honolulu, Hawaii 96819</p> <p>Business Phone Number: (808) 845-7829</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Dale Ho &amp; Associates</p> <p>Business Address: 1806 South King Street, #31 Honolulu, Hawaii 96826</p> <p>Business Phone Number: (808) 946-0024</p>
<p>2.6 Attorney for Developer</p>	<p>Name: George T. Okamura, AAL, A Law Corporation</p> <p>Business Address: 1001 Bishop Street, Suite 988 Honolulu, Hawaii 96813-3588</p> <p>Business Phone Number: (808) 548-3000</p>

### 3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

#### 3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	May 30, 2006	3447570

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	August 31, 2006	3489947
Land Court	March 16, 2007	3581529
Land Court	July 14, 2007	3630940
Land Court	February 18, 2015	T9276114

#### 3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	May 30, 2006	3447571

#### Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	March 16, 2007	3581530
Land Court	July 14, 2007	3620941
Land Court	February 18, 2015	T9276115

#### 3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	1836
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map: September 28, 2006, December 19, 2006, March 29, 2007, July 16, 2007, May 26, 2015	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

Are Proposed	<input type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input type="checkbox"/>	
Developer does not plan to adopt House Rules	<input checked="" type="checkbox"/>	

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:  Described in Exhibit "I".

#### 4. CONDOMINIUM MANAGEMENT

##### 4.1 Management of the Common Elements

<b>Management of the Common Elements:</b> The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.	
The initial Condominium Managing Agent for this project is (check one):	
<input checked="" type="checkbox"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

##### 4.2 Estimate of the Initial Maintenance Fees

<b>Estimate of the Initial Maintenance Fees:</b> The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.	
Exhibit "J" contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.	

##### 4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input checked="" type="checkbox"/>	Other (specify) Insurance

##### 4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

**5. SALES DOCUMENTS**

**5.1 Sales Documents Filed with the Real Estate Commission**

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit "K" contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: December 3, 2014 Name of Escrow Company: Fidelity National Title & Escrow of Hawaii Exhibit ___ contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

**5.2 Sales to Owner-Occupants**

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input checked="" type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____ .
<input checked="" type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

**5.3 Blanket Liens**

**Blanket Liens:** A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

<u>Type of Lien</u>	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Buyer's contract may be cancelled and, if so, Buyer's deposits will be returned less escrow cancellation fee. Buyer may lose all rights to buy the unit.

**5.4 Construction Warranties**

**Construction Warranties:** Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

**Building and Other Improvements:**

Developer/seller makes no warranties. There will be no warranties.

**Appliances:**

Developer/seller makes no warranties, but (only as to duplex units) plans to assign, to the extent assignable, the unexpired term, if any, of any manufacturer's or dealer's warranty.

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

<p>Status of Construction:</p> <p>Grading, driveways not commenced. Duplex completed except connection to utilities at Site perimeter.</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p> <p>Two (2) years from the effective date of the sales contract.</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p> <p>Not applicable.</p>

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

<input checked="" type="checkbox"/>	<p>Spatial Units. The Developer hereby declares by checking the box to the left that it is offering spatial units for sale and will not be using purchasers' deposits to pay for any costs to pay for project construction or to complete the project.</p> <p>Should the developer be using purchasers' deposits to pay for any project construction costs or to complete the project including lease payments, real property taxes, architectural, engineering, legal fees, financing costs; or costs to cure violations of county zoning and building ordinances and codes or other incidental project expenses, the Developer has to met certain requirements, described below in 5.6.1 or 5.6.2..</p>
-------------------------------------	---

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input checked="" type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</p>
-------------------------------------	---

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):

<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

<p>Box A</p> <p><input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B</p> <p><input type="checkbox"/></p>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

## 5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	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 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

## 5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

### 5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.  
(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

#### 5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

#### 5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be 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 purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30<sup>th</sup> calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

## 6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

a. The residential unit TMK numbers of, unit numbers of, and common interest appurtenant to each of the units now owned by Developer (Development Unit 1) have changed except for CPR numbers because the number of residential units is reduced. The unit numbers and common interests are as shown in the Declaration and this report. The TMK numbers are yet to be assigned by the city.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms 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, 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, 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 and the exhibits attached to this report 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 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 at least 30 days prior to the anniversary date of the effective date of this report.

Kilanikoa Development, LLC

\_\_\_\_\_  
Printed Name of Developer

By: Alvin C.P. Wong                      6/2/15  
Duly Authorized Signatory\*                      Date

Alvin C.P. Wong, Member

\_\_\_\_\_  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

\*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.

EXHIBIT "A"

**1.3 Unit Types and Sizes of Units**

Unit Type and No.*	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
1	1	0	0	0	0	0
2	1	0	0	0	0	0
3	1	0	0	0	0	0
4	1	0	0	0	0	0
5	1	0	0	0	0	0
6	1	0	0	0	0	0
7	1	0	0	0	0	0
8A	1	3/2	1,261 s.f.	0	330 s.f.	1,591 s.f.
8B	1	3/2	1,261 s.f.	216 s.f.	492 s.f.	1,969 s.f.
9	1	0	0	0	0	0
10	1	0	0	0	0	0
11	1	0	0	0	0	0
Church Unit	1	Recreation & assembly building, kitchen; lounge, offices and meeting rooms				4,284

Total Number of Units: 13 (subject to increase depending on if owners of the spatial units (Unit types 1 through 7 and 9 through 11) construct single family dwellings or duplex units, and, in the latter case, if all Sites are built out as duplex units, the total number of units may increase to 23 units).

\*Unit types 1 through 7 and 9 through 11 are "spatial units" constitute a theoretical point that can be identified on the ground by a professional versed in the matter. Each unit is of its own design type. Therefore, the unit type and the unit number used are the same.

## EXHIBIT "B"

### **1.4 Parking Stalls**

The duplex units (Unit 8A and Unit 8B) each has the right to use two (2) un-assigned parking stalls located on Site 8. The parking stalls on Site 8 are not "compact" stalls as defined by the City and County of Honolulu.

There are no structures and no parking stalls on or appurtenant to the spatial units (Spatial Unit 1 through Spatial Unit 7 and Spatial Unit 9 through Spatial Unit 11).

The Church Units' parking stalls are all located within Development Unit No. 2

## EXHIBIT "C"

### 1.6 Permitted Alterations to the Units

The spatial units (Unit Nos. 1 through 7 and 9 through 11) may be altered as follows (the following being excerpts from section 19 of the Declaration):

b. Any unit owner (including the Development Unit Owners and any subsequent successors and assigns of all or any portion of their interests) shall be permitted, at all times, to undertake and accomplish the demolition, repair, modification, alteration, conversion, construction, expansion, extension, replacement, addition to, or rebuilding (collectively, "Modifications") of such unit owner's Unit and the limited common element(s) appurtenant to said Unit and/or cause the same to be done; provided, however that all Modifications shall require (a) the prior written consent of the Residential Developer as set forth below, except that such consent of the Residential Developer shall not be required for Modifications to Development Unit No. 2 and/or the limited common elements appurtenant thereto; and (b) with respect to any Modification to a limited common element that appurtenant to more than one (1) Unit, the prior written consent of the Owners of all Units to which such limited common element is appurtenant. Upon the completion of any such work, the unit owner shall file with the Board a final "as built" set of the plans and specifications for such work, and if any such work should constitute a material alteration to the Project as shown on the Condominium Map (as determined by the Board), the Association or the unit Owner shall file an amendment to this Declaration describing such alteration and amending the Condominium Map to show such alteration, together with a certificate signed by a registered architect or professional engineer, certifying that the plans showing such alterations accurately reflect such alterations, as built. Such amendment shall be signed by the Association or the unit owner, and no signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project shall be required. Promptly upon completion of any work affecting any unit or limited common element which changes the portion of the limited common element land area occupied by the unit or limited common element, the owner of the affected unit or limited common element shall file with the Association a survey by a licensed surveyor showing that the unit or limited common element as changed does not encroach into any limited common element land area not owned by that owner or into any setback.

c. Except as otherwise provided in this Declaration or the Bylaws, and subject to the requirements thereof, each owner of a unit shall at all times have the right to demolish, build, rebuild, repair, and maintain any structure and fixtures of any kind, provided that no such work or the result thereof (any portion of the unit, limited common elements, structure, or fixture) shall extend outside of the boundary of the limited common area land area appurtenant to the unit, no encroachment shall occur into any setbacks, no structure or any portion thereof (and no fixtures, attachments, antennas, panels, dishes, equipment, apparatuses, or thing of any kind) shall extend more than twenty-five feet (25') above finish grade or existing grade (whichever is lower) as defined under the current Honolulu Land Use Ordinance (except that, as to units located on Site 6 and Site 7, the height shall be measured from existing grade (before installation of the basements presently located thereon) instead of finish grade, and except that this height limit shall not apply to the Church Area or Development Unit No. 2 as long as they are kept in church use, which shall be governed by the LUO height limit), and no unit may exceed the maximum square footage based on its PFAR. Further, subject to all of the foregoing, each owner of a unit shall at all times have the right to connect to utilities and other facilities to serve such unit (provided that the same is available to the perimeter of the limited common element land area appurtenant to the unit). Any flora or plant matter or associated items (including lawns, trees, shrubs, flowers, vegetables, gardens, bushes, hothouses, and trellises) shall not exceed the twenty-five feet (25') height limit noted above for structures and appurtenances, and shall not extend beyond the boundary of the Site. The House Unit height limit of 25' set forth above shall control even if the LUO allows or may allow a higher height limit. Notwithstanding anything in this Declaration or the Bylaws, the Laws and Covenants (including, without limitation, the LUO, Building Code, and other ordinances and rules of the City and County of Honolulu), and any limitations and requirements of utility companies shall control, and, if any of them do not permit anything allowed by this Declaration or the Bylaws, the Laws and Covenants and utility companies' limitations and requirements shall control, and all buyers and owners must retain their own architects, engineers, construction experts, and other appropriate professionals as to such matters. Without limitation of or affecting the foregoing, the Sites are subject to "fixture counts" as noted on Sheet C-3 (entitled Site Plan and Curb Profile) by Bow Engineering which forms a part of the Condominium Map. Further, nothing shall be built, planted, located, or maintained in any manner or in any location that prevents or interferes with any common elements shown on the Condominium Map or access thereto or the ability of the Residential Developer (while it owns any unit) or the Association (thereafter) to build, install, maintain and/or replace the same, whether now or hereinafter built or installed, and the Residential Developer (while it own any unit) and thereafter the Association shall have an easement over, upon and under each residential Site to build, install, maintain and/or replace such common elements (including the right to require the owner of the Site to remove any obstruction thereto or, upon reasonable notice and affording reasonable opportunity to comply, to enter upon each residential Site to build, install, maintain and/or replace common elements, and any cost in addition to the

cost for such work but for the obstruction caused by the owner shall be chargeable to and payable by the owner).

d. Everything done pursuant to the rights under this section 19 shall be done at the sole cost, risk, and expense of the owner doing the same.

e. It is the intent of this section 19 that all owners in the Project shall have the maximum freedom to do anything within their limited common element land areas as long as in compliance with Law and Covenants subject to the conditions set forth in this Declaration and the Bylaws, except that, until the Residential Developer no longer owns any unit in the Project, nothing may be done (whether the demolition, construction, finishing, improvement, replacement, expansion, extension, or modification of any unit or any limited common element or otherwise) without the prior written consent of the Residential Developer, which consent Residential Developer shall give or withhold based on whether or not the thing(s) to be done comply/complies with this Declaration, whether any common elements or infrastructure would be affected, and taking into consideration the appropriateness of the thing(s) to be done based on the surrounding community and uniformity of appearance, design, finish, construction, materials, and workmanship. Residential Developer shall not unreasonably withhold consent. Before doing any of the things requiring consent, each owner shall request written consent of the Residential Developer. Each owner requesting consent as aforesaid shall reimburse the Residential Developer for all costs and expenses (including architects', engineers', and other design professionals' fees and costs) in connection with the requested consent, and shall promptly pay the same, and the payment of such costs and expenses shall be a condition (without limitation of any other reasonable conditions) of such consent. Withholding of consent until all such costs and expenses are paid shall not be deemed to be unreasonable withholding of consent. The requirement of consent aforesaid shall not apply to Development Unit No. 2 or any non-structural interior finishing work and floor coverings.

f. The provisos, limitations, and conditions set forth above in subsections 19.a. through 19.e. are incorporated by reference into all portions of this Declaration wherein an owner is given the right to do any work or make any changes to the owner's unit (whether the demolition, construction, finishing, improvement, replacement, expansion, extension, or modification of any unit or any limited common element or otherwise), and shall apply thereto without the necessity of being recited therein, including in section 4 above.

The discussion in this exhibit is only a summary. Purchaser must read and understand the documents creating and governing the Project (the Declaration the Bylaws, both as amended) and not rely on this summary. This summary does not amend, reduce, or otherwise affect any of the provisions of the documents creating and governing the Project (the Declaration the Bylaws, both as amended), and, if there is any conflict between anything in the documents creating and governing the Project (the Declaration the Bylaws, both as amended) and anything in this exhibit, the documents creating and governing the Project (the Declaration the Bylaws, both as amended) shall prevail and control.

EXHIBIT "D"

**1.7 Common Interest in overall Project**

The common interests in the Project shall be allocated 67.00% to Development Unit No. 1 and 33.00% to Development Unit No. 2.

Within Development Unit No. 1, its 67.00% of the overall Project common interests shall be allocated as follows:

Unit	Common Interest (%)*	Parking Stall(s)
Spatial Unit 1	6.09	Located on Site 1
Spatial Unit 2	6.09	Located on Site 2
Spatial Unit 3	6.09	Located on Site 3
Spatial Unit 4	6.09	Located on Site 4
Spatial Unit 5	6.09	Located on Site 5
Spatial Unit 6	6.09	Located on Site 6
Spatial Unit 7	6.09	Located on Site 7
8A	3.05	8A-1 and 8A-2
8B	3.05	8B-1 and 8B-2
Spatial Unit 9	6.09	Located on Site 9
Spatial Unit 10	6.09	Located on Site 10
Spatial Unit 11	6.09	Located on Site 11
Sub-total	67.00	
Development Unit No. 2	33.00	
Total	100.00	

\* The 67.00% of the overall Project common interests are allocated among the House Units equally (i.e., 67.00% divided by 11), except that the percentage allocated to Site 8 (6.09%) is divided equally between Units 8A and 8B, yielding 3.045%, each of which is rounded to 3.05% to cause the total of the overall Project common interests allocated among the House Units to equal 67.00%. For any further Duplex Units, they shall divide equally the 6.09% allocated to the Site on which they are situated and have 3.045% appurtenant to each Duplex Unit. The 33.00% allocated to Development Unit No. 2 may be further sub-allocated, as the owner of Development Unit No. 2 may choose to do, among units which may replace Development Unit No. 2.

EXHIBIT "E"

**1.7 Common Interests within Residential Phase and within Development Unit No. 2**

Within the Residential Phase, its 67.00% of the total common interests of the Project are allocated as follows:

Unit	Class Common Interest (%)
Spatial Unit 1	9.09
Spatial Unit 2	9.09
Spatial Unit 3	9.09
Spatial Unit 4	9.09
Spatial Unit 5	9.09
Spatial Unit 6	9.09
Spatial Unit 7	9.09
8A	4.55
8B	4.55
Spatial Unit 9	9.09
Spatial Unit 10	9.09
Spatial Unit 11	9.09
	100.00

Within Development Unit No. 2, its 33.00% of the total common interests of the Project are allocated as follows:

Unit	Class Common Interest (%)
Development Unit No. 2	100.00

## EXHIBIT "F"

### 1.9 Common Elements

The common elements of the Project are all portions of the Project other than the units (except as herein specifically included, if at all), including specifically but without limitation:

- a. The land of the Project in fee simple.
- b. The underground water drainage detention system serving the Project and its units (the "Drainage Detention System").
- c. Fire hydrants (if any).
- d. All sewer lines, electrical equipment, pipes, conduits, cables, wiring, utilities and equipment, drainage facilities, and other central and appurtenant transmission facilities and installations on, over, under and across the Project which serve more than one unit for services such as electricity, water, gas (if any), cable television (if any), sewer, refuse, telephone, radio and television signal distribution.
- e. Any and all other apparatus, installations, and any other things now existing or hereafter existing for common use and, in general, all other parts of the Project necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any unit or the limited common elements.

The discussion in this exhibit is only a summary. Purchaser must read and understand the documents creating and governing the Project (the Declaration the Bylaws, both as amended) and not rely on this summary. This summary does not amend, reduce, or otherwise affect any of the provisions of the documents creating and governing the Project (the Declaration the Bylaws, both as amended), and, if there is any conflict between anything in the documents creating and governing the Project (the Declaration the Bylaws, both as amended) and anything in this exhibit, the documents creating and governing the Project (the Declaration the Bylaws, both as amended) shall prevail and control.

## EXHIBIT "G"

### 1.10 Limited Common Elements

Certain parts of the common elements are set aside and reserved for the exclusive use and enjoyment of the owners of certain units (the "limited common elements"), as designated below, which units shall have appurtenant thereto exclusive easements for the use and enjoyment of such limited common elements. The limited common elements so set aside for each unit are as follows:

- a. Limited Common Elements Appurtenant to Development Unit No. 2.
  - (1) The Church Area shall be appurtenant to and for the exclusive use of Development Unit No. 2.
  - (2) All land, grounds, landscaping, paving, paths, walkways, planting areas, the courtyard, improvements, trash spaces and like facilities within the Church Area shall be appurtenant to Development Unit No. 2.
  - (3) Any parking stalls located within the Church Area, shall be appurtenant to Development Unit No. 2.
  - (4) The air space above the Church Area as aforesaid, shall be appurtenant to Development Unit No. 2.
- b. Limited Common Element Appurtenant to Site 1 through Site 9. The driveway designated "Kilani Driveway" on Sheet F-1 of the Condominium Map (and the air space above the Kilani Driveway as aforesaid) shall be appurtenant to and for the exclusive use of Site 1 through Site 7 and Site 9 (i.e., the Sites abutting and being served by the Kilani Driveway). The Kilani Driveway has no curbing or driveways, such that the owners having the use of the Kilani Driveway shall be responsible to build their own driveways and curbing on their Sites or agree among all affected owners and arrange for and build uniform driveways or curbing for all Sites using the Kilani Driveway, all at their own expense.
- c. Limited Common Element Appurtenant to Development Unit No. 2, Site 10 and Site 11. The driveway designated "Koa Driveway" on Sheet F-1 of the Condominium Map (and the air space above the Koa Driveway as aforesaid) shall be appurtenant to and for the exclusive use of Development Unit No. 2, Site 10 and Site 11. The Koa Driveway has no curbing or driveways, such that the owners having the use of the Koa Driveway shall be responsible to build their own driveways and curbing on their Sites or agree among all affected owners and arrange for and build uniform driveways or curbing for all Sites using the Koa Driveway, all at their own expense.
- d. Limited Common Elements Appurtenant to Specific House Units. The limited common elements that are appurtenant to and for the exclusive use of specific House Units, but not all of the House Units, are as follows:
  - (1) Every part of the Site, including the land area located beneath and surrounding each House Unit and all fixtures, installations, improvements, structures, equipment, pipes, wires, conduits, parking stalls or areas, driveways, landscaping and plantings, fences, walls, and other things located within each Site (exclusive of the units), shall be appurtenant to and for the exclusive use of the units located on the Site.
  - (2) Parking stalls, if any, located on the Site shall be appurtenant to and for the exclusive use of the units located on the Site.
  - (3) All portions of each House Structure, other than the House Unit itself, including any garage, carport, and lanai, located on each Site, shall be appurtenant to and for the exclusive use of the House Unit or House Units on that Site.
  - (4) One (1) mailbox shall be appurtenant to and for the exclusive use of each House Unit.
  - (5) If any owners build any wall or fence straddling the boundary of their Sites, which can only be done with mutual consent of those owners, such wall or fence shall be a limited common element appurtenant to the two Sites separated thereby.
  - (6) The air space above each Site up to 25' as aforesaid.
- f. Other Limited Common Elements.

(1) All sewer lines, electrical equipment, pipes, conduits, cables, wiring, utility yards and equipment, and other central and appurtenant transmission facilities and installations on, over, under and across the Project for services such as electricity, water, gas, cable, television, sewer, refuse, telephone, radio and television signal distribution which serve less than all units shall be appurtenant to the unit or units they serve.

(2) Anything else (whether apparatus, installations or otherwise) existing for common use, and all other parts of the Project necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any unit and serve less than all of the units, shall be appurtenant to the unit or units they serve.

(3) The common elements of the Project which are rationally related to less than all of the units shall be deemed limited common elements, and such limited common elements shall be limited to use by only those units benefitting from the same.

EXHIBIT "H"

**1.12 Encumbrances Against Title**

The following are the encumbrances against title to the land of the Project:

1. Real property taxes and assessments, including as to each of the units. (Information on real property taxes and assessments is available at the Office of the Tax Assessor, City and County of Honolulu.)
2. Mineral and water rights of any nature in favor of the State of Hawaii.
3. Ditch Right of Way, as contained in DEED dated June 15, 1904, filed as Land Court Document No. 2.
4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:  
  
INSTRUMENT: DEED  
DATED: October 15, 1915  
FILED: Land Court Document No. 1022
5. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:  
  
INSTRUMENT: DEED  
DATED: October 15, 1915  
FILED: Land Court Document No. 1023
6. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:  
  
INSTRUMENT: DEED  
DATED: May 18, 1916  
FILED: Land Court Document No. 1024
7. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:  
  
INSTRUMENT: DEED  
DATED: July 1, 1960  
FILED: Land Court Document No. 259524
8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:  
  
INSTRUMENT: AGREEMENT FOR ISSUANCE OF  
CONDITIONAL PERMIT UNDER 4.40-21 OF THE LAND USE ORDINANCE  
(LUO)  
DATED: December 28, 1989  
FILED: Land Court Document No. 1712264  
PARTIES: YOUNG MEN I S CHRISTIAN ASSOCIATION OF  
HONOLULU, a Hawaii eleemosynary corporation, "Declarant"
9. Condominium Map No. 1836, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

The foregoing Condominium Map as amended by the following:

Recorded: in the Office of the Assistant Registrar of the Land Court of the State of Hawaii

as Document No. 3630940, dated July 14, 2007.

10. The terms, covenants, conditions, restrictions, reservations, easements, encumbrances, and other provisions contained in the following:

**INSTRUMENT :** SECOND AMENDMENT AND RESTATEMENT OF AMENDED AND RESTATED DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "THE PARKSIDE AT KILANI" CONDOMINIUM PROJECT  
**DATED:** July 14, 2007  
**FILED:** Land Court Document No. 3630940  
**MAP:** 1836 and any amendments thereto

The foregoing Restated Declaration restates the original Declaration dated May 30, 2006 filed as Land Court Document No. 3447570, and any amendments thereto.

COMMISSIONER'S QUITCLAIM ASSIGNMENT OF RIGHTS UNDER (I) DECLARATION OF CONDOMINIUM PROPERTY REGIME OF THE PARKSIDE AT KILANI, (II) BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF THE PARKSIDE AT KILANI AND (III) CONDOMINIUM MAP NO. 1836, dated effective as of October 5, 2009 (the "Effective Date"), filed as Land Court Document No. 3904580.

Said above rights were assigned by instrument dated January 27, 2011 and recorded/filed as Land Court Document No. 4046198.

The foregoing SECOND AMENDMENT AND RESTATEMENT OF AMENDED AND RESTATED DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "THE PARKSIDE AT KILANI" CONDOMINIUM PROJECT was further amended and restated by the following:

**INSTRUMENT:** THIRD AMENDMENT AND RESTATEMENT OF DECLARATION OF CONDOMINIUM PROPERTY REGIME OF THE PARKSIDE AT KILANI AND AMENDMENT OF CONDOMINIUM MAP

**DATED:** February 18, 2015  
**FILED:** Land Court Document No. T-9276114  
**MAP:** 1836 and any amendments thereto

The foregoing Restated Declaration restates the original Declaration dated May 30, 2006 filed as Land Court Document No. 3447570, and any amendments thereto.

11. The terms, covenants, conditions, restrictions, reservations, easements, encumbrances, and other provisions contained in the following:

**INSTRUMENT :** SECOND AMENDMENT AND RESTATEMENT OF BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS

**DATED:** July 14, 2007  
**FILED:** Land Court Document No. 3630941

The foregoing Restated By-Laws restates the original By-Laws dated May 30, 2006, filed as Land Court Document No. 3447571, and any amendments thereto.

COMMISSIONER'S QUITCLAIM ASSIGNMENT OF RIGHTS UNDER (I) DECLARATION OF CONDOMINIUM PROPERTY REGIME OF THE PARKSIDE AT KILANI, (II) BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF THE PARKSIDE AT KILANI AND (III) CONDOMINIUM MAP NO. 1836, dated effective as of October 5, 2009 (the "Effective Date"), filed as Land Court Document No. 3904580.

Said above rights were assigned by instrument dated January 27, 2011 and recorded/filed as Land Court Document No. 4046198.

The foregoing SECOND AMENDMENT AND RESTATEMENT OF AMENDED AND

RESTATED DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "THE PARKSIDE AT KILANI" CONDOMINIUM PROJECT was further amended and restated by the following:

INSTRUMENT: THIRD AMENDMENT AND RESTATEMENT OF BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF THE PARKSIDE AT KILANI AND AMENDMENT OF CONDOMINIUM MAP

DATED: February 18, 2015  
FILED: Land Court Document No. T-9276115  
MAP: 1836 and any amendments thereto

The foregoing Restated By-Laws restates the original By-Laws dated May 30, 2006, filed as Land Court Document No. 3447571, and any amendments thereto.

12. The terms, covenants, conditions, restrictions, reservations and provisions contained in the following:

INSTRUMENT: AGREEMENT

DATED: February 26, 2007  
FILED: Land Court Document No. 3593678  
PARTIES: PARKSIDE AT KILANI LLC, "Company", and the CITY AND COUNTY OF HONOLULU, DEPARTMENT OF PLANNING AND PERMITTING, a municipal corporation of the State of Hawaii, "City"  
RE: Company is required to construct and dedicate certain general plan and development plan street setback improvements more particularly described in Section 14-21.2, ROH

13. GRANT

TO: HAWAIIAN ELECTRIC COMPANY, INC. and HAWAIIAN TELCOM, INC.  
DATED: May 15, 2007  
FILED: Land Court Document No. 3605002  
GRANTING: an easement for utility purposes

14. Encroachment(s) as shown on the survey map prepared by Wesley T. Tengan, Land Surveyor, dated January 12, 2011.

- D. Chainlink fence from subject Development Unit #1 extends approximately 1.0 ft. to 0.0 ft. for a length of 26.1 ft. into Kilani Avenue.
- P. End of tile wall from subject Development Unit #1 extends approximately 0.4 ft into Lot 16-A-1-B-1.
- T. End of tile wall from subject Development Unit #1 extends approximately 0.4 ft. into Lot 16-A-1-B-1.

Further, the following "exceptions" (which may or may not be actual current encumbrances) appear on the title report received by Developer and purchasers may take subject to the following "exceptions":

(a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records;

(b) Proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by public records;

(c) Any facts, rights, interests, or claims that are not shown by the public records but that could be ascertained by an inspection of the land or that may be asserted by persons in possession of the land;

(d) Easements, liens or encumbrances, or claims thereof, not shown by the public records;

(e) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that

would be disclosed by an accurate and complete land survey of the land and not shown by the public records;

(f) (1) Unpatented mining claims; (2) reservations or exceptions in patents or in acts authorizing the issuance thereof; (3) water rights, claims or title to water, whether or not the matters excepted under (f)(1), (2), or (3) are shown by the public records.

Further, buyer's title shall be subject to the terms, covenants, conditions, restrictions, reservations and provisions contained in the unit deed to buyer.

Mortgage(s), financing statement(s), and liens for services, labor or material arising from an improvement or work related to the land described herein which shall be released or which shall (by partial release) not encumber units upon conveyance by the Church or Residential Developer, as the case may be, are omitted herefrom.

There is hereby omitted from any covenants, conditions and reservations contained herein any covenant or restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, including Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes, as amended except to the extent that said covenant or restriction is permitted by applicable law. Lawful restrictions under state or federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

EXHIBIT "I"

**3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents**

THE DISCUSSION IN THIS EXHIBIT IS ONLY A SUMMARY. PURCHASER MUST READ AND UNDERSTAND THE WHOLE OF ALL DOCUMENTS ("CONDOMINIUM DOCUMENTS") CREATING AND/OR GOVERNING THE PROJECT (INCLUDING THE DECLARATION, BYLAWS, AND CONDOMINIUM MAP) AND NOT RELY ON THIS SUMMARY.

THE CONDOMINIUM DOCUMENTS "RUN WITH THE LAND" AND ARE BINDING ON ALL PURCHASERS AND ANYONE AT ANY TIME OWNING ANY INTEREST IN ANY UNIT OR ANY PORTION OF THE PROJECT OR USING OR BEING AT OR UPON THE PROJECT. THIS SUMMARY (EXHIBIT) DOES NOT AMEND, REDUCE, OR OTHERWISE AFFECT ANY OF THE PROVISIONS OF THE CONDOMINIUM DOCUMENTS, AND, IF THERE IS ANY CONFLICT BETWEEN ANYTHING IN THE CONDOMINIUM DOCUMENTS AND ANYTHING IN THIS EXHIBIT, THE CONDOMINIUM DOCUMENTS SHALL PREVAIL AND CONTROL.

ALL CAPITALIZED TERMS BELOW SHALL HAVE THE SAME MEANING AS IN THE CONDOMINIUM DOCUMENTS UNLESS OTHERWISE DEFINED BELOW.

The following are excerpts from the Declaration regarding Developer's reserved rights-

8. EASEMENTS AND DEVELOPMENT UNIT OWNER RESERVED RIGHTS.

...

g. Easements and Reservation of Rights for Future Development. The provisions of this section 8.g. supersede and replace the provisions of section 8.g. of any previous declaration for this Project or amendment thereof.

(1) Creation of Additional Units. (a) Residential Developer and the Church (each referred to as a "Development Unit Owner" and collectively as the "Development Unit Owners") shall have the right to create, demolish, construct, re-construct, expand, extend, and change, within and from the limited common element land area appurtenant to their unit, one or more additional individual condominium apartment units at such owner's expense, and to otherwise improve the limited common element land area appurtenant to their unit, including, without limitation, the removal of the Development Unit and replacement of such unit with multiple units and connecting to utilities serving the limited common element land area and other matters as appropriate. Each Development Unit Owner shall have the right to successively amend the Declaration and the Condominium Map (and to adopt sub-association bylaws as set forth section 11.b. below as necessary) and to take any other action required by the Act to effectuate the creation and sale of such additional units, which shall be effective with the sole signature of the Development Unit Owner undertaking such amendment or action and to make such amendments necessary or appropriate to create and sell additional condominium apartment units within their respective limited common element land area or within their development unit, all without the necessity of obtaining the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project. Such amendment shall, among other things, contain such things as are required of an "as built" amendment of this Declaration (fully and accurately depicting the layout, location, boundaries, dimensions, and numbers of the units substantially as built) and shall describe (i) the limited common elements appurtenant to the additional units within the applicable limited common element land area, (ii) the individual apartments and their limits, and (iii) the percentage interests in the common elements appurtenant to each additional apartment, which interests in the aggregate shall not be greater than the total common interest originally attributed to Development Unit No. 1 or Development Unit No. 2, respectively as the case may be. (b) It is expressly intended that each Development Unit Owner shall have the maximum right and ability to do anything within the limited common area land unit appurtenant to the unit, without the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project, as long as the matter undertaken does not infringe on the rights of any other unit owner(s) or the Association, and on the condition that the matter undertaken complies with and meets any conditions and requirements of this Declaration and Law and Covenants.

(2) Amendment to Declaration and Map. To the extent that anything above set forth affects the Condominium Map, the Development Unit Owner shall, at such owner's expense, execute and record an amendment to this Declaration which sets out a description of the changes to said unit and the limited common element land area appurtenant to such unit. The amendment shall be effective without, and shall not require, the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project. Any such amendment shall require only the signature of the owner or owners of the affected unit to be effective. The amendment shall include an amendment to the Condominium Map to depict said changes if the Condominium Map is affected.

(3) Installation of Utilities. The Development Unit Owner shall have the right to install, at such owner's expense, utility lines and services and submeters (for utilities including electricity, water, sewer, cable tv, telephone, and gas) and other common elements used or needed by such owner's unit and its limited common element land area. In such event, the owner making such installation shall pay the actual costs thereof, together with such owner's proportionate share of utilities for the common elements.

(4) Construction and Improvement Work. Each Development Unit owner shall have the right to perform at such owner's expense, all work necessary or appropriate for the use and occupancy of such owner's respective unit as now or hereinafter constituted for the uses permitted under this Declaration, including but not limited to, construction, demolition, grading, installation, expansion, extension, architectural, structural, mechanical, water and sewer, drainage, and electrical work and work required under applicable building and zoning codes and other regulations. Such work shall be done in compliance with Law and Covenants and this Declaration, except that the consent or other action of the Association, the Board or any owners or their mortgagees shall not be required for any alterations, additions, construction, demolition, replacements, expansion, extension, repairs or maintenance within any unit or the limited common element land area appurtenant to such unit.

(6) Construction Nuisance. Each Development Unit Owner shall have the right to create and cause noise, dust and other nuisances created by and resulting from any work connected with or incidental to the development, demolition, construction, renovation, or sale of any unit or other improvements provided such nuisance is reasonable in scope and a normal incidental part of construction and development or sale activity and does not present unreasonable health or safety hazards to persons or property.

(7) Grant and Realignment of Easements. Except as otherwise provided in the Bylaws, each Development Unit Owner shall have the right to add, delete, relocate, realign, reserve and grant all easements and rights of way over, under and on the common elements necessary or desirable to service any unit, at such owner's expense; provided, however, that such easement rights must be exercised in such manner as to not unreasonably interfere with the use of the Project by the other unit owners and those claiming by, through or under the other unit owners; and, provided further, that, in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements, the premises affected thereby shall be promptly restored by and at the expense of the person owning and exercising such easement rights to substantially the same condition as was existing in the Project immediately prior to the exercise thereof. Each unit owner agrees that such owner, and any person claiming an interest in the land or any portion of the Project by, through or under such unit owner, shall, upon request, join in and execute any and all documents pertaining to such easements and rights of way. Residential Developer shall have the right, as long as Residential Developer owns any Site, to designate, grant and/or relocate easements and locations for utilities over (and encumbering) any Site(s) and/or any common elements, provided that the provisos in the first sentence above in this section also shall apply thereto; and further provided that Residential Developer shall not have such right with respect to Development Unit No. 2 and any limited common element appurtenant thereto. Each unit owner agrees that such owner, and any person claiming an interest in the land or any portion of the Project by, through or under such unit owner, shall, upon request, join in and execute any and all documents pertaining to such rights of Residential Developer as set forth in the preceding sentence.

(8) Relocation and/or Creation of Additional Parking Stalls and/or Areas. Each Development Unit Owner shall have the right to create additional parking areas within its respective appurtenant limited common element area, together with the right to sell and restrict the use of such additional parking. Each Development Unit owner shall also have the right to relocate all existing parking areas and stalls within its respective limited common element area. Each Development Unit Owner shall have the right to amend this Declaration and the Condominium Map and take any other action required by the Act to effectuate the creation of such additional parking areas, without the necessity of obtaining the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien

holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project, to make such amendments necessary or appropriate to create and/or relocate such parking areas and parking stalls.

(9) Sales Activities. Each Development Unit Owner shall have the right to conduct extensive sales activities on the Project, including, without limitation, the use of model units, sales and management offices, extensive sales displays, signs and activities, and bringing invitees and potential customers and buyers onto the Project and every portion thereof (except into any unit and its appurtenant limited common element not owned by the Development Unit Owner).

(10) No Other Action Needed. All rights of the Development Unit Owners set forth in this section 8.g. may be exercised and shall be effective without the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project. The rights of the Development Unit Owners set forth in this section 8.g. shall exist and apply as long as the Development Unit Owner owns a unit in the Project and cannot be changed without the written consent of the Development Unit Owner to be affected by such change. Each unit owner agrees that such owner, and any person claiming an interest in the Land or any portion of the Project by, through or under such unit owner, shall, upon request, join in and execute any and all documents necessary or appropriate to allow the Development Unit Owner to use and enjoy the rights under this section 8.g.

...

#### 10. USE, PERMISSIBLE FLOOR AREAS.

...

d. Alterations. Subject to this Declaration, the Act, and the Bylaws, the Development Unit Owners each may construct, maintain, alter, improve, renovate, expand, extend, demolish, or replace any part or all of their respective units and any limited common elements within the Site on which the unit is located (but not outside of the Site), without the signature, consent or action of the Board or the Association or any unit owners or any mortgagees provided such activities are in compliance with all applicable provisions of Law and Covenants, this Declaration and the Bylaws.

...

#### 21. AMENDMENT OF DECLARATION.

...

b. Notwithstanding anything heretofore or elsewhere to the contrary, however, no amendment of this Declaration, the Bylaws, the House Rules, if any, or Condominium Map shall, without the prior written consent of Residential Developer and the Church, limit, affect or impair any rights of Residential Developer or the Church under this Declaration. Notwithstanding the foregoing and notwithstanding the sale and conveyance of any of the units, this Declaration (including the Bylaws and, when applicable, the Condominium Map) may be amended by Residential Developer (as to Development Unit No. 1) and the Church (as to Development Unit No. 2) to effect any change or amendment required by an administrative agency of any county, state, or federal government or by any territory, possession, or foreign country or other foreign jurisdiction or a mortgagee of the fee or leasehold interests in the Land as a condition to governmental approvals (including any branch, agency, authority, service, or any government-connected entity (including the U.S. Postal Service and the Honolulu Department of Planning and Permitting)), marketing the Project or making a loan to finance the development, construction and/or the sales of the Project. Further, nothing in this section shall affect, reduce, or prejudice any rights of the Church or Residential Developer to amend unilaterally this Declaration incident to, or necessary or appropriate to effectuate and enjoy, any of the rights given or reserved to them or either of them anywhere in this Declaration, so long as the exercise of such rights by the Church does not materially and adversely affect the rights hereunder of Residential Developer, and the exercise of such rights by Residential Developer does not materially and adversely affect the rights hereunder of the Church. This section 21.b. may not be amended except with the prior written consent of the Church and the Residential Developer.

c. Further, the Residential Developer has, reserves, and shall have the absolute right to amend this

Declaration and the Bylaws regarding the Residential Phase, from time to time, which amendment(s) shall be effective with the sole signature of Residential Developer, without the necessity of the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project, provided, that Residential Developer shall have no right to make any amendment that (a) affects the rights of Development Unit No. 2 (including rights with respect to the limited common elements appurtenant to Development Unit No. 2) without the consent of the Church, or (b) materially prejudicially affects any existing House Unit owner. This section 21.c. may not be amended except with the prior written consent of the Residential Developer and the Church. This section 21.c. shall expire when Residential Developer no longer owns any unit in the Project.

d. Further, the Residential Developer has, reserves, and shall have the absolute right to amend this Declaration and the Bylaws regarding the Residential Phase (and not Development Unit No. 2), from time to time, which amendment(s) shall be effective with the sole signature of Residential Developer, without the necessity of the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project to reflect the Residential Phase or any portion thereof "as built". And, any owner(s) of a Site who build(s) a Unit on the Site may unilaterally amend this Declaration to reflect the Unit(s) so constructed "as built" without the signature or joinder of any other person and may convey and assign each Unit as discrete real estate (including Duplex Units).

e. All rights to amend this Declaration also includes the right to amend the affected portion(s) of the Condominium Map, if any.

23. RESIDENTIAL DEVELOPER RIGHTS REGARDING HOUSE UNITS. Until Residential Developer no longer owns any unit in the Project, nothing may be done on, to or as to any House Unit Site (whether the construction, replacement, expansion, extension, or modification of any unit or any limited common element or otherwise) without the written consent of the Residential Developer, which consent Residential Developer shall give or withhold based on considerations of appropriateness based on the surrounding community and uniformity of appearance, design, finish, construction, materials, and workmanship, and which consent Residential Developer shall not arbitrarily withhold. This section 23 is not intended to affect Development Unit No. 2 or the Church Area. This section 23 may not be amended except with the prior written consent of Residential Developer. The provisions set forth in this section 23 are incorporated by reference into all portions of this Declaration wherein an owner is given the right to do any work or make any changes to the owner's unit (whether the demolition, construction, finishing, improvement, replacement, expansion, extension, or modification of any unit or any limited common element or otherwise), and shall apply thereto without the necessity of being recited therein, including section 4 and section 19.c.

33. RESIDENTIAL DEVELOPER'S RESERVED RIGHTS. Residential Developer is granted, has, and reserves the right to further amend this Declaration without the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project, as follows:

a. From time to time, after completion of construction of the House Units, pursuant to the provisions of section 514B-34 of the Act to record and file a certification of a licensed architect, engineer, or surveyor certifying that the condominium map previously recorded, as amended by the revised pages theretofore filed or filed with the amendment, if any, fully and accurately depicts the layout, location, boundaries, dimensions, and numbers of the units substantially as built (but the foregoing shall not impose any obligation on Residential Developer to construct any House Unit).

b. To make changes to the Residential Phase and to amend the Declaration and the Condominium Map in any manner, provided that such changes do not constitute a material change to any House Unit not owned by Residential Developer.

c. To change the number of each type of House Unit in the Residential Phase; provided, however, that this right shall apply only to House Units that are not yet built or are owned by Residential Developer (unless the change is required by the governmental authority (e.g., the United States Postal Service or the City) in which event the change may be made even after the units are built or not owned by Residential Developer.

d. To make changes to the Residential Phase and the Residential Phase drawings and/or specifications; provided that such changes do not violate applicable any Law and Covenants and do not constitute a

material change to any House Unit not owned by Residential Developer.

e. Anything contained in this section notwithstanding, however, no action by Residential Developer shall affect the rights of Development Unit No. 2 as reserved in section 21.c. above, i.e. that the exercise of the rights of Residential Developer shall not affect the rights of Development Unit No. 2 without the consent of the Church. This subsection 33.e. may not be amended except with the prior written consent of the Church.

This section 33 may not be amended except with the prior written consent of Residential Developer, and, as to subsection 33.e., may not be amended except with the additional prior written consent of the owner of Development Unit No. 2.

#### 34. RESERVED RIGHT TO SUBDIVIDE AND WITHDRAW STREET WIDENING AREAS.

a. Notwithstanding any other provision in this Declaration to the contrary, Residential Developer and its successors and assigns hereby are granted, have, and reserve the right (but shall have no obligation) to subdivide and withdraw from this Declaration and from the Project: (1) that certain corner area of the Land of the Project located at the point where Kilani Avenue and Koa Avenue intersect, comprised of approximately 193 square feet (hereinafter referred to as the "Street Widening Area"), being the land between the dashed line labeled "30 FT CORNER ROUNDING SETBACK" and the boundary lines of the Land as shown on Sheet F-1 of the Condominium Map, and (2) the portions of the Land described in or affected by that Agreement dated February 26, 2007, filed in the Land Court of the State of Hawaii as Document No. 3593678, between Previous Residential Developer and the City and County of Honolulu, Department of Planning and Permitting.

b. Residential Developer and its respective successors and assigns hereby are granted, have, and reserve the right (but shall have no obligation) to enter and go upon the Property to do all things necessary or convenient to effectuate any of the matters set forth in section 34.a. above, including, without limitation, making surveys to undertake a reasonable realignment of the boundaries of any areas (it being understood that the Residential Developer shall have the reserved right to effect any such realignment), and to facilitate the granting, reserving, adding, deletion, reception, realignment, and/or relocating of easements and/or rights of way for access, passage, utilities, sanitary and storm sewers, cable television and refuse disposal, and of all other required easements. The subdivision and withdrawal pursuant to section 34.a. above shall be subject to, and the Residential Developer shall, at its own expense, comply with, all of the then applicable governmental laws and rules and regulations, including subdivision requirements.

c. In connection with the exercise of any right set forth in section 34.a. above, the Residential Developer and its successors and assigns hereby reserve, have, and are granted the right (but shall have no obligation) at its expense and for the benefit of this Project and/or the affected areas and/or other adjoining or nearby lands to (1) grant, reserve, add, delete, receive, realign and/or relocate over, across and under the affected areas easements and/or rights of way for access, passage, utilities, sanitary and storm sewers, cable television and refuse disposal, and (ii) relocate or realign any existing easements and rights of way over, across and under the affected areas, including, without limitation, any existing access, passage, utilities, sanitary and storm sewer lines and cable television lines and connect the same over, across and under the affected areas, provided that such easements and such relocations and connections of lines shall not materially and adversely impair or interfere with the use of any unit in the Project.

d. Upon the exercise of said reserved right to subdivide and withdraw any of the areas affected by section 34.a. above, the Residential Developer may and shall, at the Residential Developer's expense and without being required to obtain the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project, execute and record and file an amendment to this Declaration and/or the Condominium Map: (i) describing the withdrawn land and any improvements thereon; (ii) describing the realigned boundaries of the Land; and/or (iii) where applicable and appropriate, granting, reserving or relocating easements over, under and on the common elements as permitted by section 34.c above. If required, the Association, any owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project or any unit from time to time each agrees to join in said amendment.

e. Each and every party acquiring an interest in the Project, by such acquisition, consents to the subdivision and withdrawal of the affected areas described in this section 34, and/or the granting, reserving or relocation of easements and/or rights of way as provided herein, and to the amendment of this Declaration and the Condominium Map and the filing and recording thereof to effect the same; agrees to join in, consent to, execute, deliver and file such documents and instruments and do such other things as maybe necessary or convenient to

effect the same; and appoints the Residential Developer and its successors and assigns such party's attorney-in-fact with full power of substitution to execute, deliver and file such documents and instruments and to do such things on such party's behalf to effect the same or to allow Residential Developer to exercise its rights under this section 34, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; and which grant of such power shall be binding upon any assign of or successor in interest to any such party and shall be deemed to be automatically granted anew by any grantee, assignee or successor in interest upon any transfer of an unit in the Project, or any interest therein, whether by deed, mortgage, or other instrument (voluntary or involuntary).

f. The rights reserved to the Residential Developer in this section 34 shall be covenants running with the Land and shall inure to the benefit of and be binding upon the Residential Developer and its successors and assigns, the Church, the Association, and each unit owner from time to time, any mortgagee and any lien holder or any other person with any interest in the Project or any unit, and their, and their respective, heirs, devisees, personal representatives, successors, successors in trust and assigns. The Residential Developer shall have the right to transfer, assign, hypothecate, mortgage, or otherwise dispose of such reserved rights without the consent or approval of the Association, any unit owner, or any mortgagee or lien holder or any other person who may have any interest in the Project or any unit. The Church has consented to and agreed to (and every unit owner, mortgagee or lien holder, and other person who may have any interest in the Project or any unit shall be deemed at all times to consent to and agree to) join in: (i) the subdivision and withdrawal of the areas affected by this section 34 from the operation of the Declaration and from the Project, (ii) the conveyance of said areas to the City and County of Honolulu (the "City"); and (iii) the execution, delivering and filing of such documents and instruments and the doing of such other things as may be necessary or convenient to effect the same including, but not limited to, a petition to the Land Court to subdivide the affected areas and a deed conveying said areas to the City. Residential Developer has agreed with the Church that the exercise of its reserved rights in this section 34 shall be at the sole cost and expense of Residential Developer and that the Church shall bear no liability whatsoever with respect to the subdivision and withdrawal of the affected areas and the conveyance of the same to the City.

g. Residential Developer, its successors or assigns, upon removal of the affected areas from the Project, may freely convey the affected areas to the City (but are not required to do so) without the signature, consent, vote, approval, joinder, or action of the Church, the Board, the Association, any unit owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project.

h. The rights reserved to Residential Developer in this section 34 may be exercised without the necessity of any signature, consent, vote, approval, joinder, or action of the Board, the Association, any unit owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project and such reserved rights cannot be impaired or affected by any amendment to this Declaration, except as specifically provided in this section 34 and with the prior written consent of Residential Developer.

i. This section 34 shall expire on February 15, 2027, as to any rights not theretofore exercised.

The following are excerpts from the Declaration regarding owners' (including Developer's) reserved rights -

4. DIVISION OF PROPERTY.

a.

...

The unit types will change as owners replace Spatial Units with single family detached dwelling units or Duplex Units and the total number of units in the Project may change if the owners of any of the Sites build Duplex Units. Subject to the limitations, requirements, restrictions and provisions of section 19.c. and section 23 below, and subject to compliance with all applicable Laws and Covenants (hereinbelow described) in addition to said section 19.c. and section 23, each owner of each Site (at such owner's sole risk and expense) shall have the rights to change such owner's unit and the limited common element land area appurtenant to the unit (including the rights to improve the Site, to build and affix any structure and fixtures on or to the Site (including any basement) and appurtenant hardware and equipment, to landscape the Site, to apply or use any finishings, and to change, repair, and replace any of the foregoing from time to time (including any demolition attendant to any of the foregoing), to connect to all common element utility fixtures to serve the Site, and to do any work attendant to any of the foregoing), and to unilaterally amend this Declaration to reflect the Site and Unit(s) thereon "as built", without the signature, consent, vote, approval, joinder, or action of the Board (defined below), the Association (defined below), any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or

to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project. The term "Law and Covenants" means and includes all laws, statutes, ordinances, rules, regulations, codes, enactments, and/or other promulgations by any government (federal, state and/or local), and/or any covenants, conditions, restrictions and/or provisions contained in this Declaration or the Bylaws and/or in any other recorded/filed declarations, agreements, instruments, and/or writings, or any of any of the foregoing. Any owner making any change described in this paragraph shall promptly file the amendment of this Declaration to reflect the owner's unit as so changed, "as built", along with an amendment to the Condominium Map to depict said changes if the change affects the Condominium Map; if the owner shall fail to do any of the foregoing, the Association (defined below) may do so at the cost and expense of such owner which cost and expense such owner shall be liable to pay to the Association (defined below) immediately on demand. If any unit owner's mortgage proscribes any activity, this Declaration shall not abridge or affect the proscription in the mortgage as the same may apply between the unit owner and that owner's mortgagee (but only as to such mortgagor's unit, without affecting any other unit or owner). In connection with an work permitted above, the unit owner shall have the right to create and cause noise, dust and other nuisances created by and resulting from such work provided such nuisance is reasonable in scope and a normal incidental part of construction and does not present unreasonable health or safety hazards to persons or property.

...

h. Change of Boundaries of Units. From time to time, the owner of any unit may change the limits (definition of the boundaries) of the owner's unit on the conditions that no portion of the unit shall lie beyond the perimeter of the limited common element land area on which the unit is located and that (as to House Units) no portion of the unit shall exceed the 25' height limit set forth in this Declaration.

#### 8. EASEMENTS AND DEVELOPMENT UNIT OWNER RESERVED RIGHTS.

...

k. Unilateral Amendment. Any amendment of this Declaration or the Bylaws necessary or appropriate to enable any unit owner to enjoy or effectuate any right set forth in this section 8. or any of its subsections shall be effective without, and shall not require, the signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project. Any such amendment shall require only the signature of the owner or owners of the affected unit to be effective.

#### 19. ALTERATION OF THE PROJECT.

...

b. Any unit owner (including the Development Unit Owners and any subsequent successors and assigns of all or any portion of their interests) shall be permitted, at all times, to undertake and accomplish the demolition, repair, modification, alteration, conversion, construction, expansion, extension, replacement, addition to, or rebuilding (collectively, "Modifications") of such unit owner's Unit and the limited common element(s) appurtenant to said Unit and/or cause the same to be done; provided, however that all Modifications shall require (a) the prior written consent of the Residential Developer as set forth below, except that such consent of the Residential Developer shall not be required for Modifications to Development Unit No. 2 and/or the limited common elements appurtenant thereto; and (b) with respect to any Modification to a limited common element that appurtenant to more than one (1) Unit, the prior written consent of the Owners of all Units to which such limited common element is appurtenant. Upon the completion of any such work, the unit owner shall file with the Board a final "as built" set of the plans and specifications for such work, and if any such work should constitute a material alteration to the Project as shown on the Condominium Map (as determined by the Board), the Association or the unit Owner shall file an amendment to this Declaration describing such alteration and amending the Condominium Map to show such alteration, together with a certificate signed by a registered architect or professional engineer, certifying that the plans showing such alterations accurately reflect such alterations, as built. Such amendment shall be signed by the Association or the unit owner, and no signature, consent, vote, approval, joinder, or action of the Board, the Association, any other owner(s), any mortgagee(s) or other lien holder(s), any person having any other right, title or interest in or to any unit (by way of title or possessory right or otherwise), or any other person who may have an interest in the Project shall be required. Promptly upon completion of any work affecting any unit or limited common element which changes the portion of the limited common element land area occupied by the unit or limited common element, the owner of the affected unit or limited common element shall file with the Association a survey by a licensed surveyor showing that the unit or limited common element as changed does not encroach into any limited common element land area not owned by that owner or into any setback.

c. Except as otherwise provided in this Declaration or the Bylaws, and subject to the requirements thereof, each owner of a unit shall at all times have the right to demolish, build, rebuild, repair, and maintain any structure and fixtures of any kind, provided that no such work or the result thereof (any portion of the unit, limited common elements, structure, or fixture) shall extend outside of the boundary of the limited common area land area appurtenant to the unit, no encroachment shall occur into any setbacks, no structure or any portion thereof (and no fixtures, attachments, antennas, panels, dishes, equipment, apparatuses, or thing of any kind) shall extend more than twenty-five feet (25') above finish grade or existing grade (whichever is lower) as defined under the current Honolulu Land Use Ordinance (except that, as to units located on Site 6 and Site 7, the height shall be measured from existing grade (before installation of the basements presently located thereon) instead of finish grade, and except that this height limit shall not apply to the Church Area or Development Unit No. 2 as long as they are kept in church use, which shall be governed by the LUO height limit), and no unit may exceed the maximum square footage based on its PFAR. Further, subject to all of the foregoing, each owner of a unit shall at all times have the right to connect to utilities and other facilities to serve such unit (provided that the same is available to the perimeter of the limited common element land area appurtenant to the unit). Any flora or plant matter or associated items (including lawns, trees, shrubs, flowers, vegetables, gardens, bushes, hothouses, and trellises) shall not exceed the twenty-five feet (25') height limit noted above for structures and appurtenances, and shall not extend beyond the boundary of the Site. The House Unit height limit of 25' set forth above shall control even if the LUO allows or may allow a higher height limit. Notwithstanding anything in this Declaration or the Bylaws, the Laws and Covenants (including, without limitation, the LUO, Building Code, and other ordinances and rules of the City and County of Honolulu), and any limitations and requirements of utility companies shall control, and, if any of them do not permit anything allowed by this Declaration or the Bylaws, the Laws and Covenants and utility companies' limitations and requirements shall control, and all buyers and owners must retain their own architects, engineers, construction experts, and other appropriate professionals as to such matters. Without limitation of or affecting the foregoing, the Sites are subject to "fixture counts" as noted on Sheet C-3 (entitled Site Plan and Curb Profile) by Bow Engineering which forms a part of the Condominium Map. Further, nothing shall be built, planted, located, or maintained in any manner or in any location that prevents or interferes with any common elements shown on the Condominium Map or access thereto or the ability of the Residential Developer (while it owns any unit) or the Association (thereafter) to build, install, maintain and/or replace the same, whether now or hereinafter built or installed, and the Residential Developer (while it own any unit) and thereafter the Association shall have an easement over, upon and under each residential Site to build, install, maintain and/or replace such common elements (including the right to require the owner of the Site to remove any obstruction thereto or, upon reasonable notice and affording reasonable opportunity to comply, to enter upon each residential Site to build, install, maintain and/or replace common elements, and any cost in addition to the cost for such work but for the obstruction caused by the owner shall be chargeable to and payable by the owner).

...

e. It is the intent of this section 19 that all owners in the Project shall have the maximum freedom to do anything within their limited common element land areas as long as in compliance with Law and Covenants subject to the conditions set forth in this Declaration and the Bylaws, except that, until the Residential Developer no longer owns any unit in the Project, nothing may be done (whether the demolition, construction, finishing, improvement, replacement, expansion, extension, or modification of any unit or any limited common element or otherwise) without the prior written consent of the Residential Developer, which consent Residential Developer shall give or withhold based on whether or not the thing(s) to be done comply/complies with this Declaration, whether any common elements or infrastructure would be affected, and taking into consideration the appropriateness of the thing(s) to be done based on the surrounding community and uniformity of appearance, design, finish, construction, materials, and workmanship. Residential Developer shall not unreasonably withhold consent. Before doing any of the things requiring consent, each owner shall request written consent of the Residential Developer. Each owner requesting consent as aforesaid shall reimburse the Residential Developer for all costs and expenses (including architects', engineers', and other design professionals' fees and costs) in connection with the requested consent, and shall promptly pay the same, and the payment of such costs and expenses shall be a condition (without limitation of any other reasonable conditions) of such consent. Withholding of consent until all such costs and expenses are paid shall not be deemed to be unreasonable withholding of consent. The requirement of consent aforesaid shall not apply to Development Unit No. 2 or any non-structural interior finishing work and floor coverings.

## 21. AMENDMENT OF DECLARATION.

...

e. All rights to amend this Declaration also includes the right to amend the affected portion(s) of the Condominium Map, if any.

...

The following are excerpts from the Bylaws -

From 7.04 -

(c) **Reserved Right in Residential Developer.** Residential Developer has, reserves, and shall have the right, power and authority to amend this Section 7.04 from time to time in any manner on the conditions that: no amendment shall violate any law or be conflict with the Declaration, and no amendment shall affect Development Unit No. 2 without the express written consent of the Owner of Development Unit No. 2 which shall be set forth in an instrument recorded in the Bureau of Conveyances. Residential Developer need not exercise its right, power or authority under this section, and shall have no obligation for not so exercising the right, power or authority. This Section 7.04(c) expires on February 15, 2017. Note: Section 7.04 refers to restrictions on use of the Project and Units.

From 9.01 -

(a) Except as otherwise provided in this Section 9.01 or elsewhere in these Bylaws, these Bylaws may be amended at any time in any respect not inconsistent with provisions of law or the Declaration by the vote or written consent of at least sixty-seven percent (67%) of all Owners, which amendment shall be effective upon the recording of a written instrument setting forth such amendment of these Bylaws duly executed by the proper officers of the Association; provided, however, that (i) each one of the particulars set forth in Section 514B-108 of the Act shall always be embodied in these Bylaws, (ii) these Bylaws shall not be amended to contain any terms or provision which would be contrary to the Act, the Declaration or the articles of incorporation of the Association, if any, as amended from time to time, and (iii) as long as the Residential Developer is an Owner, the Residential Developer has and reserves, and shall have, the right to amend these Bylaws, without the approval, signature, consent or joinder of the Association, any Owners, any tenants or lessees, any mortgagees, or any other person, to such extent and with such language as may be requested by the Federal Housing Administration, Department of Veterans Affairs, Federal Home Loan Mortgage Corporation or Federal National Mortgage Association, or by any lender as a condition to lending funds upon the security of a Unit in the Project or to comply with the requirements of any branch, department or agency of the United States of America or the State of Hawaii or any sub-part thereof or to comply with any law, rule or regulation, or to allow the Project to be completed and sold as contemplated under the Declaration or to allow any Owner to exercise any rights of an Owner under the Declaration or these Bylaws. Notwithstanding any provision to the contrary contained herein, (i) any amendment to these Bylaws which deletes, diminishes, alters or adversely affects the rights of the Residential Developer or the rights appurtenant to Development Unit No. 1 shall not be adopted or effective without the prior express approval of the Residential Developer or the owner of Development Unit No. 1, as the case may be, which shall be set forth in an instrument recorded in the Bureau of Conveyances and (ii) any amendment to these Bylaws which deletes, diminishes, alters or adversely affects the rights appurtenant to Development Unit No. 2 shall not be adopted or effective without the prior express approval of the Owner of Development Unit No. 2 which shall be set forth in an instrument recorded in the Bureau of Conveyances.

"EXHIBIT J"  
 Estimate of Initial Maintenance Fee  
 Parkside at Kilani

Development Unit #1	Unit Common Interest %	Unit Class Common Expense Monthly Fee	Common Expenses fee	Total Monthly Fee (House Units)	Total Annual Fee (House Units)
Unit 1	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Unit 2	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Unit 3	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Unit 4	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Unit 5	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Unit 6	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Unit 7	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Unit 8					
8A	4.545%	\$4.57	\$16.67	\$21.23	\$254.82
8B	4.545%	\$4.57	\$16.67	\$21.23	\$254.82
Unit 9	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Unit 10	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Unit 11	9.091%	\$9.14	\$33.33	\$42.47	\$509.64
Total Unit Fees	100.000%	\$100.50	\$352.50	\$453.00	\$5,436.00
Development Unit #2		Class Common Expense Fee	Common Expense Fee	Total Monthly Fee (Church Unit)	Total Annual Fee (Church Unit)
Church Unit Fee	100.000%	\$49.50	\$122.50	\$172.00	\$2064.00
TOTAL FEES				\$625.00	\$7,500.00

Developer hereby states: A unit owner, including the developer, shall become obligated for the payment of the share of the common expenses allocated to the owner's unit at the time the certificate of occupancy relating to the owner's unit is issued by the appropriate county agency.

Kilanikoa Development, LLC

By: Alvin Wong  
 Name: Alvin Wong  
 Title: Member

PRELIMINARY BUDGET  
Parkside at Kilani

EXPENSES	MONTHLY FEE	ANNUAL FEE
<b>Utilities</b>		
Refuse	\$0	\$0
Water & Sewer	\$0	\$0
Electricity – Kilani driveway	\$200	\$2,400
Electricity – Koa driveway	\$100	\$1,200
<b>Operating Expenses</b>		
Reserve Study	\$0	\$0
Supplies, Admin	\$0	\$0
Legal fess	\$0	\$0
Meeting Expenses	\$0	\$0
Audit/Tax prep	\$50	\$600
<b>Insurance/Management</b>		
Property – Kilani driveway	\$50	\$600
Property – Koa driveway	\$50	600
Directors & officers	\$0	\$0
Fidelity bond	\$0	\$0
Management fee	\$100	\$1,200
GE taxes	\$0	\$0
<b>Maintenance</b>		
Kilani driveway	\$25	\$300
Kilani fire hydrant	\$25	\$300
Koa driveway	\$25	\$300
<b>TOTAL</b>	<b>\$625</b>	<b>\$7,500</b>

I, Dale Ho, principal broker of Dale Ho & Associates, the condominium managing agent for the Parkside at Kilani condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared with generally accepted accounting principles.

Dale Ho  
Signature

5/5/15  
date

Pursuant to 514B-148(7)(b) Hawaii Revised Statues, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The developer has not conducted a reserve study for the Project.

END OF "EXHIBIT J"

## EXHIBIT "K"

### **5.1 Summary of Pertinent Provisions of Sales Contract**

THE DISCUSSION IN THIS EXHIBIT IS ONLY A SUMMARY. PURCHASER MUST READ AND UNDERSTAND THE WHOLE SALES CONTRACT AND NOT RELY ON THIS SUMMARY. THIS SUMMARY DOES NOT AMEND, REDUCE, OR OTHERWISE AFFECT ANY OF THE PROVISIONS OF THE SALES CONTRACT, AND, IF THERE IS ANY CONFLICT BETWEEN ANYTHING IN THE SALES CONTRACT AND ANYTHING IN THIS EXHIBIT, THE SALES CONTRACT SHALL PREVAIL AND CONTROL.

THE SALES CONTRACT IS MORE THAN A RECEIPT FOR MONEY. THE SALES CONTRACT IS A LEGALLY BINDING CONTRACT FOR THE PURCHASE OF REAL ESTATE.

ALL CAPITALIZED TERMS BELOW SHALL HAVE THE SAME MEANING AS IN THE SALES CONTRACT UNLESS OTHERWISE DEFINED BELOW.

**INFORMATION ON SELLER, PURCHASER, PROPERTY, CERTAIN DATES AND MONEYS.** The Seller, Purchaser (and information on Purchaser and title vesting) and property covered ("Unit"), price and other sums Purchaser must pay, and terms of payment, closing date, and other specific terms are described and defined. "Unit" means a "Site" which is unimproved land if Purchaser is buying a residential "Site" and means a duplex apartment unit if Purchaser is buying a duplex unit. The word "apartment" in the Sales Contract only refers to common usage with respect to the document in which that word is referenced to appear and does not mean the Unit is improved with any structure or improvement if the transaction is a Site only purchase.

The public report is receipted for, and real estate brokers involved and whom they represent are identified.

Whether the transaction involves an unimproved residential Site or one of the existing "Duplex" units is set forth.

In addition to the purchase price, Purchaser agrees to pay association start-up fees in an amount equal to two (2) months of the estimated maintenance fees, two (2) months of estimated reserves, and the closing costs along with the balance of the Purchase Price.

There is no contingency on obtaining cash funds but the Sales Contract provides for a financing contingency, if applicable, and also that Seller may cancel if time periods specified therefor are not met.

Purchaser acknowledges and agrees to that the purchase and transaction will be subject to the various other terms in the Sales Contract (which consists of the Sales Contract proper and the exhibit attached), including various disclaimers by Seller and those working for Seller and waivers of rights by Purchaser.

There is an agreement to pay a commission by Seller to the brokerage firm representing Seller.

**PROJECT LOCATION.** The Parkside at Kilani condominium project (the "Project") is located in Wahiawa, Honolulu, State of Hawaii and described. The Project consists of one "duplex" unit located on a residential Site in the Residential Phase of the Project, ten unimproved Sites located in the Residential Phase of the Project, and one church unit designated as "Development Unit No. 2" (which is not being offered for sale and is not part of the condominium registration for sale of units in the Project). Each purchaser will have the option of purchasing the "duplex" unit or an unimproved Site (to the extent any of the foregoing is available).

**DESCRIPTION OF PROPERTY.** The property shall consist of either an unimproved Site or a duplex unit (in either case called "Unit") and its appurtenant undivided interest in the common elements (subject to adjustments as provided for in the Condominium Documents) as described in the Declaration, together with rights and easements appurtenant thereto as set forth in the Declaration, including any limited common element rights, but subject to all of the terms, covenants, provisions, obligations, encumbrances, easements, liens, rights, exceptions, reservations, restrictions, conditions, and other matters contained in this Agreement, the Declaration, the Bylaws, the Condominium Map, other Condominium Documents and/or Purchaser's Unit Deed, and the effect of any failure to comply with any of the foregoing. If Purchaser is purchasing a duplex unit, the Unit will include only the following appliances and furnishings: refrigerator, window coverings, carpets, range/oven, range hood, refrigerator, washer and dryer.

**TITLE.** Purchaser shall acquire a fee simple interest in and to the Unit by way of a limited warranty Unit Deed, subject to the matters set forth above and subject to all liens, encumbrances, exceptions, reservations, conditions, covenants, restrictions, easements, rights, terms, provisions, obligations, and other matters of record as of the date of the filing of the Unit Deed, and the effect of any failure to comply with any of the foregoing, except for any encumbrance made by Seller and except for any blanket mortgage on the Project prohibited by Section 514B-45 of

the Hawaii Revised Statutes. Any title insurance which Purchaser acquires shall be subject to the foregoing and any additional matters which the title company may impose, including, without limitation, the following: (a) taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by public records; (c) any facts, rights, interests, or claims that are not shown by the public records but that could be ascertained by an inspection of the land or that may be asserted by persons in possession of the land; (d) easements, liens or encumbrances, or claims thereof, not shown by the public records; (e) any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the land and not shown by the public records; (f) (1) unpatented mining claims; (2) reservations or exceptions in patents or in acts authorizing the issuance thereof; (3) water rights, claims or title to water, whether or not the matters excepted under (f)(1), (2), or (3) are shown by the public records.

**CONDOMINIUM DOCUMENTS.** Purchaser acknowledges receiving and reviewing, and expressly approves and agrees with, various documents regarding the property ("Condominium Documents") including, but not limited to, all documents creating and/or governing the Project filed at the Land Court of the State of Hawaii or recorded at the Bureau of Conveyances of the State of Hawaii, including, without limitation: the Declaration of Condominium Property Regime of Parkside at Kilani; Bylaws of the Association of Apartment Owners of Parkside at Kilani; Condominium Map; Apartment (Unit) Deed ("Unit Deed"); Escrow Agreement; the Public Report; and the disclosure statement (if any) to be prepared by the Seller and provided to Purchaser upon the issuance of a Public Report by the Real Estate Commission. The Purchaser also agrees that the form and content of the Condominium Documents may change from time to time as allowed thereunder and under law and additional documents (including, without limitation, house rules, and management agreement) may be lawfully implemented from time to time and that Purchaser's ownership of the Unit is in all respects subject to said Condominium Documents, as they may be lawfully amended from time to time and Purchaser approves and accepts the Condominium Documents, as they may be lawfully amended from time to time, and agrees to be bound thereby.

**SELLER RIGHT TO ACT FOR ASSOCIATION.** Purchaser authorizes Seller to exercise all rights and powers of the Association, the Board of Directors and officers, including voting, assessing and collecting common expenses (maintenance fees), and otherwise acting for and on behalf of the owners) until the first meeting of the Association. Purchaser further authorizes Seller to exercise all rights and incidents of membership attributable to the Unit which is the subject of the Sales Contract until the filing of the Unit Deed transferring title to the Unit to the Purchaser.

**ESCROW.** All funds, including Purchaser's funds and loan funds, will be handled by Escrow pursuant to the Escrow Agreement. The Escrow Agreement is by this reference incorporated in and made a part of the Sales Contract, covering the deposit with Escrow of all funds paid by Purchaser under the Sales Contract and the disbursement of such funds by Escrow. Interest, if any, on funds paid to Escrow may be credited toward the Purchaser's financial obligations under the Sales Contract, provided that it is Purchaser's sole responsibility to arrange therefor with Escrow and provided that Purchaser provides Escrow with sufficient information (such as a tax identification number) to allow Escrow to arrange therefor and otherwise satisfies the requirements for interest under the Escrow Agreement. Any interest is such interest, if any, which Purchaser's funds may earn by Escrow depositing the funds into an interest bearing account from that account, and Seller is under no obligation to pay any interest.

**CHANGES TO PROPERTY.** Purchaser authorizes Seller (and others) to make changes to the Condominium Documents and to the Project as may be required by law or the Condominium Documents, by the Real Estate Commission of the State of Hawaii, by the City and County of Honolulu, by any title insurance company, by any institutional mortgage lender or other mortgage lender, including Seller's lender, by governmental or quasi-governmental agency, or the owner of Development Unit No. 2, and any other changes in Seller's or such other persons' discretion, provided only that such changes shall not materially alter the floor plan of the Unit (as to purchase of a duplex unit only) or substantially reduce the usable space within the House Structure (as to purchase of a duplex unit only), substantially increase the Purchaser's share of common expenses, or increase the Purchase Price. No taking by eminent domain (or other transfer by Seller) of an easement or other limited right or of a portion of the common elements of the Project that does not substantially interfere with or diminish the practical enjoyment and use by the Purchaser of the common elements shall be deemed to be grounds for cancellation of the Sales Contract.

**SELLER'S RESERVED RIGHTS.** Purchaser specifically acknowledges that the Declaration and Bylaws contains reservations of various rights in favor of Seller (and others) to change the Project and units in the Project in various ways and to amend the Declaration and Bylaws in various ways, and Purchaser expressly understands and agrees to all of such rights. Without limitation, some of those changes as to which rights are reserved are contained in sections 4, 8, 10, 19, 21, 23, 33 and 34, of the Declaration and section 7.04 and 9.01 of the Bylaws and summarized in Exhibit "I" to this Public Report. Purchaser consents to and agrees that Purchaser is and shall be bound by all the provisions of the documents creating and/or governing the Project, including, without limitation, the Condominium Documents as heretofore and hereafter amended, and Seller's and others' reserved rights, all of which may be

exercised without Purchaser's or any other person's consent and which may be exercised even after the closing and Purchaser acquires the Unit. It is Purchaser's responsibility to read and understand all relevant documents.

**PRE-CLOSING.** Purchaser acknowledges that Seller intends to, and agrees that Seller may, preclose this sale by having all documents necessary for closing executed and funds deposited with Escrow prior to the time of closing, but no earlier than thirty (30) days prior to the Closing Date. This procedure is referred to as "Preclosing." To accomplish this, any time after the effective date of the Sales Contract, and upon receiving written notice to preclose from the Seller, Purchaser's lender(s), if any, or Escrow, Purchaser agrees to deposit with Escrow all payments specified in the Sales Contract (at the times set forth therein) and to take and complete any other action that may be necessary to enable closing to occur, and Purchaser shall execute during this period all documents required for closing including, without limitation, the Unit Deed and any promissory notes, mortgages and other loan documents necessary for Purchaser's financing of the purchase (if financing is a contingency), the conveyance tax certificate, and a closing statement. Purchaser shall, upon written notice from Escrow, confirm with Escrow the names and addresses of all owners-to-be of the Unit and the manner ("tenancy") by which the owner(s) shall hold title. If Purchaser fails to select a form of tenancy when requested to do so, Seller may complete the Unit Deed with such tenancy as Seller, in its sole discretion, deems appropriate, without any liability by reason of any consequences of doing so. Escrow shall be entitled to charge Purchaser an additional documentation charge in the event of any changes to the Unit Deed or other documents requested by Purchaser after Purchaser's approval or deemed approval thereof. The Sales Contract shall constitute Seller's and Purchaser's written authority to Escrow to date all documents, to add filing information and to adjust the estimated prorations in accordance with the provisions of the Sales Contract.

**CLOSING.** On the Closing Date, Seller and Purchaser shall be required to perform their respective obligations to purchase and sell the Unit under the Sales Contract. The parties agree that the Closing Date may be extended by Seller in its sole discretion. All payments that have not been previously made during Preclosing shall be due and payable in full on the Closing Date, and, if not paid on said date, then such nonpayment shall result in a default by Purchaser under the Sales Contract. In the event of failure of Purchaser to actually close on the Closing Date, and in the event Seller may exercise its rights on Purchaser's default or, at Seller's sole option and discretion, demand from and receive, and Purchaser agrees to pay, in addition to all other amounts due, a late charge of one percent (1%) per month, based on the amount of the total Purchase Price, prorated on a daily basis, to accrue commencing on the Closing Date and continuing until all payments required under the Sales Contract, together with such late charges, are paid. Seller's failure to exercise any right or remedy under the Sales Contract shall not constitute a waiver of any of such defaults or of any of such rights, including, without limitation, the right to cancel the Sales Contract, and will not constitute a modification of the Sales Contract. Real property taxes, maintenance fees, and other prorations shall be made, and risk of loss shall transfer from Seller to Purchaser on the Closing Date. Purchaser expressly acknowledges that on the Closing Date, the construction of the other units and portions of the common elements of the Project may not be fully completed, and that such circumstances shall not in any way affect Purchaser's obligations to make the required payments and close the transaction.

**TIME OF THE ESSENCE.** Time is of the essence of the Sales Contract.

**CLOSING COSTS.** Purchaser shall pay all closing costs associated with this purchase and sale, including, without limitation; the escrow fee, cost of a preliminary title report, cost of preparation of the Unit Deed, real property tax prorations and other customary prorations, all acknowledgment fees, conveyance taxes, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages (if applicable), all filing costs or fees, loan fees (if applicable), credit report costs and all other applicable costs. Purchaser shall also pay a start-up fee equal to two (2) months of the estimated maintenance fees in advance, and an additional fee equal to two (2) months of the estimated reserves as part of such closing costs.

**PUBLIC REPORT RECEIPT.** Purchaser acknowledges that Purchaser has received a copy of the Public Report, Amendment of Public Report and/or any Amended Public Report for the Project. Although Seller has made a good faith attempt to include in the Public Report certain excerpts, summaries, and discussions of matters (including waivers of rights and disclaimers) that may affect Purchaser, Purchaser understands that it is impractical (without reiterating verbatim each and every such term in the Condominium Documents and this Agreement) to include all such matters in detail and that there is no guarantee that what is contained in the Public Report is complete or exhaustive of all terms and conditions which may affect Purchaser. Therefore, Purchaser agrees (a) that Purchaser must read the this Agreement, the Condominium Documents, the Unit Deed, and the Escrow Agreement verbatim, in detail with care, and understand and agree with all of their contents, (b) Purchaser shall not rely on any excerpt, summary or discussion in the Public Report as being exhaustive of all terms or conditions contained in the Condominium Documents, the Unit Deed, the Escrow Agreement, or this Agreement, (c) the Public Report does not modify, limit, or affect this Agreement, any of the Condominium Documents, the Unit Deed, or the Escrow Agreement, (d) Purchaser shall not rely on, and is not relying on, the Public Report in lieu of reading verbatim and understanding this Agreement, the Condominium Documents, the Escrow Agreement, and the Unit Deed, and Purchaser assumes the risk of not reading verbatim this Agreement, any of the Condominium Documents, the Escrow Agreement, or the Unit

Deed in detail, or of not hiring someone to assist Purchaser in understanding any of them, and (e) Purchaser willingly, knowingly, and voluntarily waives (gives up) all rights, claims, demands, and causes of action against Residential Developer based on any failure to include (or any deficiency in the discussion of) any matter in the Public Report which is contained in the Condominium Documents, this Agreement, the Escrow Agreement, or the Unit Deed.

**PURCHASER'S RIGHT TO CANCEL; WAIVER.** If Purchaser, after the delivery by Seller of a copy of the Public Report, Amendment of Public Report and/or any Amended Public Report for the Project, either personally or by registered or certified mail with return receipt requested, fails to execute the receipt and notice ("Receipt and Notice Form") advising Purchaser of Purchaser's right to cancel the Sales Contract, the delivery of which is required by Hawaii Revised Statutes, as amended, within thirty (30) days of Purchaser's receipt of the Receipt and Notice Form, Seller may, at its option: (i) cancel the Sales Contract upon ten (10) days' written notice to Purchaser of such cancellation, and, upon such cancellation, Seller shall cause Escrow to refund to Purchaser all payments previously made by Purchaser without interest; or (ii) elect (by its failure to give said written notice of cancellation) to treat such failure as a deemed receipt ("Deemed Receipt") of such Public Report(s), and as a waiver by Purchaser of Purchaser's right to cancel the Sales Contract. The conveyance of the Unit to the Purchaser within the 30-day period referenced above shall also be treated as a Deemed Receipt of the Public Report(s) and as a waiver by Purchaser of Purchaser's right to cancel the Sales Contract.

**NO ASSIGNMENT BY PURCHASER.** Purchaser may not assign the Sales Contract, or sell the Unit, or advertise the Unit for sale prior to closing under the Sales Contract, and any assignment or sale or attempted sale by Purchaser prior to closing without Seller's prior written consent is void. Any attempt to assign the Sales Contract or sell the Unit (including any advertising of the Unit whatsoever) prior to closing shall be a material breach of the Sales Contract, and, in such event, Seller may exercise its remedies, including compelling the forfeiture of any of Purchaser's deposits held by Escrow. Notwithstanding the foregoing, Purchaser may, without the prior written consent of Seller, assign the Sales Contract for estate planning purposes or to a business entity controlled by Purchaser; provided that upon any such assignment, Purchaser shall remain liable under the Sales Contract, and shall be responsible to pay and perform all of the obligations of the "Purchaser" thereunder. If, prior to closing, Purchaser re-sells the Unit or makes any agreement to re-sell the Unit, Seller shall be entitled to receive from Purchaser an amount equal to the difference between the Purchase Price under the Sales Contract and the re-sale price.

**NO PRESENT TRANSFER; SUBORDINATION.** The Sales Contract shall not be construed as a present transfer of any interest in the Unit. It is, rather, a conditional agreement to transfer in the future. Purchaser acknowledges that Seller has entered into or may enter into an agreement with one or more lenders (the "Lender") pursuant to which the Lender may loan amounts for acquisition or construction. To secure the loan, Seller may grant to the Lender mortgages, liens and security interests covering the Seller's interest in the Project, including the Unit covered by the Sales Contract. Purchaser acknowledges and agrees that all mortgage interests, lien rights, and security interests obtained by the Lender in connection with such loan as well as any extensions, renewals and modifications thereof shall be and remain at all times, until the filing of the Unit Deed, a lien or charge on the Project, including the Unit covered by the Sales Contract, prior to and superior to any and all liens or charges on the Project or the Unit arising from the Sales Contract. **PURCHASER HEREBY INTENTIONALLY WAIVES, RELINQUISHES AND SUBORDINATES THE PRIORITY OR SUPERIORITY OF ANY LIEN OR OTHER LEGAL OR EQUITABLE INTEREST ARISING UNDER THE SALES CONTRACT IN FAVOR OF THE LIEN OR CHARGE ON THE PROJECT OF THE SECURITY INTERESTS OF THE LENDER, INCLUDING BUT NOT LIMITED TO ANY LIEN, MORTGAGE OR CHARGE SECURING A LOAN MADE TO FINANCE THE ACQUISITION OF THE LAND AND/OR THE COSTS OF CONSTRUCTION AND OTHER COSTS DURING SUCH CONSTRUCTION AND ANY AND ALL ADVANCES THEREFOR, WHETHER CONTRACTUAL OR VOLUNTARY, UNTIL THE FILING OF THE UNIT DEED.** The Purchaser further undertakes and agrees to execute any further documentation or subordination agreement required by the Lender to evidence this subordination and hereby irrevocably appoints Seller as Purchaser's attorney-in-fact to execute any such instrument on behalf of Purchaser, if Purchaser fails or refuses to do so within ten (10) days after request is made or mailed. Said power of attorney is coupled with an interest, shall be irrevocable, and shall not be affected by the disability of the Purchaser. Purchaser also consents to Seller's assignment by way of security of Seller's interests in the Sales Contract and in Purchaser's escrow deposits to the Lender (and in such event Purchaser shall perform and attorn to Lender but Lender shall have none of the obligations of Seller under the Sales Contract) and agrees that in the event of passage of Seller's interest therein pursuant to said assignment, that Purchaser will, at Lender's option, perform to, attorn to and recognize Lender (and its successors in interest, if any) as the Seller thereunder, with all of the rights of the Seller thereunder, all as if the Lender were the original Seller thereunder and that the Lender shall have no obligation under the Sales Contract despite such assignment unless the Lender assumes Seller's obligations under the Sales Contract in writing. Purchaser further understands and agrees that the Lender has the right under certain circumstances set forth or to be set forth in the mortgage instrument, the security agreement and any other loan documents pertaining to said agreement between Seller and Lender to foreclose its mortgage and/or enforce its other remedies thereunder or under such other loan documents or possessed at law, and Purchaser hereby agrees in such connection that the rights of Purchaser under the Sales

Contract are purely contractual in nature, enforceable only against Seller and its legal successors and assigns and not against the Unit or other real property, improvements and/or appurtenances under the Sales Contract or which are the subject of said mortgage instrument, security agreement or other loan documents, and Purchaser expressly acknowledges and agrees that Purchaser need not be named a party defendant or plaintiff in any cause of action or suit by Lender to foreclose and/or otherwise enforce its rights under said mortgage instrument or security agreement or other loan documents, nor does Purchaser have any right to be served with process in connection therewith or to be notified of the pendency thereof.

**NO WARRANTIES AND REPRESENTATIONS.** Seller does not make any express or implied warranties.

**SELLER DOES NOT MAKE OR GIVE, AND EXPRESSLY DISCLAIMS, ANY WARRANTY (EXPRESS OR IMPLIED) OF ANY KIND (WHETHER OF HABITABILITY, OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE OR USE, OF USABILITY, OF LEGALITY (EXCEPT AS EXPRESSLY SET FORTH IN THE DECLARATION, IF AT ALL), OF WORKMANSHIP, OR OTHERWISE) AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE UNIT, OTHER UNITS, THE PROJECT, THE COMMON ELEMENTS, THE LIMITED COMMON ELEMENTS, OTHER OWNERS, COMMUNITY, ENVIRONMENT, SURROUNDINGS, AS TO ANY APPLIANCES OR FURNISHINGS, OR OTHERWISE. PURCHASER AGREES TO, AND SHALL, ACCEPT THE UNIT (BEING THE VACANT LAND AS TO A SITE PURCHASE AND BEING THE LAND AND STRUCTURE AND CONTENTS AS TO A DUPLEX UNIT) AND ALL APPURTENANCES, IF ANY, IN "AS IS, WHERE IS" CONDITION.**

Purchaser acknowledges receiving the following notice (all references to "you" and "your" in the following notice referring to Purchaser): CHAPTER 672E OF THE HAWAII REVISED STATUTES CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIRED, OR CONSTRUCTED YOUR HOME OR FACILITY. NINETY DAYS BEFORE YOU FILE YOUR LAWSUIT OR OTHER ACTION, YOU MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW, AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT YOUR ABILITY TO FILE A LAWSUIT OR OTHER ACTION.

No warranty of any kind is provided for any appliance, equipment, or other items which are "consumer products" for purposes of the Magnuson-Moss Warranty Act, 15 USC 2301, et seq. The only warranties of such consumer products or goods, if any, are those that the manufacturer provides to the purchaser thereof. Information as to such manufacturer's warranties, if any, will be provided to Purchaser. Seller does not assume, and Seller shall not have, any obligation to service, repair, maintain, or replace any consumer products or goods. They are included on an "AS IS" basis and condition with Purchaser assuming the entire cost of all necessary service, repair, maintenance and replacement.

Purchaser is free to conduct its own due diligence inquiry into the Project and the Unit. Further, Seller will give Purchaser an opportunity to inspect the Unit, and Purchaser agrees to inspect the Unit on a date and at a time to be specified by Seller.

Upon completion of such inspection, Purchaser shall sign an inspection sheet to be furnished by Seller which shall list all defects or damages to the Unit, if any. Purchaser agrees to accept ownership and possession of the Unit despite the existence of such defects or damages to the Unit, including, but not limited to, any defects in walls, floors, windows, doors, carpets, appliances, and furnishings and fixtures. Purchaser shall be deemed to waive any claim and rights based on any defect or damage not shown on Purchaser's inspection sheet. As to any defect or damage shown on Purchaser's inspection sheet, Seller will submit the same to the contractor, manufacturer, or supplier of the item claimed to be defective or damaged. It shall be Purchaser's sole responsibility to claim upon and work with the contractor, manufacturer, or supplier as the case may be as to all such matters under any warranties they may provide. Seller shall have no obligation to remedy, and shall have no liability arising from, the claimed defect or damage. (The provisions of this paragraph only apply to the duplex units and their purchasers.)

If Purchaser is purchasing only a Site, all references to construction, contractors, manufacturers, suppliers, or other warrantor and any warranty they or any of them may provide shall be disregarded and be of no force or effect.

**BUILDING COMPLETION DATE.** The duplex units are already completed except for connecting utilities to the perimeter of the Site. As to Site purchases, it is Purchaser's responsibility to build and complete.

**OCCUPANCY.** Purchaser shall not be entitled to possession of the Unit until Purchaser has completed all payments under the Sales Contract and has executed all documents relating to the purchase, and Purchaser has performed the remaining terms and conditions of the Sales Contract that are to be performed as of the closing. Delivery of

possession of the Unit to the Purchaser shall be deemed to have occurred when Seller notifies Purchaser that the Unit is thenceforward available for Purchaser's use and possession. Unless otherwise decided in Seller's sole discretion, delivery of possession shall not occur until Escrow's filing of the Purchaser's Unit Deed. Purchaser agrees that keys or other access devices for the Unit will not be issued to Purchaser and Purchaser shall not be entitled to occupy, rent or lease, nor move Purchaser's furniture and other household effects into the Unit until such time.

**SELLER'S REMEDIES; SELLER'S RIGHT TO RESCIND AND PURCHASER'S RIGHT TO A REFUND AS PURCHASER'S SOLE REMEDY IF PURCHASER FILES LAWSUIT.** (a) Upon the Sales Contract becoming binding on the Purchaser and the expiration or waiver of any right to cancel under the Sales Contract as to or by Purchaser, if the Purchaser shall default in making any payment when required, or fail to perform or observe any other obligation required of Purchaser under the Sales Contract, the Sales Contract may, at Seller's option, be terminated by Seller by written notice to Purchaser. The Seller and Purchaser hereby acknowledge that they understand and have agreed that in such event the injury to Seller will be difficult and expensive to measure in view of: Seller's financial commitments with respect to the Project; the connection between sale, cancellation or default with respect to one Unit and the sale, cancellation or default with respect to other Units in the Project; and the nature of the real estate market in the State of Hawaii. As a reasonable estimate of Seller's fair compensation for any damages resulting from such default, the parties agree that the sums paid by Purchaser hereunder as deposits shall belong to Seller as liquidated damages. Seller shall also have the right to pursue any remedies available to it in law or in equity, including, without limitation, the right to sue for specific performance. In such event, Seller shall be entitled to be reimbursed for its attorney's fees and costs. (b) Further, if Purchaser or anyone acting for Purchaser brings a lawsuit (files a complaint with any court) regarding the Sales Contract, this transaction, the Unit (including, without limitation, the condition of the Unit, alleged defects, or otherwise), the Project (including, without limitation, its management, common expenses, common elements, its condition or alleged defects, its environment or surroundings, activities of anyone, exercise by Seller of any rights, construction or traffic matters, or otherwise), or the alleged acts or omissions of Seller or anyone acting for or under Seller, then, in any such event, Seller shall have the right and option (but not the obligation) to rescind this transaction, in which event Purchaser's sole and only recourse shall be to receive refund of the Purchase Price paid plus interest from the date paid until the date of refund at the "Prime Rate" as published by the Wall Street Journal or, if it ceases publication, its successor or, if there is no successor, a comparable publication containing a comparable rate. The foregoing right of Purchaser to a refund of the Purchase Price plus interest shall be Purchaser's sole and only right, remedy and recourse, to the exclusion of all others, and Purchaser knowingly, willingly, and voluntarily waives all rights, remedies, claims, and causes of action in connection with any of the aforesaid matters (including, without limitation, the subject matter of the lawsuit) except to said right to receive refund upon rescission by Seller plus interest as aforesaid on the terms and conditions hereof. It shall be Purchaser's obligation to re-convey to Seller the Unit under this section free and clear of all liens, estates, claims, interests, encumbrances, easements, restrictions, and other matters in or to the Unit or encumbering title to the Unit which was not present when the Unit was conveyed to Purchaser, herein called "Post Purchase Lien", and free and clear of all persons in possession claiming by or under Purchaser, herein called "Occupant", and any belongings of Purchaser or any Occupant. The refund and interest shall first be applied to Seller's expenses and costs, closing costs, and title policy associated herewith as set forth herein, then to Post Purchase Liens, and the surplus, if any, shall belong to Purchaser (but Purchaser shall be liable for any deficiency as set forth herein). If any Post Purchase Lien shall exist, the following shall apply: after paying all of Seller's expenses and costs, closing costs, and title policy premium, the refund (and interest) shall be paid to discharge Post Purchase Liens, and such amounts applied to any Post Purchase Lien shall be credited to Seller and be deemed as been paid to or for Purchaser, and any surplus after payment of all of Seller's expenses, closing costs, and title policy premium and discharge of all Post Purchase Liens shall be payable to Purchaser, but, if the remaining refund and interest are insufficient to discharge all Post Purchase Liens, the additional sums required to discharge all Post Purchase Liens shall be the obligation of Purchaser and Purchaser shall promptly pay such sums to discharge all Post Purchase Liens or, at Seller's option, shall promptly pay such sums to Seller or order. Any Occupant and all possessions of Purchaser or any Occupant shall be promptly and legally removed by Purchaser at Purchaser's sole cost and expense, or Seller may, at its option, remove or cause removal of any Occupant and any of Purchaser's or Occupant's possessions, and, in such event, Purchaser shall immediately pay to Seller upon demand therefor all of Seller's costs and expenses (including, without limitation, reasonable attorneys' fees and costs) in connection with such removal and any associated transportation, storage, advertising, and sale, or the same may be deducted from the refund. All of Purchaser's or any Occupant's possessions removed and/or stored by or for Seller may be sold by Seller in any commercially reasonable manner and Seller shall have no liability or obligation for having done so or otherwise in connection with such sale. Any amounts received on sale of Purchaser's or an Occupant's possessions shall first be applied toward Seller's costs and expenses, closing costs, and title insurance premium, then to any undischarged Post Purchase Lien, and, the remainder, if any shall belong to Purchaser. All expenses of the closing of the acquisition of the Unit under this section which expenses are referred to above in this section as "closing costs" (including, without limitation, any escrow fees, recording fees, drafting expenses, notary expenses, premium for Seller's title insurance policy to insure Seller's title consistent with these presents, and all other costs associated with the closing) shall also be the obligation of Purchaser and shall be payable by Purchaser to Seller on demand therefor or the same may be deducted from the refund. The Unit and all personalty and fixtures installed or found therein at the time of delivery to

Purchaser shall be delivered by Purchaser to Seller along with the Unit, in substantially the same condition as when delivered by Seller to Purchaser, except only for reasonable wear and tear, and Purchaser shall pay to Seller on demand therefor all reasonable expenses incurred by Seller to return the Unit and contents to their condition aforesaid if not delivered by Purchaser to Seller in the condition required as aforesaid, or said amount may be deducted from the refund. Seller and its agents shall have the right to inspect the Unit at all reasonable times after the date the aforesaid lawsuit is filed with any court, and, further, Seller shall have the right (at its sole discretion) to cancel the rescission at any time up to the date the unit deed re-conveying the Unit to Seller is actually recorded/filed if Seller deems it in its best interest to cancel the rescission. (c) The listing of the remedies of Seller in the Sales Contract does not limit any other rights which may be available, all of which Seller reserves and shall have in addition to those mentioned in the Sales Contract.

**NOTICES.** Notices to either party may be delivered personally or mailed by certified mail, and the manner of mailing which shall be effective is set forth. If more than one person is listed as a Purchaser, delivery or mailing made to any one of them shall be deemed delivery as to all. Delivery or mailing may also be made to any officer of a corporate party, a partner of a partnership party or a member or manager (as appropriate) of a limited liability company party. If a fax number is listed in Section B. of the Sales Contract, notice by fax shall also be effective if the sender can show a transmission confirmation thereof.

**ONGOING ACTIVITIES.** Purchaser specifically acknowledges that: (a) the Project consists or may consist of a number of structures, each of which may be completed at different times; and (b) Purchaser agrees to take possession and close the purchase of the Unit, even though other Units and the common elements of the Project have not been completed, so long as Purchaser is given vehicular access to Purchaser's Unit from a public roadway; and (c) Seller also reserves the right for itself, its assigns, its agents, its professionals, its contractors, its sub-contractors, its sales representatives, utility personnel, government personnel, surveyors and prospective purchasers, to utilize the common elements for ingress and egress and to show the common elements to prospective purchasers and for development and construction. Purchaser accepts these conditions, as well as any inconvenience, nuisance (private or public), or annoyance, including, without limitation, construction work, sales activities, dust, noise, debris, odors, litter, personnel and vehicular traffic, vehicular parking, signage, staking, surveying, and related activities, and the effects thereof, and expressly waives any rights, claims or actions that Purchaser might have or come to have against Seller as a result of such circumstances. Purchaser also agrees that the areas surrounding or nearby to the Unit or Site Purchaser is purchasing will be changed, that Purchaser and those claiming or using the Unit or Site under, through or after Purchaser may experience situations different from now or at the Closing Date, including, without limitation, blockage of views, noise, traffic, dust, odors, annoyance, nuisance, and other matters, and Purchaser (for itself and anyone taking, claiming, occupying or using under, through or after Purchaser) expressly approves thereof and consents thereto.

**NO RENTAL SERVICE REPRESENTATIONS.** Purchaser acknowledges that Purchaser has entered into the Sales Contract without any reference or representation by Seller or any salesperson that the Seller, or any managing agent of the Project or anyone else affiliated with Seller will provide, directly or indirectly, any services relating to the rental or sale or management of the Unit. Furthermore, Purchaser acknowledges that there have been no representations regarding rental income from the Unit or economic or tax benefits to be derived from ownership, rental, use, or disposition of the Unit. The use, rental or disposition of the Unit and all consequences thereof (tax, financial, or otherwise) shall be the sole responsibility of the Purchaser. Notice is given by Seller that any representations made by any agent, salesperson, or broker as to rentals of a unit, income from any unit, or any other economic benefit (including possible advantages under federal or state tax laws) to be derived from the purchase or rental or disposition of a unit are hereby expressly disclaimed by Seller, and Purchaser acknowledges receiving this notice and agrees thereto.

**SECURITIES AND DISCLOSURE LAWS OR REGULATIONS.** In the event Purchaser proves that the transaction constitutes the sale of a security in violation of the securities law, Purchaser covenants that PURCHASER SHALL NEITHER SEEK NOR HAVE ANY REMEDY OTHER THAN TO SUE FOR A REFUND TO PURCHASER OF THE PURCHASE PRICE AND CLOSING COSTS ACTUALLY PAID, PLUS INTEREST AT THE RATE OF FOUR PERCENT PER ANNUM FROM THE FINAL CLOSING UNTIL THE DATE OF REPAYMENT. The parties further agree that said amount shall be deemed liquidated damages, and not a penalty. Seller expressly disclaims and denies any representation, act or statement that may constitute such violation.

**CONDOMINIUM MAP.** The Condominium Map is intended to show only the layout, location, Unit numbers and approximate dimensions (to the extent applicable) of the Units, the location of the limited common element land areas, and the elevations of the existing Duplex units, and the Purchaser agrees that neither the Condominium Map nor the building plans and specifications for the Project or the Unit are intended to constitute representations or warranties by Seller, and that the Condominium Map is not intended to and shall not be interpreted as creating any obligation to construct or install any improvements, amenities or facilities as may be depicted thereon that is not expressly set forth in the Sales Contract or in the Declaration. In no event shall any construction plans and specifications or any artist's renderings or models constitute a representation or warranty in any way.

**MEDIATION.** If any dispute or claim arises out of the Sales Contract prior to or after closing between Purchaser and Seller, or between Purchaser and/or Seller and a Brokerage Firm or any of its licensees assisting in the transaction, and the parties to such dispute or claim are unable to resolve the dispute, then the parties are encouraged (but not required) to consider non-binding mediation to resolve the matter.

**TITLE INFORMATION.** The title vesting information provided to Escrow by Purchaser will be used for preparing the Unit Deed. Purchaser affirms that the information is correct and complete and agrees to inform the Seller immediately if any of those details are changed. If, as a result of incorrect information provided by Purchaser or a change in the identity of the Purchaser, the Unit Deed is prepared incorrectly and must be redrawn, the Purchaser agrees to pay all costs involved in such redrafting. The manner of title vesting is the sole responsibility of Purchaser, in consultation with Purchaser's legal, accounting, tax, and other professional advisers, and Seller shall not have, and Seller expressly disclaims, any responsibility, liability, and obligation by reason of or arising from the vesting of title or the effects thereof.

**ESTIMATED MONTHLY MAINTENANCE CHARGES.** Purchaser will examine the estimate of monthly maintenance charges for the Unit as shown in the Public Report. Purchaser understands and agrees: (a) that such amounts are only estimates as of the date noted and may change for reasons beyond the control of Seller and (b) such amounts are only estimates prior to actual administration of the Project and shall change from time to time after the purchase as the Project is administered. **PURCHASER AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATION OR WARRANTY BY SELLER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES.**

**TRESPASS DURING CONSTRUCTION.** Prior to delivery of possession of the Unit, Purchaser (and anyone Purchaser can control) shall not trespass upon the Project site during the period of time when the Project is under construction.

**UNCLAIMED REFUNDS.** As provided by law, any return of funds to which Purchaser may become entitled will become the property of the state if unclaimed for the statutory period of time.

**OTHER ACTIVITIES.** Purchaser specifically acknowledges that Seller has reserved the right for itself, its sales representatives, its contractors, subcontractors, vendors, other prospective purchasers, other unit owners, and others, to utilize the common elements of the Project and other Sites for ingress and egress, clearing, grading, planting, construction, development, parking, vehicular ingress and egress, marketing operations and events, to show the common elements to prospective purchasers, other activities in connection with development, construction, and sales, and other activities in connection with the foregoing. Purchaser accepts the foregoing conditions as well as any inconvenience, nuisance (private or public), effects, or annoyance which Purchaser may experience as a result of such conditions or matters, and expressly waives any rights, claims or actions which Purchaser might have or come to have against Seller as a result of such circumstances. Purchaser expressly agrees to all necessary or appropriate things and activities (including, without limitation, at or in the Unit covered by the Sales Contract, any common elements, and any and all Sites) to allow Seller to perform under the Sales Contract and/or to allow Seller to complete the Project and build and sell the other units in the Project.

**MANDATORY SELLER DISCLOSURE.** The Seller is exempt from the provisions of Chapter 508D of the Hawaii Revised Statutes, as amended, regarding mandatory Seller disclosures regarding sales of residential real property. Information pertaining to the Project is contained in the Public Report, Amendment of Public Report, and Amended Public Report, as applicable, for the Project.

**RECIPROCAL RIGHT TO TERMINATE.** During such period of time within which Purchaser may terminate (cancel) the Sales Contract or transaction under law or under the Sales Contract, Seller shall have the right to terminate (cancel) the Sales Contract (with or without cause, and without reference to any law or term of any contract (other than the section of the Sales Contract to which this right applies)) by giving written notice of cancellation to Purchaser or Purchaser's Brokerage Firm.

**CONTINUATION OF OBLIGATIONS.** Provisions of the Sales Contract that clearly apply to circumstances or events that will or may occur after the execution and filing of the Purchaser's Unit Deed shall survive the execution and filing of such Unit Deed. Further the terms, conditions, agreements, releases, indemnities, and all other matters set forth in the following sections (including all sub-portions thereof) of the Sales Contract shall survive the closing and filing of the Unit Deed: Sections D.5., D.14., D.15., D.17., D.19., D.21., D.22., D.23., D.24., D.25., D.28., D.29., D.32., D.33., D.35., D.38., and D.41., and Exhibit "1".

**NUISANCES AND DISCLOSURE ITEMS.** Purchaser acknowledges and understands that construction and other activities (some of which, but without limitation, are set forth in Exhibit "1" of the Sales Contract) may occur at or near the Project site, and that such activities may result in noise, dust, odors, traffic and pedestrian presence, trucks, equipment and personnel, elimination or blockage of views, and other nuisances (public and private), annoyances,

inconvenience and other effects, and Purchaser approves of, agrees to, and consents to all of the foregoing, including, without limitation, matters set forth in said Exhibit "1". Purchaser releases and agrees to, and shall, indemnify Seller, its agents, consultants, contractors and employees, the Association of Unit Owners and its agents, consultants, contractors and employees, and Seller's lender(s) from and against any and all liability, claims and causes of action because of, with respect thereto or which may arise as a result of any of the matters aforesaid, except for actual physical damage to the Unit or the contents of the Unit proximately caused thereby. Such acknowledgment and understanding by Purchaser shall survive the closing of the Sales Contract and filing of the Unit Deed.

**SEX OFFENDER REGISTRATION ("MEGAN'S LAW").** Hawaii has enacted a law requiring sex offenders to register with the Attorney General's office. Seller makes no representation as to whether or not the public will have access to this information. Neither Seller nor Brokerage Firms are required to obtain or provide information regarding sex offenders.

**PRESALES REQUIREMENT.** Purchaser understands that Seller will be seeking financing to construct the Unit and the Project. Seller's lender may require that a certain number of units in the Project (or in that portion of the Project in which the Unit is located) be sold prior to either closing the loan or disbursing proceeds. Accordingly, notwithstanding anything provided to the contrary, the Sales Contract and Seller's obligations thereunder are subject to and conditioned upon Seller entering into binding sales contracts for Units in the Project that are required by Seller's lender. Seller will proceed in good faith to achieve this sales goal. If Seller does not achieve this sales goal by that date which is one hundred and eighty (180) days from the date the Sales Contract becomes binding, Seller shall have the right to cancel the Sales Contract and return Purchaser's deposits with interest, and less any cancellation costs attributable to Purchaser. This right to cancel vested in Seller is for Seller's benefit only and may be waived by Seller in its sole discretion. In any event of a cancellation of the Sales Contract pursuant to this section of the Sales Contract, Purchaser shall pay any costs attributable to the processing of Purchaser's loan, if applicable. This condition is made for Seller's benefit only, and does not confer any right on Purchaser to modify or cancel the Sales Contract.

**ENTIRE AGREEMENT.** The Sales Contract constitutes the entire agreement between the parties and supersedes and cancels all prior negotiations, representations, understandings and agreements, both written and oral, of the parties hereto. No fact sheets, informational material, advertising material or other documents which purport to describe the Unit or the Project in any manner beyond or different from the description set forth in the Condominium Documents and the Real Estate Commission's Public Report(s) shall be valid or enforceable against the Seller unless signed by the Seller. No variation of the Sales Contract shall be valid or enforceable unless approved by the party to be bound in writing. No one representing the Seller has any power or authority to make any promise, representation, or statement which is not contained in the Sales Contract and, if Purchaser knows of any such promise, representation, or statement, it is Purchaser's responsibility to bring it to the attention of Seller. All of the Condominium Documents remain in full force and effect, and the Sales Contract does not affect in any way any of the Condominium Documents or any of Seller's rights or any of Purchaser's obligations and agreements under the Condominium Documents, all of which are incorporated in the Sales Contract by reference, and all of which Purchaser agrees to and shall be bound by and comply with, and in the event of any conflict between any provision of any of the Condominium Documents and any provision in the Sales Contract, the provision in the Condominium Documents shall prevail.

**SEVERABILITY.** If any provision of the Sales Contract or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of the Sales Contract and the application of such provision to other persons or circumstances shall not be thereby affected.

**CAPTIONS.** The captions of the sections of the Sales Contract are for convenience only and do not amplify or limit in any way the provisions hereof.

**DEFINITIONS GENERALLY; SUCCESSORS AND ASSIGNS.** The terms "Purchaser" and "Seller" include the persons named and their respective heirs, successors, personal representatives, devisees, administrators and assigns, except that references to rights reserved to Seller (as Residential Developer) to change the Project or any portion thereof or the Condominium Documents or any portion thereof and to conduct various activities (including construction, development, and sales) shall refer to Seller in all instances and, as to its successors and assigns, such successors and assigns who are defined as a "developer" under law but not to any purchaser of individual units (such as Purchaser) who is not a "developer" as aforesaid. The singular includes the plural and vice versa and the use of any gender includes the other as common sense shall require. If the Sales Contract is signed by more than one person as Purchaser, Purchaser's obligations set forth in the Sales Contract shall be joint and several. These definitions are in addition to any other definitions contained in the Sales Contract. Purchaser assumes the responsibility to inform anyone purchasing the Unit from Purchaser, and anyone otherwise succeeding to the interest of Purchaser in or to the Unit, of the terms and conditions, restrictions, reservations, rights, and other matters contained in the Sales Contract, and shall indemnify Seller from and against any failure to do so or the effects thereof.

**GOVERNING LAW.** The laws of the State of Hawaii shall govern all matters with respect to the Sales Contract, and the parties to the Sales Contract submit to the personal jurisdiction of the courts of the State of Hawaii in connection with all matters arising from the Sales Contract, the Project, or the Unit. The parties also agree that Hawaii is the most convenient venue for any proceeding arising from the Sales Contract, the Project, or the Unit and agree not to remove, or seek removal of, any such proceeding to a jurisdiction other than Hawaii.

**EXECUTION BY SELLER.** The Sales Contract shall not be binding upon Seller until executed by Seller.

**MARKETING MATERIALS PROPRIETARY.** All sales and marketing material provided to Purchaser in connection with the sale of the Unit or otherwise are the property of the Seller, and may not be used by Purchaser in any fashion whatsoever. Any use of such material in any way by Purchaser will entitle Seller to enjoin such use and to pursue other remedies against Purchaser, independently of the obligations set forth in the Sales Contract. Purchaser will be responsible to pay for all costs incurred by Seller in enforcing its proprietary rights in and to such material, including any and all attorneys' fees and costs incurred by Seller. This right will survive closing of the sale of the Unit to Purchaser.

**EXHIBIT "1".** Exhibit "1", which is also part of the Sales Contract, further provides as follows -

The following are some items that should be considered by a purchaser, without limitation of other things (this list not being intended to be exhaustive of all situations which Purchaser or any successor may encounter). Purchaser should carefully consider each of the following items (without limiting other things which may be important to Purchaser, the following being only a partial list) before submitting an offer to purchase the Unit. Purchaser (for and on behalf of and binding himself, herself, itself, and themselves, and for his, her, its and their heirs, devisees, personal representatives, successors, and assigns) releases all rights, claims, causes of action, and defenses against Seller, its agents, consultants, contractors and employees, the association of Unit owners of the Project and its agents, consultants, contractors and employees, and Seller's lender(s) from any and all liability, claims, and causes of action arising from, based on, or because of any of the terms and conditions, restrictions, reservations, rights and other matters under the Condominium Documents or the use or exercise thereof and/or the Sales Contract, including, without limitation, the items listed below. This release shall survive the closing of the sale contemplated by the Sales Contract.

1. **Airflow and Wind.** Air flow at or about the Project resulting in smoke (from tobacco or other smoking substances), barbeque odors, other cooking odors, construction odors, perfumes, and other odors being transmitted to the Unit or the Project and wind or wind-related noises or nuisances that may result therefrom.
2. **Neighbors.** Neighbors, including adjacent or nearby unit owners, their guests and invitees, and their respective behaviors and idiosyncrasies, whether occurring in an Unit or the common areas of the Project.
3. **Adjacent Properties.** Nuisances arising from adjacent or nearby properties and their respective operational issues, such as trash pickup, deliveries, guests, tenants, clients and invitees, congregational and church activities and assemblies, noises, and construction work.
4. **Traffic.** Nuisances arising from traffic, including noise, dust, sounds (alarms, engines, screeching tires, etc.), and exhaust fumes. A part of the Project is a church. Purchasers should be aware that as such, there may be times when there may be higher traffic and church related activities.
5. **Natural Occurrences.** Earthquakes, animals, insects, pestilence, drought, and other natural occurrences.
6. **Subdivision and Withdrawal.** Seller has the right to subdivide and withdraw that certain corner area of the land of the Project located at the point where Kilani Avenue and Koa Avenue intersect, comprised of approximately 193 square feet (hereinafter referred to as the "Street Widening Area"), being the land between the dashed line labeled "30 FT CORNER ROUNDING SETBACK" and the boundary lines of the Land as shown on Sheet F-1 of the condominium map, and (2) the portions of the Land described in or affected by that Agreement dated February 26, 2007, filed in the Land Court of the State of Hawaii as Document No. 3593678, between Previous Residential Developer and the City and County of Honolulu, Department of Planning and Permitting. Upon subdivision and withdrawal, Seller has the right convey the withdrawn area to the City and County of Honolulu or the State of Hawaii.
7. **Condominium Living.** This is not a subdivision with minimum lot sizes observed. The Sites and any structures now existing and hereafter to be built will be fairly close together. There is some possibility of sound transmission, smells, smoke, and other possible nuisances between units.
8. **Restrictions on Use.** The Project is subject to the declaration of condominium property regime for the Project,

as heretofore and hereafter amended and the bylaws of the association of Unit owners of the Project, as heretofore and hereafter amended (collectively the "Restrictions"). FOR INFORMATION REGARDING YOUR RIGHTS AND OBLIGATIONS REGARDING, AMONG OTHER THINGS, THE USE, DECORATION AND OWNERSHIP OF YOUR UNIT, YOU SHOULD READ THE RESTRICTIONS. There are also other restrictions that may apply. Please refer to the condominium public report and Condominium Documents for particulars.

9. Accuracy of Information. The information in the Sales Contract and in the documents for the Project was collected from sources deemed to be reliable. Seller has made what it believes to be reasonable efforts to obtain the most recent and accurate information; however, Seller cannot be responsible for changes brought about by third parties or by reason of information or materials not known to Seller.

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

11. Dimensions. Purchaser is aware that dimensions, sizes (if any is stated), square footages (if any is stated), descriptions, and locations are approximate only, and there may be adjustments to or variations from those matters. Seller does not warrant or guarantee any exact square footage or other sizes, dimensions, location, or description.

12. Variance in Prices. The Units within the Project have been priced individually. Some Units, while appearing fundamentally equivalent to other Units in the Project, nonetheless are priced differently based on various factors. It is within Seller's sole discretion to price the Units it owns and to change the prices of the Units, although this does not apply to the Unit Purchaser is purchasing under the Sales Contract.

13. Potential Future Construction. No representation or warranty is made by Seller or its representatives or agents regarding the presence or absence of any view or scene from any portion of the Project. Any such view or scene may be changed, blocked or interfered with, and Purchaser agrees to the same and shall have no right or cause of action by reason thereof. Water flowage may also change, and Purchaser consents thereto.

14. Representations or Warranties. Purchaser acknowledges that no broker or salesperson has the authority to make any representation or warranty regarding the Unit, the Project or this transaction, other than as set forth in the Sales Contract. No other representations or warranties have been made, except as follows (if nothing is written here, such lack of writing shall have the same effect as though "None" were written): None.

15. Costs of Ownership. Purchaser is responsible for maintaining Purchaser's Unit and for costs of ownership, including, without limitation, utilities, insurance, real property taxes and assessments, and other costs, which may not be included in the condominium common expenses (maintenance fees), in addition to the condominium common expenses (maintenance fees).

16. Share Common Expenses. Purchaser is responsible for payment of Purchaser's share of the costs of the association of apartment owners and the common elements, in addition to all costs associated with Purchaser's Site and all structures and other things within the Site.

17. Other Owners. Purchaser is entitled to quiet enjoyment against anyone claiming under Seller but may not infringe upon the use or quiet enjoyment of other owners.

## EXHIBIT "L"

### **5.1 Summary of Pertinent Provisions of Escrow Agreement**

THE ESCROW AGREEMENT IS BINDING ON PURCHASER BECAUSE, UNDER THE SALES CONTRACT, THE FUNDS WILL BE HANDLED BY THE ESCROW COMPANY UNDER TERMS OF THE ESCROW AGREEMENT.

THE DISCUSSION IN THIS EXHIBIT IS ONLY A SUMMARY. PURCHASER MUST READ AND UNDERSTAND THE WHOLE ESCROW AGREEMENT AND NOT RELY ON THIS SUMMARY. THIS SUMMARY DOES NOT AMEND, REDUCE, OR OTHERWISE AFFECT ANY OF THE PROVISIONS OF THE ESCROW AGREEMENT, AND, IF THERE IS ANY CONFLICT BETWEEN ANYTHING IN THE ESCROW AGREEMENT AND ANYTHING IN THIS EXHIBIT, THE ESCROW AGREEMENT SHALL PREVAIL AND CONTROL.

ALL CAPITALIZED TERMS BELOW SHALL HAVE THE SAME MEANING AS IN THE ESCROW AGREEMENT UNLESS OTHERWISE DEFINED BELOW.

**General.** The Escrow Company (FIDELITY NATIONAL ESCROW AND TITLE OF HAWAII, INC.), Seller, Project, and condominium documents are identified regarding unit (called "Apartments" for convenience only in the Escrow Agreement) sales in The Parkside at Kilani.

**Appointment of Escrow Company as Escrow for Project.** Seller hereby appoints Escrow Company to act as escrow agent for the closings of sales of Apartments in the Project, and Escrow Company accepts such appointment, upon and subject to the terms and conditions contained in the Escrow Agreement.

Escrow Company's role is covered will at all times have one or more employees assigned to handle sales of Apartments in the Project, suitably trained, knowledgeable and experienced, to facilitate the closings of Apartment sales and to assist with any questions or concerns that may arise during the course of the transactions.

**Term.** The term of the Escrow Agreement shall commence upon the Effective Date and shall end two (2) years thereafter or until terminated under section 14 of the Escrow Agreement, whichever is sooner.

#### **Escrow Fees.**

**Fee Per Apartment.** The compensation of Escrow Company for its performance under the Escrow Agreement shall be 75% of Escrow Company's standard escrow fee plus general excise tax per closing that occurs. The fee set forth in section 3.1 and in section 3.4 of the Escrow Agreement are called "Escrow Fee". Escrow Company shall also arrange for the issuance of a standard owner's policy or ALTA Homeowner's Policy to each purchaser and (if applicable) an ALTA lender's policy to each purchaser's lender in accordance with the attached scheduled rate per policy per Apartment. If an escrow involves a tax deferred exchange of properties pursuant to Section 1031 of the Internal Revenue Code of the United States, Escrow Company has the right to assess a reasonable additional fee commensurate with the additional amount of work involved.

**Payment of Fees.** The Escrow Fee to which Escrow Company is entitled shall become due and payable with respect to the closing of the sale of each Apartment upon the occurrence of both of the following: (1) the transfer to the purchaser ("Purchaser") of such Apartment of legal title thereto, and (2) final disbursement of the purchase price of such Apartment to Seller and other sums held by Escrow Company with respect thereto as appropriate. If any closing statement or document approved as to form or amount by Seller, as the case may be, is required to be changed without fault of Escrow Company, Seller will pay an additional charge of the actual cost for each closing statement or document required to be changed.

**Cancellation Fee.** In the event of the cancellation of any sales contract ("Sales Contract") for an Apartment submitted to Escrow Company, a cancellation fee commensurate with the services rendered by Escrow Company, but not more than \$250.00, plus costs incurred by Escrow Company directly necessary and provided in connection with the canceled escrow, shall be charged by Escrow Company to the Purchaser unless otherwise agreed by Seller and the Purchaser.

**Additional Fee for Revisions to Previously Approved Documents.** If, subsequent to the commencement of preclosings or closings of the sale of an Apartment, Escrow Company for any reason without fault on its part shall be required to change or revise any closing statement or document previously approved as to form and content by Seller, then, and in such case, Seller shall pay an additional charge for each such statement or document that is so changed or revised, but not more than the actual cost, plus costs incurred by Escrow Company directly necessary and provided in connection therewith.

Sales Contracts to be Deposited in Escrow. Delivery of Sales Contracts. Seller shall submit a true copy of the fully-executed Sales Contract for each Apartment in the Project to Escrow Company.

#### Receipt of Funds By Escrow Company.

Payments Under Sales Contracts. All of Purchaser's funds in connection with a Sales Contract for an Apartment shall be deposited with Escrow Company and held by Escrow Company as escrowed funds.

Disposition of Funds Held by Escrow Company. Escrow Company shall receive and hold in escrow and disburse as set forth in the Escrow Agreement: (a) all payments received by Escrow Company pursuant to Sales Contracts entered into by Seller; (b) all sums received by Escrow Company from Seller pursuant to the Escrow Agreement; and (c) all sums received by Escrow Company from any other source on account of the Project. Escrow Company shall deposit all funds so received, within a reasonable time after their receipt by Escrow Company and in reasonably convenient sums, in accounts at a federally insured bank, savings and loan association or other financial institution located in Honolulu, Hawaii, that pays interest on deposits.

Interest on Escrow Funds. Any interest earned on funds held by Escrow Company under the Escrow Agreement shall accrue to the credit of Seller; except that, if Escrow Company is requested in writing by Seller to establish a separate account for a Purchaser, and such Purchaser pays Escrow Company a fee of Thirty-Five Dollars (\$35.00) for each such separate account and provides to Escrow Company said Purchaser's social security or federal tax identification number, then any interest earned on funds deposited in such account shall accrue to the credit of such Purchaser. Escrow Company shall not be liable to either Seller or any Purchaser for loss or diminution in funds invested in accordance with such instructions.

Conditions to be Satisfied Prior to Disbursement. No disbursement of funds held in escrow with respect to a Sales Contract shall be made unless and until the following conditions are satisfied:

Public Report. The Real Estate Commission shall have issued an effective date for the Public Report or Amended Public Report, as the case may be, for the Project; provided, however, to the extent that any Sales Contract is entered into and any Purchaser's funds are obtained prior to the issuance of an effective date for the Public Report, no disbursements shall be made from such Purchaser's funds until (i) an effective date for such Public Report is issued, and (ii) such Purchaser is given a copy of said Public Report and acknowledges receipt of the same or is deemed to have acknowledged receipt of same; and

Cancellation Rights. Purchaser's statutory right to cancel such Sales Contract expires, is waived, or is legally deemed to be waived, and Seller's statutory right (if any) to cancel such Sales Contract expires, is waived, or is legally deemed to be waived.

Blanket liens. Every mortgage and other lien, except any improvement district or utility assessment, affecting both the unit and any other unit shall be paid and satisfied of record, or the unit being conveyed shall be released therefrom by a duly recorded partial release.

Disbursement of Purchaser's Funds. Subject to the provisions of the Escrow Agreement elsewhere contained, Escrow Company shall disburse funds held in escrow in conformity with the Sales Contract.

#### Return of Funds to Purchaser.

Each Purchaser shall be entitled to a return of funds deposited by such Purchaser with Escrow Company, and Escrow Company shall pay such funds to such Purchaser, with interest if applicable to the extent provided in the Sales Contract, if any one of the following occurs:

- (A) Seller and such Purchaser shall instruct Escrow Company in writing to return such funds to such Purchaser; or
- (B) Seller shall notify Escrow Company of Seller's exercise of the option to cancel or rescind the Sales Contract entered into by such Purchaser pursuant to any right of cancellation or rescission provided for therein or otherwise available to Seller; or
- (C) With respect to any Purchaser whose funds were obtained prior to the issuance of an effective date for the Public Report, such Purchaser has exercised such Purchaser's right to cancel the Sales Contract entered into by such Purchaser pursuant to HRS Section 514B-86; or

- (D) Such Purchaser has exercised such Purchaser's right to rescind the Sales Contract pursuant to HRS Section 514B-87.

Upon the occurrence of any event described in Section 8.1 (A) or (B) of the Escrow Agreement or upon receipt of a written request for a refund from any Purchaser upon the occurrence of any event described in Section 8.1 (C) or (D) of the Escrow Agreement, and unless such Purchaser has waived or has been deemed to have waived such Purchaser's right to a refund, Escrow Company shall deliver to such Purchaser all funds received from such Purchaser, less a cancellation fee to Escrow Company commensurate with the reasonable work done by Escrow Company prior to such cancellation in connection with the canceled escrow. Upon such payment, said Sales Contract shall be deemed cancelled and any partially executed conveyance document and other documents theretofore delivered to Escrow Company shall be returned to Seller; provided, however, that no refund shall be made to any Purchaser at such Purchaser's request prior to receipt by Seller of written notice from Escrow Company of Escrow Company's intention to make such refund at least ten (10) days prior to the making of the refund.

**Unclaimed Funds.** Escrow Company shall give each Purchaser entitled to a return of funds notice thereof addressed to such Purchaser at said Purchaser's address shown on the Sales Contract executed by such Purchaser or any address later made known in writing to Escrow Company by such Purchaser. Escrow Company shall comply with all requirements concerning the escheating of funds under Chapter 523A, Hawaii Revised Statutes, as amended.

**Closing.** Escrow Company shall timely and fully provide all services which escrow companies in Honolulu, Hawaii customarily provide in connection with the closings of sales in escrow of initial sales of apartments in condominium projects, including, without limitation, the following:

Seller may provide an office or desk space on site to conduct closings or, at Seller's election, Closings may also be conducted at the office of Escrow Company's branches throughout the State of Hawaii.

Except for Sales Contracts and any note and mortgage that are to be closed by the mortgagee thereof, Escrow Company shall promptly and diligently arrange for and supervise the execution of all documents related to the Project and shall promptly and diligently close the transactions and perform such services as are necessary or proper therefor.

Not later than thirty (30) days prior to the date scheduled for closing the sale of an Apartment, Escrow Company shall deliver to Seller and each Purchaser of an Apartment a commitment from Title Guaranty of Hawaii, Inc. ("Title Company") to issue at closing a standard owner's title insurance policy insuring that Purchaser has good and marketable title to such Apartment and an ALTA lender's title insurance policy for Purchaser's lender, which commitment shall contain no exceptions to title other than the "Permitted Encumbrances" defined in the Sales Contract, in the full amount of the Purchase Price or loan, as the case may be (collectively, the "Title Policy"). The Title Policy and the premium payable therefor shall not include the cost of any special endorsements which a Purchaser or a Purchaser's lender might request. If there is no lender, references thereto above may be disregarded.

Upon receipt by Escrow Company of an executed conveyance document for an Apartment, a receipt for a Final Public Report as described in Section 6.1 of the Escrow Agreement, affidavit by the prospective owner-occupant of such Apartment as required by law, if applicable, necessary releases or partial releases of encumbrances, the Title Company's commitment to issue the Title Policy at closing as provided for in Section 10.2 of the Escrow Agreement, the full amount of the purchase price for such Apartment, and such Purchaser's share of closing costs or other sums payable by Purchaser, Escrow Company shall act promptly to close the sale of such Apartment by doing the following:

Escrow Company shall cause the recording of such conveyance document and such releases, if any (and any reference in the Escrow Agreement to "record", "recording", or "recordation" also shall mean "file" and "filing" if the Declaration is filed in the Land Court of the State of Hawaii) ; and

After recordation, Escrow Company shall cause

the Title Policy and a copy of said conveyance document to be delivered to such Purchaser and lender, if applicable;

a copy of said conveyance document, the release or partial releases, if any, and the owner-occupancy affidavit, if any, to be delivered to Seller; and  
all sums respecting the purchase of the Apartment to be disbursed to Seller after deduction by

#### Escrow Company of Seller's share of the closing costs.

Recordation of Documents, Defects in Documents. Provided that it is legally possible to record all closing documents to be recorded, and upon satisfaction of all conditions to closing, Escrow Company shall proceed promptly to close the sale of each Apartment, and shall record the necessary documents to effect the transfer of legal title to such Apartment to the Purchaser thereof. If for any reason it is determined that any document necessary to close such sale is defective or cannot be recorded, Escrow Company shall promptly notify Seller of such fact and shall proceed promptly to correct such defects as are within Escrow Company's capacity as an escrow depository to correct. Seller expressly authorizes Escrow Company to make any correction to any document necessary to permit its recordation (and to substitute pages in originals of signed documents after signing and acknowledgment without further signing or acknowledgment) as long as such change and substitution are lawful and do not change the substance of the document.

Purchaser's Default. Escrow Company shall promptly give each Purchaser notice of the amount and due date of each payment under such Purchaser's Sales Contract. If such Purchaser fails to make such payment to Escrow Company on or before the due date thereof or if such Purchaser fails to satisfy any obligation or requirement being handled by Escrow Company, Escrow Company shall promptly notify Seller of any such failure on the part of such Purchaser. If Seller subsequently certifies in writing to Escrow Company that Seller has terminated the Sales Contract in accordance with the terms thereof, Escrow Company shall thereafter treat all funds of such Purchaser paid on account of such Purchaser's Sales Contract as funds of Seller, and not as funds of such Purchaser. Such funds shall be free of the escrow established by the Escrow Agreement and shall be held by Escrow Company, for the account of Seller. Upon written request by Seller, Escrow Company shall pay such sums to Seller, less any escrow cancellation fee, shall return to Seller any executed or partially executed conveyance documents that had been theretofore delivered to Escrow Company by Seller and shall hold all other documents theretofore delivered to Escrow Company in connection with such Purchaser's purchase of an Apartment for any applicable statutory period. Upon completion of the foregoing, Escrow Company shall thereupon be released from any further duties or liability hereunder to Seller with respect to such funds and such Purchaser.

Reports and Billings by Escrow Company. Escrow Company shall furnish to Seller and Seller's mortgage lender a monthly report that will cover the status of each Sales Contract in escrow. Additional reports requested by Seller or Seller's mortgage lender shall be provided by Escrow Company for a reasonable service charge not to exceed the actual costs on each such occasion.

#### Protection of Escrow Company.

Actions in Accordance with Agreement. Escrow Company shall have no liability to Seller for acting in accordance with the Escrow Agreement. Escrow Company shall not be responsible for the validity or sufficiency of any Sales Contracts or other documents received by it and shall be entitled for all purposes to assume that the same have been signed by the persons whose signatures purport to be thereon and that any written certification or instruments from Seller or any Purchaser or third party are true and accurate.

Interpleader. If any dispute shall arise or if any conflicting demand shall be made upon Escrow Company, Escrow Company shall not be required to determine the same or take any action in the premises, but Escrow Company may await settlement of the controversy by final appropriate legal proceedings or otherwise as it may require, or Escrow Company may file a suit in interpleader in any court having jurisdiction in the matter, for the purpose of having the respective rights of the parties adjudicated and may deposit with the court any or all monies held pursuant to the subject Sales Contract. Upon institution of such interpleader suit or other action, depositing such money with the court, and giving notice of such suit or action to the parties thereto by personal service or in accordance with the order of the court, Escrow Company shall be fully released and discharged from all further obligations to Seller with respect to the monies so deposited.

Termination. The Escrow Agreement may be terminated by either Escrow Company or Seller upon fifteen (15) days' prior written notice to the other, with or without cause; provided, however, that all transactions in process hereunder at the time of such termination shall be completed under the terms of the Escrow Agreement. In any other event, the Escrow Agreement shall terminate upon the recording and delivery of all pertinent documents, relating to the last Apartment to be initially sold by Seller in the Project and final disbursement of all funds deposited with Escrow Company hereunder. No minimum number of closings or minimum remuneration has been promised by Seller.

Statutory Provisions Control. The Escrow Agreement shall be deemed and interpreted as supplementary and subject to the provisions of HRS Chapter 514A and/or Chapter 514B, as applicable, as now or hereafter amended, and if any conflict should arise between any provision of the Escrow Agreement and the provisions of said law, the

provisions of the latter shall control.

Assignment. Neither party hereto may assign its rights or delegate its obligations under the Escrow Agreement to a third party without the prior written consent of the other party hereto.

Cost of Enforcement. In the event either Escrow Company or Seller brings any suit or other proceeding with respect to the subject matter or enforcement of the Escrow Agreement, then, in addition to any other relief that may be awarded, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall be entitled to recover reasonable attorneys' fees, expenses and costs of investigation as actually incurred (including, without, limitation, reasonable attorneys' fees, expenses and costs of investigation incurred in appellate proceedings, costs incurred in establishing the right to indemnification, or in any action or participation in, or in connection with, any case or proceeding, under the Bankruptcy Code, 11 United States Code Sections 101 et seq. or any successor statutes).

#### Miscellaneous.

It is not intended by the Escrow Agreement to, and nothing contained in the Escrow Agreement shall, create any partnership, joint venture or other similar relationship between Escrow Company and Seller.

Any exhibits attached to the Escrow Agreement are incorporated into the Escrow Agreement.

Notices are provided for as follows -

Generally. All notices, demands and requests (collectively, "Notices") that may or are required to be given hereunder by either Escrow Company or Seller shall be in writing and shall be (A) personally delivered to the receiving party at the address therefor provided in Section 18.12.2 of the Escrow Agreement, or (B) sent by registered or certified mail, return receipt requested, postage prepaid, addressed as set forth therein, or (C) transmitted by an internationally recognized courier service, such as Federal Express or USPS, addressed as set forth in Section 18.12.2 of the Escrow Agreement, or (D) sent by facsimile transmission ("Fax") to the Fax number of the receiving party set forth in Section 18.12.2 of the Escrow Agreement. Notices shall be deemed served or given for all purposes hereunder at the time such Notice is personally delivered or delivered by internationally recognized courier service, the Fax thereof is received, or three days following such mailing thereof, as the case may be. Any refusal to accept delivery of a written Notice delivered or mailed to the addresses set forth therein, or the nonreceipt of any Fax sent to the Fax number set forth in Section 18.12.2 of the Escrow Agreement resulting from the non-operation of the receiving party's facsimile equipment, shall be deemed to be receipt of such Notice for the purposes of Section 18.12. of the Escrow Agreement.

Addresses. The addresses and Fax numbers of Escrow Company and Seller for Notices shall be as follows:

Escrow Company: Fidelity National Title & Escrow of Hawaii, Inc.  
201 Merchant Street, Suite 2100  
Honolulu, Hawaii 96813  
Attention: David Palk, Escrow Officer  
Fax number: (808) 564-0427

Seller: Kilanikoa Development, LLC  
1816 Makiki Street  
Honolulu, Hawaii 96822  
Attention: Alvin Wong  
Fax number: (808) 946-0024

Escrow Company or Seller each may change its address or Fax number for Notices by giving written Notice of such change pursuant to said Section 18.12.2 to the other party, and thereafter the address or Fax number for Notices of the party giving such notice shall be the new address or Fax number specified in such Notice.

Governing law, binding effect, interpretation of certain terms, non-effect of captions, etc., rules of construction, manner of amending the Escrow Agreement, no unintentional waiver being intended, the effect of partial invalidity, and the integration of all agreements on the subject matter, and allowance of counterpart signing are set forth.