

**AMENDED
DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	MAKAHA OCEANVIEW ESTATES
Project Address	84-621 Ala Mahiku Street Waianae, Hawaii 96792
Registration Number	6311
Effective Date of Report	February 11, 2008
Developer(s)	HIDC MAKAHA OCEANVIEW ESTATES 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

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

1. **Amended Developer's Public Report.** This Amended Developer's Public Report SUPERSEDES the previously filed Developer's Public Report issued October 11, 2007. Changes made to the Project and the Developer's Public Report dated October 11, 2007 are as follows:

a. **Amendment to Second Amended and Restated Declaration.** Developer and Fee Owner executed an Amendment to the Second Amended and Restated Declaration of Condominium Property Regime of Makaha Oceanview Estates dated October 10, 2007 and filed such amendment in the Office of the Assistant Registrar of the Land Court of the State of Hawaii ("Land Court") as Document No. 3666794 ("the First Amendment"). In addition to correcting certain typographical errors in the Declaration, the First Amendment amends Section 21 of the Declaration to increase the voting and consent requirement to amend the Development Conditions set forth in Section 8.g.(ii) of the Declaration from sixty-seven percent (67%) to at least ninety-five percent (95%) of the interests in the common elements.

b. **Second, Third and Fourth Amendments to Second Amended and Restated Declaration; Duplex and Single Units.** Developer and Fee Owner executed a Second Amendment to the Second Amended and Restated Declaration dated October 26, 2007, filed in the Land Court as Document No. 3677645 ("the Second Amendment"); a Third Amendment to the Second Amended and Restated Declaration dated November 9, 2007, filed in the Land Court as Document No. 3691673 ("the Third Amendment"); and a Fourth Amendment to the Second Amended and Restated Declaration dated February 6, 2008, filed in the Land Court as Document No. 3709242 ("the Fourth Amendment"). With respect to the Developer's reserved rights to create additional units in the Project, the Second Amendment and Third Amendment collectively provide as follows:

Developer and/or the owner of the Development Unit have the right to create up to forty-six (46) units (described in the Second and Third Amendments as "Duplex Units" and formerly described as "Additional Units"). Pursuant to the Third Amendment, Developer has exercised such right and has created Duplex Unit Nos. 1 to 46 which are now part of the Project.

The Second and Third Amendments revise Section 8.g.(i) of the Declaration by adding a subsection 8.g.(i)(b) which provides that, following the creation of the 46 Duplex Units from the Development Unit, the owner of a Duplex Unit (except Duplex Unit No. 34) has the right to further subdivide such owner's Duplex Unit into not more than two (2) condominium units (referred to as "the Single Units"); and, with respect to Duplex Unit No. 34, the owner of such unit has the right to subdivide Duplex Unit No. 34 into not more than fifteen (15) Single Units, so that the Phase 2 portion of the Project may contain a total of up to one hundred five (105) dwelling units. The owner of Duplex Unit No. 34 shall additionally have the right to transfer the right to develop up to thirteen (13) of the Single Units appurtenant to Duplex Unit No. 34 from Duplex Unit No. 34 to any of Duplex Unit Nos. 27 to 33 and/or Duplex Unit Nos. 35 to 46 within the area comprising a Duplex Unit or limited common element area appurtenant thereto. The Single Units created from a Duplex Unit shall not, in the aggregate, exceed the total area or maximum allowable density originally allocated to the original Duplex Unit, and the creation, construction and improvement of the same shall be at such unit owner's sole cost and expense and comply with all applicable laws. If created, the owners of such Duplex and Single Units shall automatically become members of the Development Unit class.

The Second Amendment amends Section 22 of the Declaration regarding the termination of the Project to provide that, for so long as the Development Unit (or all of the Duplex and Single Units created therefrom) are owned by one owner, the Project may not be terminated without the affirmative vote or written consent of (i) the owner of the Development Unit or all of the Duplex and Single Units, and (ii) unit owners owning not less than seventy-five percent (75%) of the Residential Units in the aggregate. This voting requirement automatically terminates upon the conveyance of a Duplex or Single Unit to a third party which results in no owner retaining Duplex or Single Units to which are appurtenant more than

eighty percent (80%) of the common interests in the Project.

In addition to the designation of additional common elements and the Duplex Unit Limited Common Elements, the Third Amendment establishes Buildable Areas and Limited Common Element Land Areas for each Duplex Unit, provides for the adjustment of common interests as Single Units are created, and sets forth architectural committee review guidelines for the Duplex and/or Single Units. The Fourth Amendment further clarifies that (a) the Limited Common Element Land Area of each Duplex Unit is located within the Land Area Demising Line and around and underneath the Buildable Area Setback Line as shown on Sheet CPR A-1 of the Condominium Map, and (b) that the Buildable Area of the Duplex Unit is the linear land area at the base of the Unit (see Item 3 below).

c. **Amendments to Public Report.** The following changes have been made to the Developer's Public Report:

(1) **Item 6, p. 1c.** Pursuant to the changes made by the Second Amendment requiring the vote or written consent of (i) the Development Unit owner or all of the Duplex and Single Units, and (ii) at least seventy-five percent (75%) of the Residential Unit owners to terminate the Project as described above, this item is deleted in its entirety.

(2) **Item 9.c., pp. 1d-1e.** Since the issuance of the Developer's Public Report dated October 11, 2007, Developer has learned that the Board of Directors of the Association of Apartment Owners of Makaha Valley Plantation ("MVP") has declined to allow the Residential Unit owners to use MVP's laundry facility. Accordingly, Developer will proceed to (a) submit an application for a building permit with the Department of Planning and Permitting of the City and County of Honolulu, at Developer's cost and expense, for the construction of a laundry facility in the Project in accordance with the approximate location, configuration and dimensions as shown on Sheets CPR A-1 and CPR A-2 of the Condominium Map, and (b) contribute the sum of \$50,000 to the Association to be used by the Association for the purpose of constructing such laundry facility for the benefit of the Residential Unit owners, as described in Item 10.c. below.

(3) **Section 1.12, p. 5.** The title report for the Project has been updated as of January 9, 2008. Section 1.12 and Exhibit F have been amended to reflect the updated information.

(4) **Section 3.1, p. 10.** Section 3.1 has been amended to add the recording information of the First Amendment, Second Amendment, Third Amendment and Fourth Amendment

(5) **Section 3.5, p. 11.** Section 3.5 has been amended to reflect the ninety-five percent (95%) vote or written consent required to amend the Development Conditions pursuant to the First Amendment described in 1.a. above.

(6) **Exhibit C.** Exhibit C to the Public Report is amended to incorporate Section 8.g.(i) of the Declaration, as amended pursuant to the Second and Third Amendments.

(7) **Exhibit F.** Exhibit F to the Public Report is amended pursuant to the updated title report.

2. **Project Background and the Creation of Duplex Units from the Development Unit.** The Project initially consisted of twenty-two (22) residential units ("Residential Units") and one (1) development unit ("Development Unit"), created by fee owner and original developer M & M at Makaha LLC, a Hawaii limited liability company ("Fee Owner"), under Chapter 514A, Hawaii Revised Statutes, as amended. The Declaration of Condominium Property Regime of Makaha Oceanview Estates dated June 13, 2006, filed in the Land Court as Document No. 3446067 ("the Original Declaration"), and the Bylaws of the Association of Apartment Owners dated June 13, 2006, filed in the Land Court as Document No. 3446067 ("the Original Bylaws"), and noted on Transfer Certificate of Title No. 809,658, together with Condominium Map No. 1822 ("the Condominium Map"), created the Project.

The Original Declaration and the Original Bylaws were subsequently amended and restated in their entirety to bring the Project under the governance of Chapter 514B, Hawaii Revised Statutes, as

amended ("the Act"), pursuant to the Amended and Restated Declaration of Condominium Property Regime of Makaha Oceanview Estates dated April 11, 2007, filed as Document No. 3590063 ("the First Amended Declaration"), and the Amended and Restated Bylaws of the Association of Unit Owners of Makaha Oceanview Estates, dated April 17, 2007, filed as Document No. 3590064 ("the First Amended Bylaws"). The First Amended Declaration and the First Amended Bylaws were further amended in their entirety pursuant to the Second Amended and Restated Declaration of Condominium Property Regime dated August 29, 2007, filed as Document No. 3654272, as amended by instrument dated October 10, 2007, filed as Document No. 3666794 and instrument dated October 26, 2007, filed as Document No. 3677645 (collectively, "the Second Amended Declaration"), and the Second Amended and Restated Bylaws of the Association of Unit Owners of Makaha Oceanview Estates, dated August 29, 2007, filed as Document No. 3654273 ("the Second Amended Bylaws"). As amended, the Second Amended Declaration and Second Amended Bylaws provide for Unit Classes, Unit Class Common Interests and Unit Class Common Expenses; increased the voting and consent requirement to amend the Development Conditions set forth in Section 8.g.(ii) of the Declaration from sixty-seven percent (67%) to at least ninety-five percent (95%) of the interests in the common elements; and establish that, following the creation of the 46 spatial Duplex Units, the owner of a Duplex Unit has the right to further subdivide such owner's Duplex Unit into not more than two (2) Single Units.

Pursuant to a Commercial Real Property Purchase and Sale Agreement and Addendum to PSA (Proposed Units) (undated), by and between Developer and Fee Owner, Developer is the developer of the 46 Duplex Units. Pursuant to the Third Amendment, the Duplex Units have been incorporated into the Project and portions of the Development Area have been designated as limited common elements of the Project, all of which shall be collectively described as "Phase 2", as set forth in the Third Amendment.

3. **Duplex Units.** The Duplex Units are "spatial units." Each unit consists of air space further described in the Third Amendment; however, the units may be altered to include improvements to be constructed later at each buyer's expense, in accordance with design guidelines described in the Third Amendment and adopted by Developer and/or the Association. As described in the Fourth Amendment, the Buildable Area of the Duplex Unit is the linear land area at the base of the unit, so the cubic area of the unit must be determined for each Duplex Unit on a unit-by-unit basis giving account to the topography of each unit pursuant to the formula for measuring the dimensions of the unit set forth in Section 4.c. of the Third Amendment.

4. **The Association and Unit Classes.** All Residential Unit owners and Duplex Unit owners shall constitute the Association of Unit Owners of Makaha Oceanview Estates ("the Association"). The Association shall contain two (2) Unit Classes: the Residential Unit Class (comprised of the owners of the Residential Units), and the Duplex Unit Class (formerly described as the Development Unit Class, now comprised of the owners the Duplex Units and/or any Single Units).

With respect to the Residential Unit owners, in addition to having a common interest in the common elements of the Project, each Residential Unit shall have assigned to it, for administrative purposes, a Residential Unit Class Common Interest. All common profits and expenses of operating the Residential Limited Common Elements, which include the Residential Buildings and the Residential Area, shall be allocated amongst the Residential Unit Class members on the basis of their proportionate share of all Residential Unit Class Common Expenses. Duplex Unit Class members shall not be responsible for, nor have the ability to vote upon, any matters concerning solely the Residential Unit Class. With respect to the Duplex Unit owners, in addition to having a common interest in the common elements of the Project, each Duplex Unit shall have assigned to it, for administrative purposes, a Duplex Unit Class Common Interest. All charges, costs and expenses whatsoever incurred for or in connection with the administration of Phase 2 including, without limitation, all compensation of the Managing Agent related to or connected with the operation and maintenance of Phase 2, shall constitute Duplex Unit Class Common Expenses and be allocated amongst the Duplex Unit Class members on the basis of their proportionate share of Duplex Unit Class Common Expenses. Residential Unit Class members shall not be responsible for, nor have the ability to vote upon, any matters concerning solely the Duplex Unit Class.

5. **Common Elements, Residential Limited Common Elements, Residential Unit Limited Common Elements, and Duplex Unit Limited Common Elements.**

The Project contains common elements that are common to all units in the Project, including, but not limited to, the land underlying the Project and the driveway designated as the "Access Driveway" on the Condominium Map ("the Access Driveway") extending from Kili Drive to the limited common element land area boundary between the areas described as "Phase 1" and "Phase 2" on Sheet CPR1 of the Condominium Map. The Project also contains categories of limited common elements appurtenant to only certain units.

The first category consists of the limited common elements appurtenant to all of the Residential Units, referred to as the "Residential Limited Common Elements," which include, but are not limited to, the separate land area enclosed by dashed lines and designated as "Phase 1" of the Project on Sheets CPR1 and CPR A-2 of the Condominium Map underlying and surrounding the Residential Buildings, for the exclusive use of the Residential Units ("the Residential Area"), the entirety of the Residential Buildings, all stairways, stairway landings, walkways, walkway railings, refuse facilities, yards, grounds, sidewalks, paths, fences, landscaping, driveways (exclusive of the Access Driveway), all parking areas located within the Residential Area, the community laundry room (to be constructed by the Association), mailboxes, all storage areas, fences and other common rooms and facilities in the Project.

The second category consists of the limited common elements appurtenant to specific Residential Units which include, but are not limited to the lanai(s) immediately adjacent to any Residential Unit and such unit's designated parking stall(s) ("the Residential Unit Limited Common Elements").

The third category includes, but is not limited to, the limited common element land areas outside of each Duplex Unit's Buildable Area but within the boundaries circumscribing each unit's land area as approximated by the broken dashed lines ("— - — - —") as shown on Sheet CPR A-1 of the Condominium Maps, which are appurtenant to and for the exclusive use of each respective unit ("the Duplex Unit Limited Common Elements").

6. **Common Interest, Unit Class Common Interest and Allocation of Expenses and Voting Rights by Unit Class.** Each unit in the Project shall have an undivided percentage interest (the "Common Interest") in the common elements of the Project and in all common profits and expenses of the Project ("Common Expenses") and for all other purposes with respect to Association matters, including voting as set forth on Exhibit A attached to this Public Report.

7. **Amendments to the Project Documents.** Amendments to the Second Amended Declaration and the Second Amended Bylaws require the vote or written consent of at least sixty-seven percent (67%) of the interests in the common elements, except with respect to the Development Conditions contained in Section 8.g.(ii) of the Declaration, which shall require the vote or written consent of at least ninety-five percent (95%) of the common interests, and except as otherwise provided in the Second Amended Declaration, the Second Amended Bylaws or the Act. Notwithstanding the above, and notwithstanding the sale and conveyance of any of the units, where permitted in the Declaration, the Second Amended Declaration, Second Amended Bylaws and the Condominium Map may be amended by (a) Developer as to the Residential Units, or (b) the Developer and/or Fee Owner, as to the Development Unit. For example, Developer (together with Fee Owner as owner of the Development Unit), will exercise its right to amend the Second Amended Declaration to create the Duplex Units by filing the Third Amendment. In accordance with such amendment, each Duplex Unit will have an undivided percentage interest in the common elements of the Project that shall not exceed in the aggregate the 90.6258% undivided interest originally allocated to the Development Unit, as set forth in the Third Amendment. **Because the Duplex Units are currently under the ownership of one owner and have, in the aggregate, a 90.6258% undivided interest in the common elements, for so long as such owner retains ownership of Duplex Units to which are appurtenant at least sixty-seven percent (67%) of the common interests, any amendment to the Second Amended Declaration, the Second Amended Bylaws or the Condominium Map shall require the affirmative vote or written consent of such owner. In addition, for so long as all of the Duplex Units are owned by one owner, such owner may unilaterally amend the Project Documents without the affirmative vote or written consent of the owners of the Residential Units.**

8. **Actions of the Association; Quorum.** Pursuant to the Bylaws, to achieve quorum at any Association meeting, there must be at least sixty-seven percent (67%) of the common interests of the unit

owners present at such Association meeting, whether in person or by proxy. In addition, the affirmative vote of at least sixty-seven percent (67%) of such common interests of unit owners present at any Association meeting at which a quorum is present shall be necessary to adopt decisions binding on all unit owners except as otherwise provided therein. Given that the Fee Owner presently owns all of the Duplex and Single Units and collectively holds a 90.6258% undivided interest in the common elements, this means that prior to undertaking any action or voting on such action by the Association at an Association meeting, for so long as the Fee Owner retains ownership of Duplex and Single Units to which are appurtenant at least sixty-seven percent (67%) of the common interests, the presence of such owner shall first be required to have a quorum, and such owner's affirmative vote shall also be required to achieve the sixty-seven percent (67%) voting requirement.

9. **Board of Directors of the Association.** The initial Board of Directors of the Association shall have at least five (5) directors. At least one (1) of the directors shall always be an owner of a Duplex Unit and member of the Duplex Unit Class (the "Duplex Unit Class Director"), and at least one (1) of the directors shall always be an owner of a Residential Unit and a member of the Residential Unit Class (the "Residential Unit Class Director"). The Board of Directors shall at all times manage and maintain the common elements, exclusive of the limited common elements, on behalf of all unit owners, and the Residential Limited Common Elements, on behalf of the Residential Unit Class. All other limited common elements, which include the Residential Unit Limited Common Elements and the Duplex Unit Limited Common Elements, shall be managed and maintained by the owner of the unit to which such limited common element is appurtenant, unless otherwise provided in the Declaration or the Bylaws. Accordingly, each Duplex Unit owner shall be responsible for managing and maintaining his or her respective Duplex Unit Limited Common Element area appurtenant to his or her Duplex Unit.

10. **Special Rights Reserved to Developer and/or the Association.**

a. **Development Conditions.** In accordance with Section 8.g. of the Second Amended Declaration, the creation of the Duplex Units is subject to the Development Conditions set forth therein, which includes the right and obligation to develop the Duplex Units and related improvements substantially in accordance with Sheet CPR A-1 of the Condominium Map.

Such Development Conditions include, but are not limited to: (a) the relocation and improvement of the Access Roadway to the approximate location shown as "CA-1" on Sheets CPR A-1, CPR A-2 and CPR A-3 of the Condominium Map; (b) the improvement of the "Vegetated Swale" described as "CA-3" on Sheets CPR A-1 and CPR A-3 of the Condominium Map for use as a swale drainage facility for the benefit of the Project; (c) installation of a fence and security gate to be constructed by the owner of the Development Unit along the boundary of the Project fronting Kili Drive; (d) the improvement of the approximate area designated as "CA-8" within the Residential Area on Sheets CPR A-1 and CPR A-3 of the Condominium Map as a water meter for the benefit of the Project; (e) the improvement of the approximate area designated as "CA-9" on Sheets CPR A-1 and CPR A-3 of the Condominium Map as a drainage facility for the benefit of the Project; and (f) the construction of twenty (20) regular parking stalls, numbered 25 to 36 and 40 to 47 ("Proposed Regular Stalls"), and eight (8) proposed guest stalls, numbered 37 to 39 and G-1 to G-5 ("Proposed Guest Stalls"), approximately in the locations shown on Sheets CPR A-1 and CPR A-2 of the Condominium Map, which, following completion of construction of such stalls, will become limited common elements appurtenant to the Residential Units.

b. **Security Gate.** The Association shall have the right to install and maintain a security gate which extends over the width of CA-1 at the boundary of the Residential Area nearest Proposed Regular Stall No. 47 ("Security Gate"), provided that any Duplex Unit adjacent to and having access solely through the Residential Area has the right to access the Security Gate. Once installed, the Association shall ensure that the Security Gate does not impede or materially interfere with the Association's right to operate the Project. The Association will also be responsible for the maintenance and repair of the Security Gate. The cost and expense of the installation, repair and maintenance of the Security Gate will be a Residential Class Common Expense, for which only Residential Unit owners will be responsible.

c. **Laundry Facilities (Residential Units Only).** The Project does not have a common laundry facility, nor do the Residential Units contain individual washers and dryers. Developer, on behalf

of the Association has or will (a) submit an application for a building permit with the Department of Planning and Permitting of the City and County of Honolulu, at Developer's cost and expense, for the construction of a laundry facility in the Project in accordance with the approximate location, configuration and dimensions as shown on Sheets CPR A-1 and CPR A-2 of the Condominium Map, and (b) contribute a sum of \$50,000 to the Association to be used by the Association for the purpose of constructing such laundry facility for the benefit of the Residential Unit owners. In light of the considerable amount of time necessary for the issuance of a building permit, the building permit application described above is being submitted solely for the convenience of the Residential Unit owners and it shall be the responsibility of the Association, upon the election of a majority of the Residential Unit Class, to complete construction of the laundry facility. Developer estimates that the total cost of constructing the laundry facility and furnishing such facility with the necessary appliances should not exceed \$50,000; however, in the event that the \$50,000 contribution is insufficient to cover all of the costs and expenses of constructing the laundry facility, the Residential Unit owners may be required by the Association to contribute any additional necessary sums to complete such construction. Developer's \$50,000 contribution will be paid in incremental amounts at the closing of each individual Residential Unit until the sales of all Residential Units have closed and the contribution has been paid in full. Developer will not contribute any additional sums to the Association in excess of the foregoing amount.

d. **Sub-Associations.** Pursuant to and in accordance with Section 11.b. of the Declaration, the unit owners within a Unit Class shall be permitted to form their own Sub-Associations to govern the management and operation of the limited common elements appurtenant to the units in the Unit Class and matters affecting only such Unit Class; *provided, however,* that such Sub-Associations shall be committees of the Association and shall be subject to authority of the Association as set forth in the Declaration, the Bylaws and the Act, and shall act within the scope of authority delegated to it by the Association, the Declaration and the Bylaws. Upon such formation, all owners of units within a Unit Class shall automatically become members of their respective Sub-Associations and shall remain members thereof until such time as the owner's interest in such unit ceases for any reason, at which time the owner's membership in the Sub-Association shall automatically cease. Each Sub-Association may, but shall not be required, to appoint such officers and agents and adopt such bylaws and rules and regulations for its own operation as it may deem necessary and appropriate, provided that (i) nothing therein shall conflict in any way with any provision of law, the Declaration, the Bylaws of the Association, or any nonbinding interpretation or opinion issued by the Real Estate Commission, and (ii) each unit shall have a proportionate vote within its respective Sub-Association based on such owner's interest in the Unit Class. As of the date of this Public Report, there is no clear statutory authority under Chapter 514B of the Act permitting the formation of sub-associations.

11. **Pets.** Owners and tenants of units in the Project are limited to the number and type of pets they may keep in their units as set forth in the Bylaws and in the House Rules. Pet owners and their pet(s) will be required to submit to and pass a pet interview process, described in the House Rules, before a unit owner or tenant will be allowed to maintain a pet in a unit. The owner of any pet causing or creating a nuisance or unreasonable disturbance or noise, shall be made subject to a grievance process outlined in the House Rules. Notwithstanding any other provision in any of the Project documents, visually impaired persons, hearing impaired persons and physically impaired persons shall be allowed to keep certified seeing-eye dogs, certified signal dogs, and certified service dogs, respectively, in their units. Further, nothing therein shall hinder full access to the units and the common elements by persons with disabilities.

12. **Real Estate 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.

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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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	M & M at Makaha, LLC, a Hawaii limited liability company ("Fee Owner")
Address of Project	84-621 Ala Mahiku Street, Waianae, Hawaii 96792
Address of Project is expected to change because	N/A
Tax Map Key (TMK)	(1) 8-4-002-064 (CPR Nos. 0001-0023)
Tax Map Key is expected to change because	Additional CPR numbers may be given to each Duplex Unit.
Land Area	13.530 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Commercial Real Property Purchase and Sale Agreement and Addendum to PSA (22 Existing Units) dated March 6, 2007; and Commercial Real Property Purchase and Sale Agreement and Addendum to PSA (Proposed Units) (undated), by and between Developer and Fee Owner

1.2 Buildings and Other Improvements

Number of Buildings	2 residential apartment buildings; 46 airspace units ("Duplex Units")
Floors Per Building	1 2-story residential apartment building; 1 3-story residential apartment building
Number of New Building(s)	N/A
Number of Converted Building(s)	2 residential apartment buildings
Principal Construction Materials (concrete, wood, hollow tile, steel glass, etc.)	The residential apartment buildings are wood-framed with concrete spread footings and appropriate trim.

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
2-Story Bldg 197-A	1	2BR/1 BA	812 sf	128 sf	2 Lanais	940 sf
2-Story Bldg 198-A	1	2BR/1 BA	812 sf	128 sf	2 Lanais	940 sf
2-Story Bldg 197-B	1	2BR/1 BA	815 sf	36 sf	2 Lanais	851 sf
2-Story Bldg 198-B	1	2BR/1 BA	815 sf	36 sf	2 Lanais	851 sf
3-Story Bldg 199-A, 201-A, 203-A	3	2BR/1 BA	810 sf	110 sf	1 Lanai	920 sf
3-Story Bldg 200-A, 202-A, 204-A	3	2BR/1 BA	810 sf	110 sf	1 Lanai	920 sf
3-Story Bldg 199-B, 199-C, 201-B, 201-C, 203-B, 203-C	6	2BR/1 BA	813 sf	18 sf	1 Lanai	831 sf
3-Story Bldg 200-B, 200-C, 202-B, 202-C, 204-B, 204-B	6	2BR/1 BA	813 sf	18 sf	1 Lanai	831 sf
Duplex Unit (see Ex. A)	46	N/A	N/A	See Exhibit A	Duplex Unit LCE Land Area & Buildable Area	See Exhibit A

See Exhibit A .

68 **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 Stalls in the Project: (Res. Units)	24 Existing Stalls and 22 Proposed Regular Stalls*
Number of Guest Stalls in the Project:	8 Proposed Guest Stalls*
Number of Parking Stalls Assigned to Each Unit:	1 Existing Stall and 1 Proposed Regular Stall per Residential Unit (except Unit Nos. 203-B and 203-C, which shall each have 2 Existing Stalls and 0 Proposed Regular Parking Stalls). Duplex Unit owners have the right to construct 2 stalls and 1 guest stall anywhere within their Duplex Unit Limited Common Element Areas
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.	
*See Section 8.g.(ii)(k) of the Declaration for further details regarding Developer's obligation to construct the Proposed Regular Stalls and Proposed Guest Stalls.	
Under Section 8.g.(iii) of the Declaration, the Developer has the right to relocate and/or realign and improve additional parking stalls, provided that with respect to those parking stalls which have already been conveyed to third parties, the relocated parking stalls shall be located in reasonable proximity to the old parking stalls in relation to such stalls' respective distances from the units to which they are assigned. Under Section 23.b. of the Declaration, the Developer has the reserved right to create and own additional parking stalls either for sale or transfer to the Association. With respect to the Duplex Units, each unit has ample space for parking within its limited common element land area. Each Duplex Unit owner will be required to construct their own parking areas as part of their respective improvements.	

1.5 Boundaries of the Units

Boundaries of the Unit: See Exhibit A.

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): See Exhibit C.

1.7 Common Interest

Common Interest: 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> A </u> .
As follows:

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

<input type="checkbox"/>	Swimming pool
<input checked="" type="checkbox"/>	Laundry Area (for Residential Units only)
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input checked="" type="checkbox"/>	Recreation Area: Barbeque and picnic area (for Residential Units only)
<input checked="" type="checkbox"/>	Trash Chute/Enclosure(s) (for Residential Units only)
<input type="checkbox"/>	Exercise Room
<input checked="" type="checkbox"/>	Security Gates
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): Access Roadway; Swale; utility, water meter, sewer and drainage areas

1.9 Common Elements

<p><u>Common Elements:</u> 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 element for this project, as described in the Declaration, are set forth below.</p>	
<p>Described in Exhibit <u>D</u>.</p>	
<p>Described as follows:</p>	
Common Element	Number
Elevators	0
Stairways	4 (Residential Buildings)
Trash Chutes	0

1.10 Limited Common Elements

<p><u>Limited Common elements:</u> 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.</p>
<p>Described in Exhibit <u>D</u>*</p>
<p>Described as follows:</p>
<p>*Note: Land areas referenced herein are <u>not</u> legally subdivided Lots.</p>

1.11 Special Use Restrictions

<p>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.</p>	
<input checked="" type="checkbox"/>	Pets: Pets are allowed in the Project in accordance with and subject to the House Rules
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>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).</p>
<p>Exhibit <u>F</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: January 9, 2008</p>
<p>Company that issued the title report: Title Guaranty of Hawaii, Incorporated.</p>

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	22	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	A-2 Medium Density Apartment
<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): Spatial Units	46	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	A-2 Medium Density Apartment
Is/Are this/these use(s) specifically permitted by the project's Declarations 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.		N/A		

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>N/A</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 checked="" type="checkbox"/> Applicable (Residential Units only)</p> <p><input type="checkbox"/> Not Applicable</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>See Exhibit J</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>See Exhibit J</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>N/A</p>	
<p>Estimated cost of curing any violations described above:</p> <p>N/A</p>	

<p>Verified Statement from a County Official</p> <p>Regarding any converted structures in the project, attached as Exhibit <u>J</u> 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"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p>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> <p>To the best of Developer's knowledge, since the issuance of the DPP Letter dated August 4, 2004 attached as <u>Exhibit 3</u> to Exhibit J hereto, there have been no material changes in the Project, applicable zoning laws or in the building code that would render the DPP Letter misleading or inaccurate in any material respect.</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</p> <p>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</p> <p>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

2.1 Developer(s)	Name: HIDC Makaha Oceanview Estates LLC, a Hawaii limited liability company Business Address: 931 University Avenue, Suite 105 Honolulu, HI 96826 Business Phone Number: (808) 946-3222 E-mail Address: peters@hihltd.com
Name 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.)	Member: Hawaiian Island Development Co., Inc., a Hawaii corporation Peter Savio, Its President, Vice-President, Secretary, Treasurer, and Director Fee Owner: M & M at Makaha, LLC, a Hawaii limited liability company, Brian Miller, its Member
2.2. Real Estate Broker	Name: Hawaiian Island Homes, Ltd., a Hawaii corporation Business Address: 931 University Avenue, Suite 105 Honolulu, HI 96826 Attn: Barry Kaplan Business Phone Number: (808) 864-1500 E-mail Address: barryk@hihltd.com
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, 1 st Floor Honolulu, HI 96813 Attn: Theresa Widmer Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: To be determined Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Hawaiiana Management Company, Ltd. Business Address: 711 Kapiolani Boulevard, 7 th Floor Honolulu, HI 96813 Attn: Ms. Phyllis Kacher Business Phone Number: (808) 593-6896
2.6 Attorney for Developer	Name: Chun Kerr Dodd Beaman & Wong, LLLP Business Address: 745 Fort Street, 9 th Floor Honolulu, HI 96813 Attn: Andrew R. Bunn, Esq. Kaleen S. H. Miyasato, Esq. Business Phone Number: (808) 528-8200

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	June 13, 2006	3446067

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	April 11, 2007	3590063
Land Court	August 29, 2007	3654272
Land Court	October 10, 2007	3666794
Land Court	October 26, 2007	3677645
Land Court	November 9, 2007	3691673
Land Court	February 6, 2008	3709242

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	June 13, 2006	3446068

Amendments to the Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	April 17, 2007	3590064
Land Court	August 29, 2007	3654273

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	1822
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map: April 18, 2007	

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 checked="" type="checkbox"/> April 11, 2007 (Residential Units)
Developer does not plan to adopt House Rules	<input type="checkbox"/>

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Maps are effective only if they are duly adopted and recorded. Where permitted, the minimum percentage 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%

*Pursuant to First Amendment dated October 11, 2007, changes to Section 8.g.(ii) of the Declaration (regarding Development Conditions), shall require an affirmative vote or written consent of at least ninety-five percent (95%) of the common interests.

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"/>	<p>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:</p> <p>See Exhibit G.</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: 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

Estimate of the Initial Maintenance Fees: 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 checked="" type="checkbox"/>	Water (Residential Units only)
<input checked="" type="checkbox"/>	Sewer (Residential Units only)
<input type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	Other (specify): Refuse collection, telephone (common elements only)

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 (Duplex Units only)
<input checked="" type="checkbox"/>	Sewer (Duplex Units only)
<input checked="" type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>H</u> 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: April 23, 2007 (22 Existing Units); May 31, 2007 (46 Duplex Units) Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>I</u> 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 <u>A</u> .
<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 types 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"/>	<u>There are blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on the Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage; Second Accommodation Mortgage; Third Mortgage; First Charge to Third Mortgage; and Fourth Mortgage of Fee Owner's Lender(s)	Lenders have priority over Buyer's rights under a sales contract, and have a right to terminate sales contracts upon foreclosure of either their mortgages before a unit sale is closed. Buyer's interest is specifically made subject and subordinate to such lien(s). Buyer's contract may be canceled and Buyer may lose all rights to acquire the unit. Buyer's deposit, less escrow cancellation fee, will be returned if default and foreclosure occur before conveyance. Note: At the time of the first conveyance of each unit, each of Fee Owner's lenders' lien(s) will be paid and satisfied of record, and the unit being conveyed and its common interest shall be released therefrom.

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: The units are being conveyed in "as is" condition

Appliances: The appliances, if any, are being conveyed in "as is" condition

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

Status of Construction: Construction of the 2-Story Building and the 3-Story Building is complete. Developer estimates construction of the Access Roadway and other Common Elements of the Project to commence approximately within two (2) years from the date of this Public Report.
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.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: N/A
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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

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"/>	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. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.
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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 projects costs. For this project, the Developer indicates that purchaser deposits may be used to 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 <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 <input type="checkbox"/></p>	<p>The Developer has not 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: Makaha Oceanview Estates Unit Development Controls (draft) (attached to this Public Report as Exhibit K)

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

Website to access rules: 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 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 30th 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

REGARDING THE RESIDENTIAL UNITS ONLY:

- a. Hazardous Materials. The Developer has made no independent investigation as to asbestos or other hazardous substances in the Residential Buildings or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Residential Buildings, there may be hazardous substances in the Residential Units or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the Residential Unit inspected to determine the extent (if any) of such contamination and of any necessary remedial action. The Developer will not correct any defects in the Residential Units or in the Project or anything installed or contained therein and Buyer expressly releases the Developer from any liability to Buyer if any hazardous materials are discovered.
- b. Lead-Based or Lead-Containing Paint. Construction of the Residential Buildings was completed in 1973 and 1974. Lead-based and lead-containing paints were used in many residential dwellings built prior to 1978 and may be present within the Project. Buyer is hereby notified that the Project may present exposure to lead from lead-based or lead-containing paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Developer is required by law to provide Buyer with any information on lead-based or lead-containing paint hazards from risk assessments or inspections in the Developer's possession and notify Buyer of any known lead-based or lead-containing paint hazards. The Developer hereby discloses that the Developer has no knowledge of lead-based or lead-containing paint and/or lead-based or lead-containing paint hazards at the Project. A risk assessment or inspection for possible lead-based or lead-containing paint hazards is recommended prior to purchase.
- c. Mold/Mildew. Buyer is hereby advised that tropical climates with warm temperatures, high humidity and frequent precipitation are conducive to the propagation of mold, mildew, fungus and other types of bacterial growths. Though the Residential Buildings and other improvements that are a part of the Project may be cleaned to satisfactory appearance, the Developer cannot guaranty that mold, mildew, fungus and other types of bacterial growths can be eliminated. The Residential Buildings in the Project are old and may have had incidences of leaking and water exposure which may have resulted in the introduction of mold, mildew, fungus and other types of bacterial growths. Buyer should be aware that, as with all properties, the Residential Buildings may have hidden, enclosed and unreachable areas where growths can occur and cannot be detected and that there may in the future be mold and mildew growth in the Project if the Association and occupants of the units do not properly maintain the Project. If Buyer, any member of Buyer's family, or any person who will inhabit the Property has respiratory, skin or other health ailments or conditions that can be affected by mold, mildew, fungus or other types of bacterial growths they should seek professional advice before purchasing a unit in the Project. Neither the Developer nor its agents associated with the Project have the requisite knowledge to provide advice as to the presence of mold, mildew, fungus and other types of bacterial growth in the Project, or the likelihood of conditions conducive to propagation of mold, mildew, fungus and other types of bacterial growth in the Project, or as to the effect of the aforementioned conditions can have related to their health, welfare and continued enjoyment of the Property. Individuals who may be capable of providing such advice are professional home inspectors, medical professionals, scientific research professionals, certified industrial hygienist or other environmental specialists and/or others who have requisite knowledge in matters of detection and lab analysis services.
- d. General Condition of the Residential Buildings. Based on property condition reports for the Project obtained from an architect, a structural engineer, a mechanical engineer and an electrical engineer, Developer believes that the Residential Buildings are in such condition as is consistent with their age. The reports are included as attachments to the Developer's Statements Regarding Converted Units which is attached as Exhibit J to this Public Report.

All recommended work described therein will be the responsibility of the owners of the Residential Units and the Association and not that of Developer or any other party. Notwithstanding anything to the contrary contained herein, the Residential Units, fixtures, appliances and electrical and plumbing equipment included in the Residential Buildings and the Residential Units and common elements appurtenant thereto will be sold "AS IS" with "ALL FAULTS", and neither Developer nor any of its affiliates or representatives make any warranties, express or implied, as to their working order and condition. Developer makes no warranties or representations regarding the completeness or accuracy of the foregoing reports. The Developer further discloses that the Project may be subject to exterior weathering, rust, earthquake, fire, floods, erosion, high water table, dangerous underground soil conditions and similar occurrences or conditions which may alter the Project's condition or affect its suitability for any proposed use. The Developer shall have no responsibility or liability for or with respect to any such occurrence or condition or any conditions disclosed in any of the reports included in Exhibit J to this Public Report or otherwise made available to the Buyer.

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.

HIDC MAKAHA OCEANVIEW ESTATES LLC, a Hawaii limited liability company
Printed Name of Developer

By:  February 6, 2008
Duly Authorized Signatory* Date

By Hawaiian Island Development Co., Inc., a Hawaii corporation
Its Member

By: Peter Savio, its President
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.**

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at (808) 586-2643 to submit your request.

EXHIBIT A

DESCRIPTION OF UNIT TYPES AND SIZES; BOUNDARIES OF UNITS; COMMON INTERESTS AND CLASS COMMON INTERESTS

1. Description of Unit Types and Sizes.

The Project contains sixty-eight (68) condominium units as follows: twenty-two (22) Residential Units located in the Residential Buildings and forty-six (46) "spatial" Duplex Units that each consist of air space located within the approximate areas designated by the steady dashed lines ("— — —") (referred to as "Buildable Area") shown on Sheet CPR A-1 of the Condominium Map (the Residential Units and the Duplex Units are sometimes collectively referred to herein as "the units"). The Residential Units are configured into the following unit types, designated in the Declaration and on the Condominium Map by a unit number consisting of a three digit number followed by the letter "A," "B" or "C," which indicates whether the unit is on the First, Second or Third Floor of its respective building. The Duplex Units are in the locations shown on Sheet A-1 of the Condominium Map and are part of Phase 2 of the Project. The different unit types are more particularly described as follows:

2-Story Building Type 197-A: The Project contains one (1) 2-Story Building 197-A type unit, which shall be located on the First Floor of the 2-Story Building and shall have two bedrooms, one bathroom, a living/dining room, a kitchen and two lanais. The approximate net living area of this unit type is 812 square feet.

2-Story Building Type 198-A: The Project contains one (1) 2-Story Building 198-A type unit, which shall be located on the First Floor of the 2-Story Building, and shall have two bedrooms, one bathroom, a living/dining room, a kitchen and two lanais. The approximate net living area of this unit type is 812 square feet.

2-Story Building Type 197-B: The Project contains one (1) 2-Story Building 197-B type unit, which shall be located on the Second Floor of the 2-Story Building, and shall have two bedrooms, one bathroom, a living/dining room, a kitchen and two lanais. The approximate net living area of this unit type is 815 square feet.

2-Story Building Type 198-B: The Project contains one (1) 2-Story Building 198-B type unit, which shall be located on the Second Floor of the 2-Story Building, and shall have two bedrooms, one bathroom, a living/dining room, a kitchen and two lanais. The approximate net living area of this unit type is 815 square feet.

3-Story Building Type 199-A, 201-A and 203-A: The Project contains three (3) 3-Story Building 199-A, 201-A and 203-A type units, all of which shall be located on the First Floor of the 3-Story Building, and each of which shall have two bedrooms, one bathroom, a living/dining room, a kitchen and one lanai. The approximate net living area of this unit type is 810 square feet.

3-Story Building Type 200-A, 202-A and 204-A: The Project contains three (3) 3-Story Building 200-A, 202-A and 204-A type units, all of which shall be located on the First Floor of the 3-Story Building, and each of which shall have two bedrooms, one bathroom, a living/dining room, a kitchen and one lanai. The approximate net living area of this unit type is 810 square feet.

3-Story Building Type 199-B, 199-C, 201-B, 201-C, 203-B and 203-C: The Project contains a total of six (6) 3-Story Building 199-B, 199-C, 201-B, 201-C, 203-B and 203-C type units, three (3) shall be located on the Second Floor of the 3-Story Building, and three (3) of which shall be located on the

Third Floor of the 3-Story Building. All of these units shall have two bedrooms, one bathroom, a living/dining room, a kitchen and one lanai. The approximate net living area of this unit type is 813 square feet.

3-Story Building Type 200-B, 200-C, 202-B, 202-C, 204-B and 204-C: The Project contains a total of six (6) 3-Story Building 200-B, 200-C, 202-B, 202-C, 204-B and 204-C type units, three (3) shall be located on the Second Floor of the 3-Story Building, and three (3) of which shall be located on the Third Floor of the 3-Story Building. All of these units shall have two bedrooms, one bathroom, a living/dining room, a kitchen and one lanai. The approximate net living area of this unit type is 813 square feet.

Duplex Unit Type. The Development Unit and its appurtenant Development Area have been replaced with forty-six (46) spatial Duplex Units, each of which consists of all of the air space and vacant land within the boundaries of their respective Buildable Areas shown on Sheet CPR A-1 of the Condominium Map.

2. Boundaries of Units. Each Residential Unit will have the number of rooms (exclusive of lanais), approximate net living floor area in square feet (exclusive of lanais), and approximate net lanai floor area in square feet, as set forth below.

The approximate net living floor areas set forth below are based on measurements taken from the undecorated or unfinished interior surface of all perimeter walls as shown on the Condominium Map, except that no reduction has been made to account for interior walls, ducts, vents, shafts and the like located within the perimeter walls. All approximate net lanai floor areas set forth below are based on measurements taken from the inner surfaces of all perimeter walls and boundaries of the lanai areas. All floor areas set forth below are not exact but are approximations based on the floor plans of each type of unit derived from existing architectural and construction plans for such units. All floor areas set forth below have also been rounded to the lowest full square foot where the approximations of such floor areas exceed a square foot by any fraction of a square foot. For these reasons, the measurements of the floor areas set forth below may not follow the designation of the limits of the units (the legally designated areas of the units) set forth below, and the floor areas set forth below may be different from the actual floor areas of the units as designated and described below. Each Residential Unit has immediate access to walkways and/or stairways which lead to the common areas of the Project.

Notwithstanding the floor areas set forth below and the manner in which such floor areas have been measured, the Residential Units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, supports, roofs, and ceilings located within or at the perimeter of or surrounding such unit, any pipes, vents, shafts, ducts, conduits, or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust or air conditioning running through or otherwise within such unit which are utilized for or serve more than one unit, all of which are deemed common elements as hereinafter provided. Each Residential Unit shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner decorated or finished surfaces of all walls, floors, roofs and ceilings, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces of each unit, all spaces, interior non-loadbearing partitions, and other fixtures and improvements within the boundaries of a unit, all glass windows, window frames, louvers (if any), shutters (if any), panels, doors and door frames along its perimeter, the lanais shown on the Condominium Map to the inner decorated or finished surfaces of the exterior perimeter walls of such lanais and to the exterior edge of the exterior railings or other boundaries of such lanais, and all of the fixtures and appliances (if any) originally installed therein.

The Duplex Units shall consist of the air space and vacant land within the boundaries of the Buildable Areas as shown on Sheet CPR A-1 of the Condominium Map, which space is enclosed by imaginary vertical and horizontal planes at the perimeter boundaries of the Buildable Areas as determined pursuant to the Declaration. The approximate total Unit Limited Common Element Land Area, approximate Buildable Area, and maximum allowable density of each Duplex Unit is set forth below.

3. Specific Identification of Units and Common Interest. An asterisk (*) indicates that the Residential Unit has been designated for sale to Owner-Occupants.

RESIDENTIAL UNITS

	Unit No.	Unit Type	BD/BA	Net Living Area	Net Lanai Area	Existing Parking Stall	Proposed Regular Stall	Residential Area % Common Interest (22 units)	Entire Project % Common Interest
1.	197-A*	2-Story Building 197-A	2/1	812	128	15	44	4.5454%	0.4261%
2.	198-A	2-Story Building 198-A	2/1	812	128	16	42	4.5454%	0.4261%
3.	199-A	3-Story Building 199-A	2/1	810	110	17	40	4.5454%	0.4261%
4.	200-A*	3-Story Building 200-A	2/1	810	110	18	45	4.5454%	0.4261%
5.	201-A	3-Story Building 201-A	2/1	810	110	19	36	4.5454%	0.4261%
6.	202-A*	3-Story Building 202-A	2/1	810	110	21	35	4.5454%	0.4261%
7.	203-A	3-Story Building 203-A	2/1	810	110	22	34	4.5454%	0.4261%
8.	204-A*	3-Story Building 204-A	2/1	810	110	9	33	4.5454%	0.4261%
9.	197-B	2-Story Building 197-B	2/1	815	36	1	43	4.5454%	0.4261%
10.	198-B*	2-Story Building 198-B	2/1	815	36	2	41	4.5454%	0.4261%
11.	199-B*	3-Story Building 199-B	2/1	813	18	14	46	4.5455%	0.4261%
12.	200-B	3-Story Building 200-B	2/1	813	18	7	32	4.5455%	0.4261%
13.	201-B*	3-Story Building 201-B	2/1	813	18	8	31	4.5455%	0.4261%
14.	202-B	3-Story Building 202-B	2/1	813	18	20	47	4.5455%	0.4261%
15.	203-B*	3-Story Building 203-B	2/1	813	18	10, 24	--	4.5455%	0.4261%

	Unit No.	Unit Type	BD/BA	Net Living Area	Net Lanai Area	Existing Parking Stall	Proposed Regular Stall	Residential Area % Common Interest (22 units)	Entire Project % Common Interest
16.	204-B	3-Story Building 204-B	2/1	813	18	12	26	4.5455%	0.4261%
17.	199-C	3-Story Building 199-C	2/1	813	18	3	30	4.5455%	0.4261%
18.	200-C*	3-Story Building 200-C	2/1	813	18	4	29	4.5455%	0.4261%
19.	201-C	3-Story Building 201-C	2/1	813	18	5	28	4.5455%	0.4261%
20.	202-C*	3-Story Building 202-C	2/1	813	18	6	27	4.5455%	0.4261%
21.	203-C	3-Story Building 203-C	2/1	813	18	11, 23	--	4.5455%	0.4261%
22.	204-C*	3-Story Building 204-C	2/1	813	18	13	25	4.5455%	0.4261%
								100.0000% (Residential Area Total)	9.3742% (Residential Area Subtotal)

DUPLEX UNITS

	Unit No.	Unit Type	Unit LCE Land Area* (sq. ft.)	Buildable Area** (sq. ft.)	Max. Allow. Density (sq. ft.)	Duplex Unit % Common Interest (Phase 2 Only)	Entire Project % Common Interest
23.	1	Duplex Unit	6,588	1,668	16,167	2.1739%	1.9701%
24.	2	Duplex Unit	5,450	2,277	13,375	2.1739%	1.9701%
25.	3	Duplex Unit	7,502	1,176	18,410	2.1739%	1.9701%
26.	4	Duplex Unit	9,250	2,178	22,700	2.1739%	1.9701%
27.	5	Duplex Unit	5,450	2,208	13,375	2.1739%	1.9701%
28.	6	Duplex Unit	5,450	2,208	13,375	2.1739%	1.9701%
29.	7	Duplex Unit	5,559	2,208	13,642	2.1739%	1.9701%
30.	8	Duplex Unit	6,565	2,415	16,111	2.1739%	1.9701%
31.	9	Duplex Unit	11,094	2,484	27,226	2.1739%	1.9701%
32.	10	Duplex Unit	10,280	2,544	25,228	2.1739%	1.9701%
33.	11	Duplex Unit	8,147	3,450	19,993	2.1739%	1.9701%
34.	12	Duplex Unit	5,450	1,888	13,375	2.1739%	1.9701%

	Unit No.	Unit Type	Unit LCE Land Area* (sq. ft.)	Buildable Area** (sq. ft.)	Max. Allow. Density (sq. ft.)	Duplex Unit % Common Interest (Phase 2 Only)	Entire Project % Common Interest
35.	13	Duplex Unit	5,450	1,888	13,375	2.1739%	1.9701%
36.	14	Duplex Unit	9,919	1,923	24,342	2.1739%	1.9701%
37.	15	Duplex Unit	8,120	2,080	19,927	2.1739%	1.9701%
38.	16	Duplex Unit	7,220	1,888	17,718	2.1739%	1.9701%
39.	17	Duplex Unit	5,057	2,160	12,410	2.1739%	1.9701%
40.	18	Duplex Unit	5,604	1,980	13,753	2.1739%	1.9701%
41.	19	Duplex Unit	6,197	1,768	15,208	2.1739%	1.9701%
42.	20	Duplex Unit	6,789	1,768	16,661	2.1739%	1.9701%
43.	21	Duplex Unit	7,347	2,044	18,030	2.1739%	1.9701%
44.	22	Duplex Unit	7,043	2,070	17,284	2.1739%	1.9701%
45.	23	Duplex Unit	6,004	2,070	14,734	2.1739%	1.9701%
46.	24	Duplex Unit	5,329	1,980	13,078	2.1739%	1.9701%
47.	25	Duplex Unit	7,014	1,560	17,213	2.1739%	1.9701%
48.	26	Duplex Unit	14,745	1,652	36,185	2.1739%	1.9701%
49.	27	Duplex Unit	10,173	7,898	24,965	2.1739%	1.9701%
50.	28	Duplex Unit	9,578	4,828	23,505	2.1739%	1.9701%
51.	29	Duplex Unit	11,467	5,295	28,141	2.1739%	1.9701%
52.	30	Duplex Unit	11,234	6,512	27,569	2.1739%	1.9701%
53.	31	Duplex Unit	10,160	6,089	24,933	2.1739%	1.9701%
54.	32	Duplex Unit	10,083	5,589	24,744	2.1739%	1.9701%
55.	33	Duplex Unit	11,827	5,775	29,024	2.1739%	1.9701%
56.	34	Duplex Unit	30,888	6,198	75,802	2.1745%	1.9713%
57.	35	Duplex Unit	26,325	17,527	64,604	2.1739%	1.9701%
58.	36	Duplex Unit	12,288	14,762	30,156	2.1739%	1.9701%
59.	37	Duplex Unit	10,656	6,317	26,151	2.1739%	1.9701%
60.	38	Duplex Unit	13,075	4,713	32,087	2.1739%	1.9701%
61.	39	Duplex Unit	11,597	7,130	28,460	2.1739%	1.9701%
62.	40	Duplex Unit	11,228	5,912	27,554	2.1739%	1.9701%
63.	41	Duplex Unit	10,944	5,694	26,857	2.1739%	1.9701%

	Unit No.	Unit Type	Unit LCE Land Area* (sq. ft.)	Buildable Area** (sq. ft.)	Max. Allow. Density (sq. ft.)	Duplex Unit % Common Interest (Phase 2 Only)	Entire Project % Common Interest
64.	42	Duplex Unit	10,617	5,477	26,055	2.1739%	1.9701%
65.	43	Duplex Unit	10,291	5,259	25,255	2.1739%	1.9701%
66.	44	Duplex Unit	10,249	5,289	25,152	2.1739%	1.9701%
67.	45	Duplex Unit	10,171	5,225	24,960	2.1739%	1.9701%
68.	46	Duplex Unit	13,880	7,175	34,063	2.1739%	1.9701%
						100.0000%	90.6258%
TOTAL:	68		445,354		1,092,933		100.0000%

*Unit LCE Land Area = The limited common element land area located within the Land Area Demising Line and around and underneath the Buildable Area Setback Line as shown on Sheet CPR A-1 of the Condominium Map.

**The Buildable Area of the Duplex Unit is the linear land area at the base of the Unit. The cubic area of the Unit must be determined for each Duplex Unit on a unit-by-unit basis, giving account to the topography of each Unit pursuant to the formula for measuring the dimensions of the Unit set forth in Section 4.c. as amended by the Third Amendment entitled, "Limits of the Duplex Units."

EXHIBIT B

DESCRIPTION OF PARKING STALLS

The Project has a total of twenty-four (24) existing uncovered at-grade regular parking stalls, numbered 1 to 24, as shown on Sheet CPR A-2 of the Condominium Map (Parking Stall Nos. 1 to 24 are referred to herein as “the Existing Stalls”). Each Residential Unit will have the Existing Stall(s) appurtenant thereto as a Residential Unit Limited Common Element as set forth in Exhibit A of this Public Report. Pursuant to the Development Conditions in Section 8.g(ii) of the Declaration, as amended, upon Developer’s and/or the Development Unit owner’s completion of construction of the twenty (20) additional regular parking stalls numbered 25 to 36 and 40 to 47 (“the Proposed Regular Stalls”) in the locations shown on Sheets CPR A-1 and CPR A-2 of the Condominium Map, each Residential Unit will automatically have the Proposed Regular Stall, if any, appurtenant thereto as a Residential Unit Limited Common Element as set forth in Exhibit A. Upon Developer’s and/or the Development Unit owner’s completion of construction of the eight (8) guest stalls, numbered 37 to 39 and G-1 to G-5 (“the Proposed Guest Stalls”) in the locations shown on Sheets CPR A-1 and CPR A-2 of the Condominium Map, such Proposed Guest Stalls shall automatically become common elements of the Project.

Duplex Unit owners shall have the right to construct two (2) regular parking stalls and one (1) guest stall anywhere within the Duplex Unit Limited Common Element Areas appurtenant to their respective units, and upon completion of construction shall automatically become part of such units’ respective Duplex Unit Limited Common Elements.

The Project fronts Kili Drive and Ala Mahiku Street. The Project is accessible by way of an access driveway as shown on Sheet 1 of the Condominium Map (the “Access Driveway”), which connects the Project to Kili Drive, which leads to Farrington Highway, a public highway. Developer and/or the Development Unit owner will relocate the Access Driveway to the location shown as “CA-1” on Sheet CPR A-1 of the Condominium Map. Upon completion and relocation of the Access Driveway, the newly configured Access Driveway shall become a common element.

EXHIBIT C

PERMITTED ALTERATIONS TO THE UNITS

Section 19 of the Declaration states in part as follows:

a. **Residential Units.** Except as otherwise provided in this Declaration or the Act or as otherwise required by law, neither the Association nor any Residential Unit owner shall perform any of the following acts except pursuant to plans and specifications and therefor approved in writing by the Board: (1) repairing, replacing or rebuilding any Residential Unit, or any of the common or limited common elements in a manner different in any material respect from the Condominium Map; (2) engaging in any alterations which will affect the structural integrity of any Residential Unit or the common or limited common elements; (3) constructing on the common or limited common elements any new building or structure; or (4) enclosing any lanai, balcony, patio or parking stall. Upon the completion of any such work, there shall be filed 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 Residential Unit owner, as the case may be, 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 licensed architect or structural engineer, certifying that the plans showing such alterations accurately reflect such alterations, as built. Such amendment shall be signed by the Association or the Residential Unit owner, as the case may be, and approved by the Board or Developer, and no consent or joinder of any other unit owner or person shall be required. Except as otherwise provided in this Declaration, the Bylaws, and the House Rules, each Residential Unit owner shall be free, with the consent of all mortgagees of record of any interest in such owner's unit, to make such alterations and improvements within such owner's unit or within or on the limited common elements appurtenant thereto, without the consent or joinder of the Board, the Association, any unit owner, Developer or any other person, subject to compliance with all applicable provisions of law, this Declaration and the Bylaws.

b. **Duplex Units.** The Duplex Unit owners shall be permitted to repair, replace or alter their respective units by removing any existing improvements and constructing additional improvements, or by creating a physical structure within their respective Duplex Unit Limited Common Element areas, provided, however, that the plans and specifications for such removal, alteration and construction shall be in compliance with all applicable design and construction guidelines for the Duplex Units adopted by Developer and/or the Association, approved by the Architectural Committee described in Section 19.g. below, and shall be further subject to all requirements of law, any easements in favor of the Association, and this Declaration.

EXHIBIT D

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

1. Common Elements. One freehold estate is hereby designated in all common elements of the Project (the “common elements”), which include all portions of the Project other than the units (except as herein specifically excluded) and all other common elements mentioned in the Act which are actually included in the Project, including specifically but without limitation:

a. The Land in fee simple.

b. Upon completion of construction, the driveway designated as the “Access Driveway” in the location shown as “CA-1” on Sheets CPR A-1, CPR A-2 and CPR A-3 of the Condominium Map; and, prior to the completion of such relocation, any and all roads, driveways, access lanes and paved areas which are not designated as Residential Limited Common Elements or Duplex Unit Limited Common Elements (defined below).

c. The area designated as “Recreational/Open Space” and described as “CA-2” on Sheets CPR A-1 and CPR A-3 of the Condominium Map (“Open Space”), which may be kept as open space for park or recreational purposes by the Association for the benefit of the Project.

d. The area designated as “Vegetated Swale” and described as “CA-3” on Sheets CPR A-1 and CPR A-3 of the Condominium Map (“Swale”), which shall be improved and maintained by the Association as a swale drainage facility for the benefit of the Project.

e. The area designated as “CA-4” within the Residential Area on Sheets CPR A-1 and CPR A-3 of the Condominium Map, which shall be maintained by the Association for utility purposes for the benefit of the Project.

f. The areas designated as “CA-5” and “CA-6” on Sheets CPR A-1 and CPR A-3 of the Condominium Map, which shall be for the maintenance of a fence and security gate by the Association along the boundary of the Project fronting Kili Drive (“Fence”).

g. The area designated as “CA-7” located within Duplex Unit No. 3 on Sheets CPR A-1 and CPR A-3 of the Condominium Map, which shall be maintained by the Association for electrical purposes for the benefit of the Project.

h. The area designated as “CA-8” within the Residential Area on Sheets CPR A-1 and CPR A-3 of the Condominium Map, which shall be maintained by the Association as a water meter for the benefit of the Project.

i. The area designated as “CA-9” on Sheets CPR A-1 and CPR A-3 of the Condominium Map, which shall be maintained by the Association as a drainage facility for the benefit of the Project.

j. Upon completion of the same, the eight (8) guest parking stalls numbered 37 to 39 and G-1 to G-5 in the locations shown on shown on Sheets CPR A-1 and CPR A-2 of the Condominium Map.

k. The two (2) swimming pool structures located within the Open Space (“Swimming Pools”) in the locations shown on Sheet CPR A-1 of the Condominium Map.

l. All sewer lines, sewage treatment equipment and facilities (if any), electrical transformers, emergency generators, electrical equipment, pipes, conduits, cables, wiring 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 power, light, water, gas (if any), cable television (if any), sewer, refuse, telephone, and radio and television signal distribution.

m. All drainage facilities or swales, pipes, shafts, wires, conduits or other utilities or service lines running through a unit which are utilized or serve more than one unit or other features of the Project.

n. Any and all other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, water heaters and, in general, all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use and which are not part of any unit or the limited common elements below.

o. The limited common elements described below.

2. Limited Common Elements. Certain parts of the common elements are hereby set aside and reserved for the exclusive use and enjoyment of the owners of certain units (“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 all Residential Units. The limited common elements that are appurtenant to and reserved for the exclusive use of the owners of the Residential Units shall hereinafter be referred to as “the Residential Limited Common Elements,” and are as follows:

(i) The areas described as “LCE-1,” “LCE-2,” and “LCE-3” on Sheets CPR A-1 and CPR A-2 of the Condominium Map shall be limited common element land areas appurtenant to and for the use of the Residential Units (“the Residential Area”).

(ii) All stairways, stairway landings, walkways, walkway railings, refuse facilities, yards, grounds, sidewalks, paths, fences, landscaping, driveways (exclusive of the Access Driveway), and all parking areas located within the Residential Area shall be appurtenant to and for the use of the Residential Units.

(iii) The community laundry room (to be constructed by the Association as described in Section 8.c(ii)), the Security Gate (to be constructed by the Association as described in Section 8.a.), all mailboxes, storage areas, fences and other common rooms and facilities in the Project within the Residential Area shall be appurtenant to and for the use of the Residential Units.

(iv) To the extent that the following limited common elements are not appurtenant to and for the exclusive use of a specific Residential Unit, they shall be deemed a part of the Residential Limited Common Elements: (a) the entirety of the Residential Buildings, including, without limitation, all structural components of the Residential Buildings, such as foundations, columns, girders, beams, floor slabs, supports, perimeter, party and load-bearing walls and partitions (excluding the finishes thereon within a unit), roofs, all exterior surfaces, corridors, stairways, walkways, entrances, exists and

refuse facilities located within or for the common use of the Residential Unit owners, (b) all supporting fixtures and appliances within the Residential Buildings, and (c) all mechanical rooms, switchboard rooms, storage rooms, all central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television and cable lines, sewage disposal and other utilities (including all pumps, ducts, wires, cables and conduits used in connection therewith), and all boilers, tanks, pumps, motors, fans, ducts and other apparatus and installations existing for or in the Residential Buildings for the Residential Unit owners' common use.

b. Limited Common Elements Appurtenant to Specific Residential Units. The limited common elements that are appurtenant to and reserved for the exclusive use of specific Residential Units, but not all of the Residential Units, shall hereinafter be referred to as "the Residential Unit Limited Common Elements," and are as follows:

(i) The lanai(s) immediately adjacent to any Residential Unit as shown on the Condominium Map shall be a limited common element appurtenant to such Residential Unit.

(ii) Each Residential Unit shall have as a limited common element appurtenant to it the Existing Stall(s) and the Proposed Regular Stall as designated in **Exhibit B**; subject, however, to the right of Residential Unit owners to redesignate such stalls pursuant to Section 514B-40 of the Act, as amended.

(iii) Any chute, flue, duct, wire, conduit or any other fixture which lies partially within and partially outside the designated boundaries of a unit serving only that unit is a limited common element appurtenant solely to that unit.

(iv) Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios and all exterior doors and windows or other fixtures designed to serve a single unit, but that are located outside the unit's boundaries, are limited common elements appurtenant exclusively to that unit.

c. Limited Common Elements Appurtenant to Specific Duplex Units in Phase 2. Developer hereby designates certain limited common element land areas and the following limited common elements that are appurtenant to and reserved for the exclusive use of specific Duplex Units, but not all of the Duplex Units. Such limited common elements shall hereinafter be referred to as the "Duplex Unit Limited Common Elements," and are as follows:

(i) Each Duplex Unit shall have appurtenant thereto as a limited common element the land area outside of the unit's Buildable Area but within the boundary circumscribing the unit land area as approximated by the broken dashed lines ("— - — - —") as shown on Sheet CPR A-1 of the Condominium Map.

(ii) Mailboxes for the provision of mail service to the Duplex Units shall be appurtenant to and for the use of the Duplex Units.

(iii) Any driveway or roadway connecting to the Access Driveway, and any fences, walls or utility systems that are located within a Duplex Unit Limited Common Element Area which services or benefits only that unit shall be a Duplex Unit Limited Common Element of that unit.

d. Other Limited Common Elements.

(i) 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.

(ii) Any and all other apparatus and installations existing for common use, such as tanks, pumps, motors, air conditioners, fans, compressors, water heaters 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 and serve less than all of the units, shall be appurtenant to the unit or units they serve.

(iii) 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 benefiting from the same.

EXHIBIT E

USE RESTRICTIONS FOR UNITS AND COMMON AREAS

1. Section 10 of the Declaration provides as follows:

10. **USE OF THE PROJECT.**

a. **Residential Units.** The Residential Units shall at all times be occupied and used only for residential purposes by the respective owners thereof, their tenants, licensees, families, domestic servants and social guests, and for no other purpose, and no unit shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The Residential Units shall not be rented for transient or hotel purposes, which are defined as: (i) rental for any period less than thirty (30) days, or (ii) any rental in which the occupants of a Residential Unit are provided customary hotel services such as room service for food and beverages, daily maid service, daily laundry and linen services, or bellboy service. The Residential Units in the Project or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-share purpose or under any time-sharing plan, arrangement or program, including, without limitation, any so-called "vacation license," "travel club membership" or "time interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, without limitation, any plan, program or arrangement under which the right to use, occupy, own or possess a Residential Unit or units in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, Association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise.

b. **Duplex Units.** The Duplex Units and the Duplex Unit Limited Common Element areas appurtenant thereto may be used for any purpose permitted by law. Upon alteration of a Duplex Unit into a dwelling unit for residential purposes, such unit shall be occupied and used only for residential purposes in accordance with Section 10.a. above.

c. **Common Areas.** All common areas shall be kept free of obstruction which interferes with ingress, egress and parking, except as the Association shall decide, but each unit owner may use all limited common elements appurtenant to such owner's unit for any use deemed appropriate by such owner, so long as such use is permitted by law and the Bylaws, if applicable, and does not interfere with the use by other owners of the common elements or the limited common elements appurtenant to such other owner's unit.

d. **Nuisance.** Except as provided in this Declaration, a unit owner shall not do or suffer anything to be done or be kept in, on, or around said unit or elsewhere which will jeopardize the safety or soundness of the Project, or interfere with or unreasonably disturb the rights of other owners, or increase the premiums for fire insurance or any other form of insurance paid by the Association, any other unit owners, which will reduce the value of any unit, the common elements, or the limited common elements appurtenant to the unit of any other owner, or impair any easement or hereditament or alter the appearance of the exterior of such owner's unit or limited common elements without conforming to the provisions of the Act, this Declaration, and the Bylaws, if applicable, provided, however, that nothing herein shall be construed to require the consent of any other owner to the rental, leasing, sale, encumbering or use of an owner's unit in the ordinary course.

e. **Structural Alterations or Additions.**

(i) **Residential Units.** Except as otherwise specifically provided in this Declaration or in the Bylaws, a Residential Unit owner shall not, without the prior written consent of the

Board, make any structural alterations in or any additions to the Residential Unit, make any interior alterations in or any additions to the Residential Unit visible from the exterior of the Residential Unit, or make any alterations of or any additions to the exterior of the Residential Unit to any other portion or portions of the common elements unless otherwise specifically permitted herein, in the Bylaws, and by applicable zoning and building rules, regulations and laws.

(ii) **Duplex Units.** Any alterations or additions made by a Duplex Unit owner solely within a Duplex Unit or within such unit's appurtenant Duplex Unit Limited Common Element area shall require only the written approval by the holders of first mortgage liens affecting such unit (if the lien holder requires such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu of such agencies so require, and by the Board (which approval shall not be unreasonably or arbitrarily withheld or delayed); provided, however, the Board shall always have the right to disapprove a proposed addition or alteration that the Board reasonably determines could jeopardize the soundness or safety of the Project, impair any easement or interfere with or deprive any nonconsenting owner of the use or enjoyment of any part of the Project. Upon completion of such alterations or additions, the owner directly affected shall duly record and file an amendment to the Declaration together with the approved plans showing only such alterations or additions within the Duplex Unit or within the Duplex Unit Limited Common Element Area as aforesaid. Such amendment to the Declaration need only be executed by the owner directly affected and such owner's first mortgagee, as may be required.

f. **Owners' Right to Sell, Lease and Transfer.** Subject to Section 10.a., the unit owners shall have the absolute right to sell, lease, rent or otherwise transfer their respective units subject to all provisions of the Act, this Declaration, the unit owner's deed, the Bylaws and the House Rules promulgated thereunder, and applicable law. No unit may be leased or rented for an initial term of less than thirty (30) days (or such longer period as may be required by ordinance of the City and County of Honolulu to avoid classification of the unit as a "transient vacation unit"). Any lease or rental agreement of a unit shall provide that it shall be subject in all respects to the provisions of the Act, this Declaration, the Bylaws, the House Rules and the unit owner's deed, and that the failure of either the lessor or the lessee to comply with the terms of such documents shall be a default under the lease or rental agreement. All leases shall be in writing and a copy of each lease shall be filed with the Association.

g. **Air Rights and Floor Area Ratio.** Each Duplex Unit owner shall have the exclusive right to use any and all air rights extending directly up from the boundaries of the limited common elements appurtenant to their respective units, subject, however, to any limitations imposed by law or by the Bylaws. For purposes of allocation of density permitted by the LUO, the maximum floor area permitted to each of the Duplex Units shall be determined by multiplying the limited common element land area appurtenant to such unit by the permissible floor area ratio ("PFAR"). The PFAR as used herein shall be the ratio of the floor area of the unit, and any building or structure located within the limited common land area appurtenant to such unit, to the total limited common land area appurtenant to such unit. Where rounding of numbers is necessary to determine the PFAR, the nearest one-hundredth shall be used. No unit may exceed the PFAR allocable to their appurtenant limited common element land area; provided, however, that any unit owner that has excess PFAR may by written agreement permit any other unit owner to use such PFAR, subject, however, to any limitations imposed by the Bylaws. The floor area of a building or structure shall be determined as set forth in the LUO.

2. Article V, Section 6 of the Bylaws provides as follows:

Section 6. Use of Project.

a. The units of the Project shall be used only for such purposes as stated in the Declaration.

b. All common elements and all limited common elements of the Project shall be used only for their respective purposes as designed and in accordance with all applicable laws, rules, and regulations.

c. No unit owner or occupant shall plant or cultivate or landscape the common elements or limited common elements, or place, store or maintain in the walkways, grounds or other common elements or Residential Limited Common Elements (exclusive of all other limited common elements) of similar nature any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements or Residential Limited Common Elements.

d. Every unit owner and occupant shall at all times keep such owner's unit and such owner's limited common element(s), if any, in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations, and design criteria and guidelines of the landscape plan set forth on the Condominium Map, now or hereafter made by any governmental authority or the Association for the time being applicable to the unit and the limited common element(s), if any, and the use of the Project.

e. No unit owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of such owner's or occupant's unit, such owner's or occupant's limited common element(s), or the Project nor alter or remove any furniture, furnishings or equipment of the common elements or the Residential Limited Common Elements (exclusive of all other limited common elements).

f. All unit owners and occupants shall avoid making noises and using musical instruments, radios, televisions and amplifiers in such manner as may disturb other unit owners and occupants.

g. No garments, rugs or other objects shall be hung from the windows or facades of any unit or otherwise be displayed in public view.

h. No rugs or other objects shall be dusted or shaken from the windows or doors of any unit or cleaned by beating or sweeping on any walkways, patios, entries or other exterior part of the Project.

i. No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements and limited common element(s) of the Project outside of the disposal facilities provided for such purpose.

j. Except as provided in Article V, Section 13 below, no animals of any kind shall be raised, bred or kept in the Project by the unit owners and occupants, except that visually impaired persons may keep guide dogs, hearing impaired persons may keep signal dogs, and physically impaired persons may keep service animals, as such animals are defined in Chapter 515, HRS, as amended. No animals described as pests under section 150A-2, HRS or animals prohibited from importation under sections 141-2, 150A-5 or 150A-6, HRS shall be permitted.

k. No unit owner or occupant shall without the written approval of the Board install any wiring for electrical or telephone installations, machines or air conditioning units, or other equipment or appurtenances whatsoever on the exterior of any unit or protruding through the walls, windows or roof thereof.

l. No unit owner or occupant shall erect, place or maintain any television or other antennas or solar energy systems or any other types of objects or equipment on any unit visible from any point outside of his unit.

m. Nothing shall be allowed, done or kept in any units, limited common element(s) or common elements of the Project which would overload or impair the floors, walls, or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association.

n. Anything to the contrary notwithstanding, Developer and Fee Owner may engage in real estate sales activities in such units or on the premises of the Project for the purpose of selling such units.

o. No improvement shall be made to a unit as shown on the initial Condominium Map unless in conformity with the Declaration.

p. No signs whatsoever, including, without limitation, commercial, political or similar signs, visible from neighboring property or the common area, shall be erected or maintained upon any unit, its limited common area or in the common area except such signs as may be required by legal proceedings.

q. No open storage is permitted in the common area, limited common element area or the parking stalls, and no open storage of furniture, fixtures, appliances and other goods and chattels not in active use will be permitted within a limited common area so as to be visible from the common area, and no outside clothes lines or other outside clothes drying or airing facilities shall be permitted when they are visible from neighboring property.

r. No exterior fires whatsoever shall be permitted and a unit owner shall not permit any condition on or within his unit which creates a fire hazard.

s. No unit owner or occupant shall park his or her car on any portion of the Project except in an area or stall of the designated parking areas designated for use by that owner or occupant by the Association or the Managing Agent.

t. No parking stall shall be used in a manner inconsistent with the use of the same for other than the parking of vehicles or trailers.

3. House Rules (Residential Units only)

Sections 1 and 7 of the House Rules list restrictions generally affecting occupancy and use of the Residential Units and the Residential Buildings, including, without limitation, restrictions as to making structural changes within or outside the Residential Units; the keeping of pets; the display of signs, signals or lettering; and the exterior appearance of the Residential Units (e.g., prohibitions against projections through any door or window opening, radio or television antenna, waterbeds, and attaching other objects to the exterior of the Residential Units). Section 5 of the House Rules lists rules relating to noise and nuisance matters, including, without limitation, restrictions as to creating any improper, offensive or unreasonable nuisances in the Project; creating any excessive noise; slamming doors; the volume of noise devices during late evening and early morning hours; guest conduct; and excessive and late hour noise from entertaining.

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

The encumbrances against title appearing in the Preliminary Title Report dated January 9, 2008 (the "Title Report"), prepared by Title Guaranty of Hawaii, Inc. are as follows:

1. Real Property Taxes as may be due and owing. Check with the Office of the Tax Assessor, City and County of Honolulu.
2. GRANT in favor of CITY AND COUNTY OF HONOLULU dated February 6, 1950, filed as Land Court Document No. 116618; granting all rights in basal water only.
3. The terms and provisions contained in the following:

INSTRUMENT: WARRANTY DEED

DATED : June 28, 1973
FILED : Land Court Document No. 651892
4. Designation of Easement "87", as shown on Map 118, as set forth by Land Court Order No. 41751, filed April 8, 1975.
5. Designation of Easement "91", as shown on Map 118, as set forth by Land Court Order No. 41751, filed April 8, 1975.
6. Designation of Easement "92", as shown on Map 118, as set forth by Land Court Order No. 41751, filed April 8, 1975.
7. Designation of Easement "93", as shown on Map 118, as set forth by Land Court Order No. 41751, filed April 8, 1975.
8. Designation of Easement "94", as shown on Map 118, as set forth by Land Court Order No. 41751, filed April 8, 1975.
9. Designation of Easement "95", as shown on Map 118, as set forth by Land Court Order No. 41751, filed April 8, 1975.
10. Designation of Easement "144" for drainage purposes, as shown on Map 128, as set forth by Land Court Order No. 45667, filed October 20, 1976.
11. Designation of Easement "145" for sanitary sewerline purposes, as shown on Map 128, as set forth by Land Court Order No. 45667, filed October 20, 1976.
12. Access rights in favor of Lot 1009-B, as shown on Map 128, filed in the Office of the Assistant Registrar of the State of Hawaii with Land Court Application No. 1052 (amended), over and across Lot 1009-A for the purpose of maintaining Easement "144" (a surface drainage area) and Easement "145" (a sanitary sewerline), as set forth by Land Court Order No. 45667, filed October 20, 1976.

13. The terms and provisions contained in the following:

INSTRUMENT : SECOND AMENDED AND RESTATED DECLARATION OF
CONDOMINIUM PROPERTY REGIME FOR MAKAHA
OCEANVIEW ESTATES; JOINDER

DATED : August 29, 2007
FILED : Land Court Document No. 3654272
MAP : 1822 and any amendments thereto

Joinder by M & M AT MAKAHA LLC, a Hawaii limited liability company, dated ----
(acknowledged August 29, 2007), filed as Land Court Document No. 3654272.

The foregoing Amended and Restated Declaration restates the original Declaration dated June 13,
2006, filed as Land Court Document No. 3446067, and any amendments thereto.

Said Amended and Restated Declaration was amended by instruments dated October 10, 2007,
filed as Land Court Document No. 3666794, dated October 26, 2007, filed as Land Court
Document No. 3677645, and dated November 9, 2007, filed as Land Court Document No.
3691673.

14. The terms and provisions contained in the following:

INSTRUMENT : SECOND AMENDED AND RESTATED BY-LAWS OF THE
ASSOCIATION OF UNIT OWNERS OF MAKAHA OCEANVIEW
ESTATES; JOINDER

DATED : August 29, 2007
FILED : Land Court Document No. 3654273

Joinder by M & M AT MAKAHA LLC, a Hawaii limited liability company, dated ----
(acknowledged August 29, 2007), filed as Land Court Document No. 3654273.

The foregoing Amended and Restated Bylaws restate the original Bylaws dated June 13, 2006,
filed as Land Court Document No. 3446068, and any amendments thereto.

15. THIRD MORTGAGE

MORTGAGOR : M & M AT MAKAHA LLC, a Hawaii limited liability company

MORTGAGEE : ERIC HENRY McLAUGHLIN and SANDRA PAULETTE
McLAUGHLIN, husband and wife

DATED : January 17, 2007
FILED : Land Court Document No. 3557219
AMOUNT : \$300,000.00

SUBORDINATION AGREEMENT

DATED : April 4, 2007
FILED : Land Court Document No. 3587873

Subordinates said above Mortgage to the lien of that certain Mortgage filed as Land Court Document No. 3587871.

SUBORDINATION AGREEMENT

DATED : as of July 13, 2007
FILED : Land Court Document No. 3629741

Subordinates said above Mortgage to the lien of that certain Mortgage filed as Land Court Document No. 3629740.

16. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

LOAN/ACCOUNT NO. 8100281756

MORTGAGOR: M & M AT MAKAHA LLC, a Hawaii limited liability company

MORTGAGEE : CENTRAL PACIFIC BANK, a Hawaii corporation

DATED : April 4, 2007
FILED : Land Court Document No. 3587871
AMOUNT : \$2,000,000.00

17. FINANCING STATEMENT

DEBTOR : M & M AT MAKAHA LLC

SECURED
PARTY : CENTRAL PACIFIC BANK

RECORDED : Document No. 2007-066743
RECORDED ON: April 13, 2007

18. SECOND ACCOMMODATION MORTGAGE

MORTGAGOR: M & M AT MAKAHA LLC, a Hawaii limited liability company

MORTGAGEE : MARK KRAMER

DATED : July 6, 2007
FILED : Land Court Document No. 3629740
AMOUNT : \$1,600,000.00

19. FIRST ADDITIONAL CHARGE TO THIRD MORTGAGE

MORTGAGOR: M & M AT MAKAHA LLC, a Hawaii limited liability company

MORTGAGEE : ERIC HENRY McLAUGHLIN and SANDRA PAULETTE
McLAUGHLIN, husband and wife

DATED : July 27, 2007
FILED : Land Court Document No. 3636758
AMOUNT : \$18,150.00

Being an additional charge to that certain Mortgage filed as Land Court Document No. 3557219.

20. FOURTH MORTGAGE

MORTGAGOR: M & M AT MAKAHA LLC, a Hawaii limited liability company

MORTGAGEE : ERIC HENRY McLAUGHLIN, husband of Sandra Paulette McLaughlin

DATED : July 27, 2007
FILED : Land Court Document No. 3636759
AMOUNT : \$1,200,000.00

21. Encroachments, if any, which would be shown on a correct survey.

NOTE: Since the issuance of the Title Report, the Fourth Amendment to Second Amended and Restated Declaration of Condominium Property Regime of Makaha Oceanview Estates, dated February 6, 2008, was filed in the Land Court as Land Court Document No. 3709242.

EXHIBIT G

**DEVELOPER'S RESERVED RIGHTS TO MAKE CHANGES TO THE CONDOMINIUM
PROJECT OR CONDOMINIUM DOCUMENTS**

1. Pursuant to Section 21 of the Declaration, as amended, Developer reserves the right to amend the Project documents as follows:

Except as otherwise provided herein or in the Act, this Declaration may be amended by a vote or written consent of the unit owners of sixty-seven percent (67%) of the interests in the common elements, effective only upon the filing of an instrument in the Land Court, setting forth such amendment and vote, duly executed by such owners or by the proper officers of the Association; *provided, however*, that no amendment of this Declaration, the Bylaws, the House Rules, if any, or Condominium Map shall, without the prior written consent of Developer or the Development Unit owner, as applicable, limit, affect or impair the reserved rights of Developer or the Development Unit owner, respectively, under this Declaration; *provided further, however*, that notwithstanding anything to the contrary contained in this Declaration, Section 8.g.(ii) of this Declaration may only be amended by a vote or written consent of at least ninety-five percent (95%) of the interests in the common elements, made effective as provided hereinabove.

. . . 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 Developer as to the Residential Units, or the Development Unit owner, as to the Development Unit (excepting the Development Conditions contained in Section 8.g.(ii), as provided above), where otherwise permitted in this Declaration or 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, marketing the Project or making a loan to finance the construction and/or the sales of the Project. This Section 21 may not be amended except with the prior written consent of the Development Unit owner.

2. At any time prior to the conveyance of all of the units in the Project to persons other than Developer or any mortgagee of Developer, Developer reserves the right to modify the Project Documents as may be required by law, the Real Estate Commission, a title insurance company, an institutional mortgagee or any governmental agency and for such other purposes as set forth in Article IV, paragraph C.3 of the Sales Contract, provided, however, that any such modification shall be subject to the Buyer's right to rescind only in the event such change is a "material change" pursuant to Section 514B-87 of the Condominium Act.

EXHIBIT H

SUMMARY OF THE SALES CONTRACTS

A. Residential Unit Sales Contract.

A specimen Deposit Receipt and Sales Contract and Addenda "A" and "B" (collectively, the "Residential Unit Contract") has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE CONTRACT IN FULL, because this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Residential Unit Contract, among other things, covers in more detail the following items:

1. Buyer agrees to deliver to Seller, no later than three (3) business days after the date Seller signs the Residential Unit Contract, written proof of Buyer's ability to pay the Total Purchase Price under the Residential Unit Contract. Written proof shall include a pre-qualification letter based upon a full credit report. Seller will also have the right to require Buyer to give to Seller and Seller's agent a letter of credit from a bank or other financial institution acceptable to Seller securing Buyer's promises and agreements under the Residential Unit Contract and any other information required by Seller.

2. Seller, in its sole discretion, and in addition to any other rights of cancellation or termination reserved to Seller, may elect to cancel the Residential Unit Contract if Buyer defaults under the Residential Unit Contract. Buyer may lose all of its deposits with Escrow and Seller. Seller may, at its option, pursue other legal remedies. If Seller defaults under the Residential Unit Contract, Buyer shall be entitled to specific performance of the Residential Unit Contract, or shall have the right to cancel and terminate the Residential Unit Contract.

3. Buyer is required to prepay maintenance fees, start-up fees, closing costs and prorations as more particularly described in the Residential Unit Contract. At Closing, in addition to the start-up fee being collected from Buyer pursuant to Section II.D.1 of the Residential Unit Contract, Seller will instruct Escrow to transfer from Seller to an account of the Association the sum of \$669.09; \$290.91 of which shall be Seller's contribution to the Association's maintenance reserves to be used as the Association deems appropriate for maintenance, repair or upgrading of the Project's common areas, and \$378.18 of which shall be used for the Project's initial asphalt pavement and slurry seal coating and application work. In consideration of Seller's contribution of the foregoing sums, Buyer agrees to release Seller from any continuing or further obligations to the Project.

4. The Residential Unit Contract confirms that Buyer has had the opportunity to read and approve the project documents, including the Declaration, the Bylaws, the Condominium Map, the form of Unit Deed, the Escrow Agreement, and this Public Report, and all amendments and supplements to all such documents, if any. Buyer (or Buyer's lender, if any) may inspect copies of each of these documents at Seller's sales office. The Residential Unit Contract also provides that the rights of Seller's lender with a mortgage against the Project will be superior to the rights of Buyer under the Residential Unit Contract until the Closing Date and delivery of a signed Unit Deed to Buyer.

5. Buyer specifically acknowledges and accepts certain enumerated conditions regarding on-going development and marketing of the Project stated in the Residential Unit Contract as well as any inconvenience or annoyance which Buyer may experience as a result of such conditions, and expressly waives any rights, claims or action which Buyer might otherwise have against Seller or third parties as a result of such circumstances.

6. After the Effective Date of the Developer's Public Report, Buyer shall have the right to rescind the Residential Unit Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of (a) Buyer's unit or appurtenant limited common element, or (b) amenities of the Project available for Buyer's use. Waiver of such right is governed more specifically by the terms of the Residential Unit Contract.

7. If Buyer cancels the Residential Unit Contract because of Seller's default, Seller will repay to Buyer all sums paid by Buyer to the Seller or to Escrow under the Residential Unit Contract, without interest (except that Buyer will get interest on sums held by Escrow in an interest-bearing account in favor of Buyer, if Buyer checked the appropriate box on the first page of the Residential Unit Contract). Buyer agrees that if Seller defaults at any time, Buyer will only have the rights mentioned in the Residential Unit Contract and that Buyer waives any other rights Buyer might otherwise have.

8. Seller shall have certain rights and remedies against Buyer in the event Buyer fails to perform any of the terms and conditions of the Residential Unit Contract, including failure to comply with the pre-closing and closing requirements, as more particularly described in the Residential Unit Contract, including the right to retain Buyer's deposit and the right to other actual and liquidated damages, the right to specifically enforce the Residential Unit Contract, and the right to charge late fees on amounts past due.

9. The Residential Unit Contract prohibits Buyer from assigning the Residential Unit Contract.

10. The execution, delivery and recordation of Buyer's Unit Deed shall constitute the assignment by Seller to Buyer of any and all warranties given to Seller by the contractors for the Project, if any, including, without limitation, any warranty of materials and workmanship against faulty or deficient materials and installation. The benefit of such warranties, if any, shall accrue to Buyer on closing without further instruments or documents. BUYER ACKNOWLEDGES THAT SELLER HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANLIKE CONSTRUCTION WITH RESPECT TO THE UNIT, THE PROPERTY, ANY COMMON ELEMENT, LIMITED COMMON ELEMENT, OR ANYTHING INSTALLED THEREIN.

11. Buyer agrees to intentionally waive, relinquish and subordinate the priority or super priority of any interest under the Residential Unit Contract in favor of the liens or charges upon the Project of the lender's mortgage loan.

B. Duplex Unit Sales Contract.

A specimen Deposit Receipt and Sales Contract and Addendum "A" (collectively, the "Duplex Unit Contract") has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE CONTRACT IN FULL, because this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Duplex Unit Contract, among other things, covers in more detail the following items:

1. Buyer agrees to deliver to Seller, no later than three (3) business days after the date Seller signs the Duplex Unit Contract, written proof of Buyer's ability to pay the Total Purchase Price under the Duplex Unit Contract. Written proof shall include a pre-qualification letter based upon a full credit report. Seller will also have the right to require Buyer to give to Seller and Seller's agent a letter of credit

from a bank or other financial institution acceptable to Seller securing Buyer's promises and agreements under the Duplex Unit Contract and any other information required by Seller.

2. Seller, in its sole discretion, and in addition to any other rights of cancellation or termination reserved to Seller, may elect to cancel the Duplex Unit Contract if Buyer defaults under the Duplex Unit Contract. Buyer may lose all of its deposits with Escrow and Seller. Seller may, at its option, pursue other legal remedies. If Seller defaults under the Residential Unit Contract, Buyer shall be entitled to specific performance of the Duplex Unit Contract, or shall have the right to cancel and terminate the Duplex Unit Contract

3. Buyer is required to prepay maintenance fees, start-up fees, closing costs and prorations as more particularly described in the Duplex Unit Contract.

4. The Duplex Unit Contract confirms that Buyer has had the opportunity to read and approve the project documents, including the Declaration, the Bylaws, the Condominium Map, the form of Unit Deed, the Escrow Agreement, and this Public Report, and all amendments and supplements to all such documents, if any. Buyer (or Buyer's lender, if any) may inspect copies of each of these documents at Seller's sales office. The Duplex Unit Contract also provides that the rights of Seller's lender with a mortgage against the Project will be superior to the rights of Buyer under the Duplex Unit Contract until the Closing Date and delivery of a signed Unit Deed to Buyer.

5. Buyer specifically acknowledges and accepts certain enumerated conditions regarding on-going development and marketing of the Project stated in the Duplex Unit Contract as well as any inconvenience or annoyance which Buyer may experience as a result of such conditions, and expressly waives any rights, claims or action which Buyer might otherwise have against Seller or third parties as a result of such circumstances.

6. After the Effective Date of the Developer's Public Report, Buyer shall have the right to rescind the Duplex Unit Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of (a) Buyer's unit or appurtenant limited common element, or (b) amenities of the Project available for Buyer's use. Waiver of such right is governed more specifically by the terms of the Duplex Unit Contract.

7. If Buyer cancels the Duplex Unit Contract because of Seller's default, Seller will repay to Buyer all sums paid by Buyer to the Seller or to Escrow under the Duplex Unit Contract, without interest (except that Buyer will get interest on sums held by Escrow in an interest-bearing account in favor of Buyer, if Buyer checked the appropriate box on the first page of the Duplex Unit Contract). Buyer agrees that if Seller defaults at any time, Buyer will only have the rights mentioned in the Duplex Unit Contract and that Buyer waives any other rights Buyer might otherwise have.

8. Seller shall have certain rights and remedies against Buyer in the event Buyer fails to perform any of the terms and conditions of the Duplex Unit Contract, including failure to comply with the pre-closing and closing requirements, as more particularly described in the Duplex Unit Contract, including the right to retain Buyer's deposit and the right to other actual and liquidated damages, the right to specifically enforce the Duplex Unit Contract, and the right to charge late fees on amounts past due.

9. The Duplex Unit Contract prohibits Buyer from assigning the Duplex Unit Contract.

10. The execution, delivery and recordation of Buyer's Unit Deed shall constitute the assignment by Seller to Buyer of any and all warranties given to Seller by the contractors for the Project, if any, including, without limitation, any warranty of materials and workmanship against faulty or

deficient materials and installation. The benefit of such warranties, if any, shall accrue to Buyer on closing without further instruments or documents. BUYER ACKNOWLEDGES THAT SELLER HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANLIKE CONSTRUCTION WITH RESPECT TO THE UNIT, THE PROPERTY, ANY COMMON ELEMENT, LIMITED COMMON ELEMENT, OR ANYTHING INSTALLED THEREIN.

11. Buyer agrees to intentionally waive, relinquish and subordinate the priority or super priority of any interest under the Duplex Unit Contract in favor of the liens or charges upon the Project of the lender's mortgage loan.

ALL BUYERS SHOULD READ THEIR RESPECTIVE SALES CONTRACTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES CONTRACT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES CONTRACT, AND DOES NOT ALTER OR AMEND THE SALES CONTRACT IN ANY MANNER. IF ANY PROVISIONS OF THIS SUMMARY CONTRADICT THE PROVISIONS CONTAINED IN THE SALES CONTRACT IN ANY WAY, THE PROVISION OF THE SALES CONTRACT SHALL OVERRIDE THE PROVISIONS OF THIS SUMMARY.

EXHIBIT I

SUMMARY OF THE ESCROW AGREEMENTS

Copies of the Condominium Escrow Agreement (Residential Units) and the Condominium Escrow Agreement (Duplex Unit) between the Seller and Title Guaranty Escrow Services, Inc. ("Escrow") have been submitted to the Real Estate Commission (collectively, "Escrow Agreement"). The Escrow Agreement, among other things, covers in more detail the following items:

1. Seller shall deliver an executed copy of each sales contract for the sale of a unit and any amendments thereto to Escrow. Each sales contract shall be accompanied by the initial deposit required thereunder.

2. Seller shall pay Escrow monies received from Purchasers under sales contracts covering units in the Project. Escrow shall receive and hold in escrow and disburse funds as set forth in detail in the Escrow Agreement. Escrow shall deposit all funds so received in an account at a federally-insured interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. Except for specific circumstances stated in the Escrow Agreement, any interest earned on funds deposited in escrow under the Escrow Agreement shall accrue to the credit of Seller.

3. No disbursements of funds held in escrow shall be made unless and until, among other conditions, (a) an effective date for a Developer's Public Report has been issued; (b) the Buyer has been given a copy of said Public Report and all amendments, and shall have acknowledged receipt of the same or shall have been deemed to have acknowledged receipt of the same; and (c) Seller or Seller's attorney shall have delivered a written opinion to Escrow that the Buyer's sales contract has become effective.

4. A Buyer shall be entitled to a return of funds and Escrow shall pay such funds to such Buyer, together with any interest that may have accrued to the credit of Buyer, if any one of the following has occurred: (a) Seller and Buyer shall have together requested Escrow in writing to return to Buyer the funds of Buyer held by Escrow; or (b) Seller shall have notified Escrow of Seller's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Seller; or (c) Buyer has exercised such Buyer's right to cancel or rescind the contract pursuant to the Condominium Property Act.

In the event of a default by Buyer in any matter being handled by Escrow, upon certification by Seller of Seller's termination of the sales contract, Escrow will thereafter treat all funds of Buyer paid on account of such Buyer's sales contract as funds of Seller and not as funds of Buyer.

5. Except for the sales contract and any note and mortgage that is to be closed by the mortgagee thereof, Escrow 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, in the manner established in the Escrow Agreement.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS, IF ANY, IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.

EXHIBIT J

DEVELOPER'S STATEMENTS REGARDING CONVERTED UNITS

HIDC Makaha Oceanview Estates LLC, a Hawaii limited liability company (“the Developer”), as the developer of the Makaha Oceanview Estates condominium project (“the Project”), makes the following disclosure statements regarding the converted units in the Project. The Developer’s statements contained herein describe the legal status of the Project, including the common elements and all units therein, as of the date of the filing of the Second Amended and Restated Declaration and the physical condition of the Project as of the date hereof.

1. **Project:** Makaha Oceanview Estates

2. **Project Address:** 85-621 Ala Mahiku Street
 Waianae, Hawaii 96792

3. **Developer:** HIDC Makaha Oceanview Estates LLC
 931 University Avenue, Suite 105
 Honolulu, Hawaii 96826
 (808) 951-8976

4. **Managing Agent:** Hawaiiana Management Company, Ltd.
 700 Kapiolani Boulevard, Suite 700
 Honolulu, Hawaii 96813
 (808) 593-6896

5. **Maintenance Fees:** The breakdown of the estimated annual maintenance fees and the estimated monthly fees for each unit, representing the common expenses of the Project allocated to each unit, which are hereby certified to be based on generally accepted accounting principles, are set forth in **Exhibit 1** attached hereto and made a part hereof by reference. The maintenance fee estimate is a projection of what individual unit owners will be required to contribute toward the maintenance and upkeep of the Project on a monthly basis and is based upon an analysis of the physical and financial status of the Project as described in that certain 2007 Reserve Study for HIDC Makaha Oceanview Estates LLC dated February 12, 2007, prepared by Armstrong Consulting, Inc. (“Reserve Study”). A copy of the Reserve Study is attached hereto as **Exhibit 2**. The Developer advises that the maintenance fees of a condominium project are difficult to estimate prior to actual operation of the Project and even if maintenance fees have been accurately estimated, such fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each unit are based on the latest information available to the Developer and the Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by unit owners. Each buyer should check the attached maintenance fee schedule to see what services are included therein.

6. **Project Description:** The Project consists of a two-story apartment building containing four (4) residential units (“the 2-Story Building”), and a three-story apartment

building containing eighteen (18) units (“the 3-Story Building”), in the locations shown on the Condominium Map (the 2-Story Building and the 3-Story Building are sometimes collectively referred to herein as “the Residential Buildings”). The 2-Story Building is an existing structure built in 1973 and is constructed primarily of wood and appropriate trim. Each unit within the 2-Story Building has two (2) bedrooms and one (1) bathroom, all as more particularly shown on the Condominium Map. The First Floor of the 2-Story Building contains two (2) units, two (2) stairways on either side of the building leading to the Second Floor, and walkways connecting the building to the Project parking area and the 3-Story Building. The Second Floor of the 2-Story Building contains two (2) units and two (2) stairways on either side of the building leading to the First Floor. The 3-Story Building is an existing structure built in 1974 and is constructed primarily of wood and appropriate trim. Each unit within the 3-Story Building has two (2) bedrooms and one (1) bathroom, all as more particularly shown on the Condominium Map. The First Floor of the 3-Story Building contains six (6) units, three (3) stairways leading to the Second and Third Floors, and walkways connecting each stairway to the Project parking area and the 2-Story Building. The Second and Third Floors of the 3-Story Building each contain six (6) units and three (3) stairways connecting each floor to the other and leading to the First Floor.

7. **The Units.** The Project has twenty-two (22) residential units (“the Residential Units”), and forty-six (46) “spatial” Duplex Units that each consist of air space located within the approximate areas designated by the steady dashed lines (“— — —”) (referred to herein as “Buildable Area”) shown on Sheet CPR A-1 of the Condominium Map or as otherwise allowed by the Land Use Ordinance, Chapter 21, Revised Ordinances of Honolulu (1990) of the City and County of Honolulu (“LUO”) (the Residential Units and the Duplex Units are sometimes collectively referred to herein as “the units”). Each unit is designated as a separate freehold estate. Each Residential Unit is designated and identified by a unit number consisting of a three-digit number followed by the letter “A,” “B” or “C,” which designates whether the unit is located on the First, Second or Third Floor, of its respective building. The Duplex Units are in the locations shown on Sheet A-1 of the Condominium Map and are part of Phase 2 of the Project.

8. **Compliance with Building Code:** The Project is zoned A-2, or “medium density apartment district,” under the Land Use Ordinance of the City and County of Honolulu (“LUO”). According to a letter from the Department of Planning and Permitting of the City and County of Honolulu (“DPP”) dated August 4, 2004 (“the DPP Letter”), the 2-Story Building and the 3-Story Building, with twenty-four (24) all-weather surface off-street parking spaces, met all applicable code requirements at the time of construction in 1973 and 1974, respectively.

The DPP Letter further states that (a) Subdivision No. 76/SUB-151 was approved on July 22, 1976 to subdivide Lot 1009, Tax Map Key (1) 8-4-002:049 into two lots: Lot 1009-A of 13.53 acres (parcel 064) and Lot 1009-B of 28.07 acres (parcel 049), along with the designation of Easements 150 and 151 for drain and sewer purposes (the buildings and parking are located on parcel 64); and (b) Subdivision No. 2004/SUB-71 was approved on April 16, 2004 to designate Easements “A” and “B” for storm drain purposes in favor of Lot 1009-B and Easements “C”, “D” and “E” for sewer purposes in favor of the City and County of Honolulu, affecting Lot 1009-A, and to cancel Easements 91 and 93. No variances or special permits were granted to allow deviations from any applicable codes.

Each unit owner, by the acceptance of such owner's unit deed, shall be deemed to have accepted the building conditions described above and agreed that, except as otherwise set forth herein, neither Developer nor any of its affiliates or representatives, shall be responsible for any nonconforming conditions. A copy of the DPP Letter is attached hereto as **Exhibit 3**.

9. **No Warranties**: The Developer cannot determine whether the Project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes. The Developer does not give any warranties or assurances that the apartments can be expanded or that variances are obtainable from the City and County of Honolulu for any proposed improvements. The Project, the apartments and anything installed or contained therein are being sold as "AS IS" condition "WITH ALL FAULTS" by the Developer, without any warranties whatsoever, express or implied. Article IV, Section D.1 of Addendum "B" to the Deposit, Receipt and Sales Contract used in connection with the Project provides, in part, as follows:

1. Seller Makes No Warranties or Promises. Buyer acknowledges that Seller is not the original developer of the project and was not involved in (and is not responsible for) the planning or construction of the project. Buyer further acknowledges that the residential buildings were substantially completed in 1973 and 1974, and have been used over the years primarily for residential purposes. Buyer understands and agrees that the residential unit is being sold "as is, where is" with all faults and that Seller makes no warranties or promises of any kind, express or implied, about the unit, the property or the project (including the common elements of the project), or about any furnishings, fixtures, appliances or other consumer products or anything else installed, attached, affixed or otherwise contained in the unit, the property or the project (including the common elements of the project), including any warranties or promises of "merchantability", "workmanlike construction" or "fitness for a particular use or purpose".

Without limiting the generality of any of the foregoing, Seller makes no warranties or promises: (a) that the project or any improvements in the unit, the property or the project (including the common elements) will be free from cracks in, or other damage to, the concrete or other building materials; (b) regarding the value of the project or the personal property; (c) regarding the physical or environmental condition of the project, including, without limitation, any deferred maintenance at the project; or (d) regarding the suitability, conformance, compliance or lack of compliance of the project with any state, federal, county or local law, code, ordinance, order, permit, administrative requirement, or regulation, including, without limitation, those related to the consolidation and subdivision of land, the operation and use of the project and accessibility of the project by persons with disabilities. In other words, Seller makes no warranties or promises at all.

Buyer for itself and its successors, heirs and assigns, releases Seller and its affiliates, and their and each of their respective past, present

and future members, managers, directors, officers, employees, shareholders, trustees, agents, and each of their respective successors and assigns from and waives any claim, action or liability which arises from or relates to any latent or patent defect in the project or the apartment, known or unknown, which exists now or in the future, or which arises from or relates to any lack of compliance of the project with any state, federal, county or local law, code, ordinance, order, permit, administrative requirement, or regulation, that Buyer may have against Seller under any federal, state or local law, ordinance, rule or regulation now existing or hereafter enacted or promulgated, including without limitation, those related to asbestos, asbestos-containing materials, lead-based or lead-containing paint, hazardous materials and environmental conditions or matters in, on, under, about or migrating from or onto or into the property or the project, or by virtue of any common law right relating to asbestos, asbestos-containing materials, lead-based or lead-containing paint, hazardous material and environmental conditions or matters (including the presence of mold or mildew) in, on, under about or migrating from or onto or into the property or the project. Seller and Buyer agree that this release from liability has been specifically negotiated between Seller and Buyer.

Buyer acknowledges and agrees that Seller's disclaimer of warranties contained in this Section D.1 to the Deposit, Receipt and Sales Contract is an essential element in the determination of the low purchase price for the apartment being sold to Buyer. This means that the unit would not have been sold to Buyer for the amount of the purchase price stated in this agreement without Seller's disclaimer of warranties.

10. **Existing Structures.** The present condition of the site on which the Project is located and the structural components and the mechanical and electrical installations material to the use and enjoyment of the Residential Buildings and the Project are described in reports from a civil/structural engineer, an electrical engineer, a mechanical engineer and an architect, all of which are attached hereto as **Exhibits 4, 5, 6 and 7.**

Although not required by law, the engineers and the architect have given opinions about the condition of the Project to provide buyers with additional information. However, the Developer does not represent or warrant that the reports attached hereto are correct or complete. The reports should not be relied upon as the opinion of the Developer. No representations are made by the Developer with respect to the expected useful life of the structural components or the mechanical and electrical installations in the Project. Except as described herein, the Developer has not ascertained if any of the conditions disclosed in the attached reports have been addressed.

a. **Structural Engineer's Report.** The structural engineer's report dated January 10, 2007 attached hereto as **Exhibit 4** indicates that a site visit was conducted on January 5, 2007 which involved a walk-through observation of the building structure limited to

Unit 204A, the building exterior and the foundations. The report is summarized briefly as follows:

(1) Building. The building is of wood construction with the first floor elevated above ground on post and beam construction. The building has wood siding and the floors have plywood sheathing with concrete topping. The interior structural systems consist of shear walls. The foundation consists of masonry walls and masonry pedestals sitting on concrete footings and supporting the wood posts. The structural system consists of load bearing walls supported by closely spaced posts between the foundation and the first floor level. The lateral load resisting system could not be identified. Renovation work to the units was ongoing at the time of observation, including painting and patching of building exteriors and unit interiors.

(2) Observations. Cracks were observed in the concrete topping of the floors in Unit 204A and the floor of Unit 204A had a feel of flex in it while walking on the floor. The floor framing of the first floor unit for the 3-Story Building consisted of 2x8 wood joists spaced at 16" on centers. The floor framing of the first floor unit for the 2-Story Building consisted of 2x14 wood joists spaced at 16" on centers. The CMU pedestals under all structures have been reinforced with concrete jackets.

(3) Conclusions and Recommendations. In the absence of drawings for the structure and due to the recent building upgrades, it was difficult to visually identify any deficiencies in the structure of the building. The structure was designed and permitted under earlier Building Design Codes and is grandfathered under current State laws. Changes in the Building Codes over the last decade have made design requirements more stringent in comparison with earlier codes, and the existing structures may or may not conform to the design requirements of the current codes. Maintenance is important for the upkeep of the buildings. Generally, the building appears to be in good condition and should continue to perform well with regular maintenance.

b. **Electrical Engineer's Report**. Excerpts from the electrical engineer's report dated March 27, 2006 attached hereto as **Exhibit 5** indicate that the existing electrical system for the buildings is acceptable and has been maintained in good condition, however, the items described below will require attention.

Electrical service to the buildings is furnished by Hawaiian Electric Company (HECO). Each unit is provided with a separate HECO meter. There is an electrical closet located on the first floor landing of each three-story apartment. Each unit has its own electric panelboard protected by a 2P70 ampere circuit breaker. The panel feeder is 3/c #4 SE type cable. The building's service feeder is directly fed from a HECO pad mounted transformer located at the front of the building. Service voltage is 120/240 volts, single phase, three wire. There is an exception to the main breaker rating for Unit 202, as the main breaker for this unit is rated 2P100 amperes.

Telephone service is furnished by Hawaiian Telcom and is provided from a service handhole located adjacent to the HECO pad mounted transformer. There is a telephone

cabinet provided for every six units. The record drawings dated November 30, 1972 indicate that the telephone cables were installed directly in the walls in lieu of cable in raceway.

Cable television service is furnished by Time Warner Oceanic Cable. The CATV service is provided from a service handhole located adjacent to the HECO pad mounted transformer. There is a CATV cabinet provided for every six units. The record drawings indicate that TV cables were installed directly in the walls in lieu of cable in raceway.

Other observations are as follows: the buildings do not have a central fire alarm system, nor do the units have smoke detectors in the bedrooms as required; current Uniform Fire Code (UFC) requires Group R, Division 1 Occupancies to be provided with a manual and automatic fire alarm system for apartment buildings three or more stories in height or containing sixteen or more dwelling units; current National Electrical Code (NEC) requires arc fault interrupter (AFI) circuit breakers for all circuits entering the bedrooms, including all receptacle and lighting circuits (existing apartment panelboards may not be able to handle the AFI circuit breakers); several receptacle and light switch cover plates do not cover the openings in the gypboard walls (there are gaps showing between the cover plate and the wall); exterior lighting fixtures do not appear to be rated for exterior use; duplex receptacles in the bedrooms are mounted such that those controlled by the wall switch are installed with the ground located at the top and "non-switched" receptacles are installed with the ground located toward the floor; meters/mains do not have the clearances required by the NEC (minimum 30"); electrical closets should be provided with nameplates identifying them as such; and building management should familiarize themselves with the locations of each electrical closet and which apartment units are serviced by which meter/main.

c. **Mechanical Engineer's Report.** The mechanical engineer's report dated March 27, 2006 is attached hereto as **Exhibit 6**. Excerpts from the report indicate the following with respect to the buildings in general and Unit 204A:

Plumbing. Water is supplied from a 2-inch water meter located in front of the building and on the left side of the property. The water meter location is not readily accessible to the Board of Water Supply meter reader. The main water shut off valve appears to have a broken handle; the handle should be replaced or the valve replaced with a new ball valve. There is no reduced pressure backflow preventer after the meter. There are two parallel pressure regulators connected to the water line. If they are backflow preventers, they should be above ground.

The building is presently undergoing renovation and plumbing fixtures are being replaced with new low flow fixtures. Heat traps should be installed on the hot water heater pursuant to the amended plumbing code. From what can be seen, the plumbing seems to be in accordance with the renovation plans. Hose bibbs do not have a backflow preventing device and a non-removable hose connection vacuum breaker should be installed at each hose bibb (Watts Model 8A or equivalent).

There is no wet stand pipe or dry stand pipe in the building. There is a fire hydrant at the front of the building, however, a chain link fence stands between the hydrant and

the building. In case of a fire, the fire department will be unable to connect to the hydrant unless it cuts the chain link fence.

Ventilation. The living units do not have air conditioning. The bathrooms have ceiling exhaust fans which appear to be ducted upwards between the wall and through the roof, terminating with a roof cap with a back draft damper.

d. **Architectural Report.** Excerpts from the architect's report dated February 19, 2007 attached hereto as Exhibit 7 indicate that, pursuant to a cursory visual only observation visit, the building has been recently renovated and suits the intended use very well, however, as the building ages, increased maintenance and replacement costs should be expected. In particular, the following observations were made:

Apartments. Inspections of three residential apartments yielded the following observations: the apartment entry door must have 20 minutes fire resistance and a visible label though none were seen; electrical convenience outlets in the kitchen and bathroom within 6' of a water source must be GFIC; the range must have fire resistant finish on the surrounding wall; if a wall cabinet exists above the range, a minimum of 24" clear height must be provided between the burner top and a metal range hood above, and a metal hood must be installed over the range if cabinets are added; bedroom windows must be sized for fire escape with a minimum clear height of 24" and a minimum clear width of 20"; water infiltration damage should be repaired immediately; electrical extension cords are hazardous and should be used with caution; washer/dryer outlets must be dedicated for such use only; the dishwasher drains into system which was not designed for every apartment to have a washer/dryer unit if such apartment does not already have a unit; toilet water closet must be in a space with 30" clear and a minimum of 24" clearance in front of the water closet; shower surround must be of a hard impervious surface to a height of 6'; ceiling heights must be 7'-6" minimum with projections not lower than 6'-6" high; all rooms (except toilet with toilet exhaust) must have a minimum of 10% light and 5% ventilation area in the exterior wall based on the floor area of the room; lanai guardrail must be 42" high; a fire extinguisher was not seen in proximity of the range; electrical panels must have 3' clearance in front; UL-approved hard wire smoke detectors are required inside each bedroom door and in the hallway outside the bedroom doors; glass sliding door on lanai and in shower must have safety glass; and windows with sills lower than 3'-6" must have a guardrail at that height, unless the grade outside the window is less than 18" below the sill. In general, there are no ADA- or FHA- compliant apartments in the building, and occupants and guests may not be able to access the building from the sidewalk or the parking area.

Common areas and parking areas. The following observations were made: parking stalls must have a driveway clearance of 22' as required by the zoning code; there must be loading stalls; there must be an ADA-compliant or van-accessible parking stall; stairs must have required 44" clearance width; handrail height of 42" is okay but does not extend past the last riser and exceeds the spacing or projection from the wall; the guardrail must be 42" high with maximum 4" openings along its entire length; roofing was reportedly recently redone; roofing drains must be kept clear; pipe insulation was not tested for asbestos; and roof insulation requirements have increased in recent codes.

Overall, the building will require an extensive design study if apartments are allowed to have their own window type or split system air conditioning units. The roof will need to be insulated and all glass windows and lanai doors must have insulating properties. Power will need to be increased to each apartment and sub-metered to allow proper charging for electrical usage, and a condensate drain must be provided.

In summary, the information set forth in this Section 10 is only a synopsis of the observations and recommendations made by the engineers and architect and is not intended, nor should be construed by its incorporation herein, to be a representation or warranty of the Developer or more important than any other observation or recommendation contained in said Exhibits and not contained herein. Because the Residential Units in the Residential Buildings are being sold by the Developer in "AS IS" condition "WITH ALL FAULTS," each buyer should carefully review Exhibits 4, 5, 6 and 7 in their entirety. Each buyer should inspect the buyer's unit and the Project or have the unit and the Project inspected by buyer's own experts to buyer's complete satisfaction.

11. **Proposed Reciprocal Easements.** The Residential Buildings draw their utilities from infrastructure located adjacent to the MVP property, however, there are no electrical, cable or telephone utility easements of record in favor of the Project, nor are there any easements of record in favor of the MVP project. The Developer has been advised by its utility consultants of the following: (a) electrical power to the Residential Buildings is drawn from underground power lines located within the MVP property (although separately metered and billed by HECO); (b) the existing electrical, telephone and cable television lines serving the MVP property and the Project crosses the property line at various points between the two projects; (c) the electrical transformer located within the Project site near Kili Drive services the MVP property; (d) the electrical, telephone and cable television pull boxes located near the Residential Buildings serve the MVP property but are located within the Project site; and (e) the water meter serving the MVP property is located on the Project site. In addition, the Developer has been advised that the utility companies will require a general grant of easement from the MVP Association in favor of the utility companies and the Project, to allow for the Project's continued and future use of the existing utility infrastructure. In an effort to resolve the above issues and satisfy the requirements of the utility companies, as of the date of this Public Report, on behalf of the Association, the Developer is negotiating with the MVP Association for the granting of the necessary reciprocal easements to permit both projects to continue to receive service through the existing infrastructure. However, in the event that the Developer and/or the utility companies are unable to obtain the necessary easements from the MVP Association, the Association may be required to install new utility lines for electricity, telephone and cable television servicing the Residential Unit owners and the Residential Area through Kili Drive. In such event, the Residential Unit owners shall be responsible, at their sole cost and expense, for such installation in consultation with the appropriate utility companies.

2-15-07

Estimated Fee Disbursement

Makaha Oceanview
Estates - Phase I
22 Townhomes

	Monthly Fee	Annual Fee
Utilities		
Electricity	\$200.00	\$2,400.00
Water	\$500.00	\$6,000.00
Sewer	\$550.00	\$6,600.00
Cable	\$0.00	\$0.00
Telephone	\$0.00	\$0.00
Refuse	\$675.00	\$8,100.00
Maintenance		
Landscape	\$750.00	\$9,000.00
Common Landscaping/Swale/Entry	\$0.00	\$0.00
Tree Trimming	\$50.00	\$600.00
Pest Control	\$200.00	\$2,400.00
Equipment	\$300.00	\$3,600.00
Building Repairs	\$200.00	\$2,400.00
Roadway	\$0.00	\$0.00
Entry Gate	\$0.00	\$0.00
Management		
Management Fee	\$0.00	\$0.00
Design Review	\$200.00	\$2,400.00
Covenants	\$0.00	\$0.00
Office Expense	\$0.00	\$0.00
Architect	\$0.00	\$0.00
Insurance		
Property	\$1,060.00	\$12,720.00
General Liability	\$0.00	\$0.00
Umbrella	\$0.00	\$0.00
Director & Officers	\$0.00	\$0.00
Fidelity Bond	\$0.00	\$0.00
Taxes		
General Excise Tax	\$0.00	\$0.00
Condo Registration	\$0.00	\$0.00
Audit and Tax Preparation	\$0.00	\$0.00
Legal Fees	\$33.00	\$396.00
Reserves	\$1,751.00	\$21,012.00
TOTAL	\$6,469.00	\$77,628.00

I, Phyllis Kacher, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent for Makaha Oceanview Estates, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Phyllis Kacher
Signature

2/15/07
Date

Pursuant to 514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

Estimate of Fee Disbursement and Estimate of Initial Maintenance Fee assume the following:

16 Lots - Lot Owners will be billed separately for electricity, water, sewer and refuse collection, that a \$1,000 construction deposit shall be collected from each lot buyer at the closing of escrow for consulting fees incurred by the association for design review services of the respective lot owner's new construction, that lot buyers may be assessed for additional design review services if said construction deposit is insufficient to off-set consulting fees. Lot Owners are individually responsible for all property and liability insurance, on their lots and improvements, all pest control and all maintenance including landscape maintenance on their lots and homes. It is assumed that upon the closing of sale of each lot that an amount equal to two months maintenance fee shall be collected from each lot buyer and that the developer shall contribute an amount equal to \$31,280 which shall be paid via installments as each lot closes escrow to serve as an initial reserve fund balance for the Association of Apartment Owners.

2 Existing Units - The Owners of Existing Units will be billed separately for each unit's electricity. It is assumed that upon closing of sale of each existing unit, that an amount equal to two months maintenance fees shall be collected from each Existing unit buyer and that the developer shall contribute an amount equal to \$14,720 which shall be paid via installments as each unit closes escrow to serve as an initial reserve fund balance for the Association of Apartment Owners.

2-15-07

**Estimate of Initial
Maintenance Fees**

Makaha Oceanview Estates
(Phase I - 22 Townhomes)

Unit Number	% Common Interest	Unit Monthly Fee	Monthly Fee (Common Area)	Total Monthly Fee	Annual Fee
197-A	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
198-A	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
199-A	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
200-A	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
201-A	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
202-A	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
203-A	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
204-A	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
197-B	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
198-B	4.5454%	\$294.04	\$17.73	\$311.77	\$3,741.26
199-B	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
200-B	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
201-B	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
202-B	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
203-B	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
204-B	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
199-C	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
200-C	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
201-C	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
202-C	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
203-C	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
204-C	4.5455%	\$294.05	\$17.73	\$311.78	\$3,741.34
TOTAL	100.0000%	\$6,469.00	\$390.06	\$6,859.06	\$82,308.72

2-15-07

Estimated Fee Disbursement

Makaha Oceanview
Estates - Phase II
(46 lots)

	Monthly Fee	Annual Fee
Utilities		
Electricity	\$0.00	\$0.00
Water	\$0.00	\$0.00
Sewer	\$0.00	\$0.00
Cable	\$0.00	\$0.00
Telephone	\$0.00	\$0.00
Refuse	\$0.00	\$0.00
Maintenance		
Landscape	\$0.00	\$0.00
Common Landscaping/Swale/Entry	\$0.00	\$0.00
Tree Trimming	\$0.00	\$0.00
Pest Control	\$0.00	\$0.00
Equipment	\$0.00	\$0.00
Building Repairs	\$0.00	\$0.00
Roadway	\$0.00	\$0.00
Entry Gate	\$0.00	\$0.00
Management		
Management Fee	\$0.00	\$0.00
Design Review	\$500.00	\$6,000.00
Covenants	\$400.00	\$4,800.00
Office Expense	\$0.00	\$0.00
Architect	\$300.00	\$3,600.00
Insurance		
Property	\$0.00	\$0.00
General Liability	\$0.00	\$0.00
Umbrella	\$0.00	\$0.00
Director & Officers	\$0.00	\$0.00
Fidelity Bond	\$0.00	\$0.00
Taxes		
General Excise Tax	\$0.00	\$0.00
Condo Registration	\$0.00	\$0.00
Audit and Tax Preparation	\$0.00	\$0.00
Legal Fees	\$33.00	\$396.00
Reserves	\$920.00	\$11,040.00
TOTAL	\$2,153.00	\$25,836.00

I, Phyllis Kacher, as agent for/and/or employed by Hawaiiiana Management Company, the condominium managing agent for Makaha Oceanview Estates, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Phyllis Kacher
Signature

2/15/07
Date

Pursuant to 514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

Estimate of Fee Disbursement and Estimate of Initial Maintenance Fee assume the following:

46 Lots - Lot Owners will be billed separately for electricity, water, sewer and refuse collection, that a \$1,000 construction deposit shall be collected from each lot buyer at the closing of escrow for consulting fees incurred by the association for design review services of the respective lot owner's new construction, that lot buyers may be assessed for additional design review services if said construction deposit is insufficient to off-set consulting fees. Lot Owners are individually responsible for all property and liability insurance, on their lots and improvements, all pest control and all maintenance including landscape maintenance on their lots and homes. It is assumed that upon the closing of sale of each lot that an amount equal to two months maintenance fee shall be collected from each lot buyer and that the developer shall contribute an amount equal to \$31,280 which shall be paid via installments as each lot closes escrow to serve as an initial reserve fund balance for the Association of Apartment Owners.

22 Existing Units - The Owners of Existing Units will be billed separately for each unit's electricity. It is assumed that upon closing of sale of each existing unit, that an amount equal to two months maintenance fees shall be collected from each Existing unit buyer and that the developer shall contribute an amount equal to \$14,720 which shall be paid via installments as each unit closes escrow to serve as an initial reserve fund balance for the Association of Apartment Owners.

Estimate of Initial Maintenance Fees

Makaha Oceanview
Estates (Phase II - 46 Lots)

Lot Number	% Common Interest	Unit Monthly Fee	Monthly Fee (Common Area)	Total Monthly Fee	Annual Fee
1	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
2	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
3	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
4	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
5	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
6	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
7	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
8	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
9	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
10	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
11	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
12	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
13	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
14	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
15	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
16	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
17	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
18	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
19	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
20	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
21	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
22	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
23	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
24	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
25	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
26	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
27	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
28	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
29	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
30	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
31	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
32	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
33	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
34	4.1674%	\$89.72	\$166.45	\$256.17	\$3,074.09
35	4.1674%	\$89.72	\$166.45	\$256.17	\$3,074.09
36	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
37	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
38	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
39	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68

2-15-07

Estimate of Initial Maintenance Fees

Makaha Oceanview
Estates (Phase II - 46 Lots)

40	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
41	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
42	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
43	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
44	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
45	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
46	2.0833%	\$44.85	\$78.12	\$122.97	\$1,475.68
	100.0000%	\$2,153.00	\$3,770.18	\$5,923.18	\$71,078.16

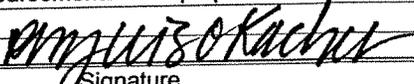
2-15-07

Estimated Fee Disbursement

Makaha Oceanview
Estates - Entire Project
Common Area
(68 units)

	Monthly Fee	Annual Fee
Utilities		
Electricity	\$400.00	\$4,800.00
Water	\$0.00	\$0.00
Sewer	\$0.00	\$0.00
Cable	\$0.00	\$0.00
Telephone	\$75.00	\$900.00
Refuse	\$0.00	\$0.00
Maintenance		
Landscape	\$0.00	\$0.00
Common Landscaping/Swale/Entry	\$300.00	\$3,600.00
Tree Trimming	\$50.00	\$600.00
Pest Control	\$0.00	\$0.00
Equipment	\$20.00	\$240.00
Building Repairs	\$0.00	\$0.00
Roadway	\$50.00	\$600.00
Entry Gate	\$50.00	\$600.00
Management		
Management Fee	\$1,450.00	\$17,400.00
Design Review	\$0.00	\$0.00
Covenants	\$0.00	\$0.00
Office Expense	\$400.00	\$4,800.00
Architect	\$0.00	\$0.00
Insurance		
Property	\$300.00	\$3,600.00
General Liability	\$200.00	\$2,400.00
Umbrella	\$300.00	\$3,600.00
Director & Officers	\$300.00	\$3,600.00
Fidelity Bond	\$50.00	\$600.00
Taxes		
General Excise Tax	\$30.00	\$360.00
Condo Registration	\$27.00	\$324.00
Audit and Tax Preparation	\$125.00	\$1,500.00
Legal Fees	\$33.00	\$396.00
Reserves	\$0.00	\$0.00
TOTAL	\$4,160.00	\$49,920.00

I, Phyllis Kacher, as agent for/and/or employed by Hawaiiiana Management Company, the condominium managing agent for Makaha Oceanview Estates, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


Signature

2/15/07
Date

Pursuant to 514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

Estimate of Fee Disbursement and Estimate of Initial Maintenance Fee assume the following:

46 Lots - Lot Owners will be billed separately for electricity, water, sewer and refuse collection, that a \$1,000 construction deposit shall be collected from each lot buyer at the closing of escrow for consulting fees incurred by the association for design review services of the respective lot owner's new construction, that lot buyers may be assessed for additional design review services if said construction deposit is insufficient to off-set consulting fees. Lot Owners are individually responsible for all property and liability insurance, on their lots and improvements, all pest control and all maintenance including landscape maintenance on their lots and homes. It is assumed that upon the closing of sale of each lot that an amount equal to two months maintenance fee shall be collected from each lot buyer and that the developer shall contribute an amount equal to \$31,280 which shall be paid via installments as each lot closes escrow to serve as an initial reserve fund balance for the Association of Apartment Owners.

22 Existing Units - The Owners of Existing Units will be billed separately for each unit's electricity. It is assumed that upon closing of sale of each existing unit, that an amount equal to two months maintenance fees shall be collected from each Existing unit buyer and that the developer shall contribute an amount equal to \$14,720 which shall be paid via installments as each unit closes escrow to serve as an initial reserve fund balance for the Association of Apartment Owners.

2-15-07

Entire Project
Percent Common Interest
as to entire Project

Makaha Oceanview Estates (ALL)
68 units

Lot Number	% Common Interest - Common Area (46 Lots)	Monthly Fee (Common Area Lots)	% Common Interest - Common Area Townhomes) (22	Monthly Fee (Common Area Townhomes)
1	1.8778%	\$78.12	0.4261%	\$17.73
2	1.8778%	\$78.12	0.4261%	\$17.73
3	1.8778%	\$78.12	0.4261%	\$17.73
4	1.8778%	\$78.12	0.4261%	\$17.73
5	1.8778%	\$78.12	0.4261%	\$17.73
6	1.8778%	\$78.12	0.4261%	\$17.73
7	1.8778%	\$78.12	0.4261%	\$17.73
8	1.8778%	\$78.12	0.4261%	\$17.73
9	1.8778%	\$78.12	0.4261%	\$17.73
10	1.8778%	\$78.12	0.4261%	\$17.73
11	1.8778%	\$78.12	0.4261%	\$17.73
12	1.8778%	\$78.12	0.4261%	\$17.73
13	1.8778%	\$78.12	0.4261%	\$17.73
14	1.8778%	\$78.12	0.4261%	\$17.73
15	1.8778%	\$78.12	0.4261%	\$17.73
16	1.8778%	\$78.12	0.4261%	\$17.73
17	1.8778%	\$78.12	0.4261%	\$17.73
18	1.8778%	\$78.12	0.4261%	\$17.73
19	1.8778%	\$78.12	0.4261%	\$17.73
20	1.8778%	\$78.12	0.4261%	\$17.73
21	1.8778%	\$78.12	0.4261%	\$17.73
22	1.8778%	\$78.12	0.4261%	\$17.73
23	1.8778%	\$78.12	9.3742%	\$389.97
24	1.8778%	\$78.12		
25	1.8778%	\$78.12		
26	1.8778%	\$78.12	TOTAL COMMON AREA %	100.0000%
27	1.8778%	\$78.12		
28	1.8778%	\$78.12	TOTAL MONTHLY FEE	\$4,160.00
29	1.8778%	\$78.12		
30	1.8778%	\$78.12		
31	1.8778%	\$78.12		
32	1.8778%	\$78.12		
33	1.8778%	\$78.12		
34	4.0013%	\$166.45		
35	4.0013%	\$166.45		
36	1.8778%	\$78.12		
37	1.8778%	\$78.12		
38	1.8778%	\$78.12		
39	1.8778%	\$78.12		

2-15-07

Entire Project Makaha Oceanview Estates (ALL)
Percent Common Interest 68 units
as to entire Project

Lot Number	% Common Interest - Common Area (46 Lots)	Monthly Fee (Common Area Lots)	% Common Interest - Common Area (22 Townhomes)	Monthly Fee (Common Area Townhomes)
40	1.8778%	\$78.12		
41	1.8778%	\$78.12		
42	1.8778%	\$78.12		
43	1.8778%	\$78.12		
44	1.8778%	\$78.12		
45	1.8778%	\$78.12		
46	1.8778%	\$78.12		
	90.6258%	\$3,770.03		



Armstrong Consulting, Inc.



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February 12, 2007

Mr. Barry Kaplan
HIDC Makaha Oceanview Estates LLC
84-665 Ala Mahiko Street
Waianae, HI 96792

Re: Makaha Oceanview Estates Reserve Study Summary

Dear Barry,

This study considers the replacement, repairs and/or refurbishment of the project's common area improvements that includes both the 22 unit townhouses development and the 46 unit open lots development. For the open lots, the total current cost of the components included in this analysis as of January 1, 2007 is \$63,314 and the total future cost is \$64,440. The majority of the reserve funding is for asphalt pavement and slurry seal coating work. For the townhouses, the total current cost of the components included in this analysis as of January 1, 2007 is \$200,071 and the total future cost is \$311,115. The majority of the reserve funding is for exterior painting and roofing work.

There are two parts to this report. Analysis 1 covers the reserve funding plan for the open lots (includes 68% of components that are common to the open lots and townhouses). Analysis 2 covers the funding plan for the townhouses (includes 32% of components that are common to the open lots and townhouses).

Analysis 1- Open Lots: This study utilizes a \$39,376 initial reserve fund balance for January 1, 2007. This amount is based on a 68% share of the \$20,000 contribution from the developer for reserves and 68% of \$26,000 for the initial asphalt slurry seal application (\$13,600 + \$17,680 = \$31,280), plus \$8,096 (\$88 monthly fee x 46 units x 2 months) from the buyers of the open lots. Based on these assumptions, an annual contribution rate of \$11,040 for 2007 was utilized. This amount is to remain constant each year throughout the time frame of the study.

This analysis is also based on the following parameters: The analysis period is 20 years and the average rate of return on reserve funds invested is projected at 3.5%. The inflation rate estimated for reserve components is 3.8% per year. Under this analysis the Association does meet Hawaii State reserve requirements under the cash flow method of calculations.

Analysis 2- Townhouses: This study utilizes a \$26,820 initial reserve fund balance for January 1, 2007. This amount is based on a 32% share of the \$20,000 contribution from the developer for reserves and 32% of \$26,000 for the initial asphalt slurry seal application (\$6,400 + \$8,320 =

Makaha Oceanview Estates
February 12, 2007
Page 2 of 2

\$14,720), plus \$12,100 (\$275 monthly fee x 22 units x 2 months) from the buyers of the townhouses. Based on these assumptions, an annual contribution rate of \$21,000 for 2007 was utilized. This amount is to increase by 3.5% starting in 2008 and each year throughout the time frame of the study.

This analysis is also based on the following parameters: The analysis period is 20 years and the average rate of return on reserve funds invested is projected at 3.5%. The inflation rate estimated for reserve components is 3.8% per year. Under this analysis the Association does meet Hawaii State reserve requirements under the cash flow method of calculations.

Please review the assumptions utilized and the entire report for accuracy. We thank you for the opportunity to be of service to you and the Association.

Sincerely,

ARMSTRONG CONSULTING, INC.

DALE ARMSTRONG
Reserve Specialist

2007
RESERVE STUDY
FOR

**HIDC Makaha Oceanview
Estates LLC**

Analysis 1: Open Lots
Analysis 2: Townhouses

February 12, 2007

Prepared by

Armstrong Consulting, Inc.

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2007
RESERVE STUDY
FOR
HIDC Makaha Oceanview Estates LLC
February 12, 2007

A level three (3) study was performed according to the Community Associations Institute (CAI) Reserve Study Standards. (See attached standards.)

On-site visual observations of the common area elements [i.e., roofs, parking areas, paint, etc.] were not performed as specified for a Level 3 reserve study. Update information was provided by property management.

This report may also rely on information supplied by the property manager, Board of Directors, resident manager, contractors and published replacement guides modified for local conditions related to reconstruction.

The placement of a useful life on common elements is not an exact science. There are many variables that affect their life. For example, weather, usage, vandalism and proper maintenance. Therefore, we recommend a review of the physical analysis every three years or at any time of a major condition change [i.e., storm damage] and an update of the financial analysis every year.

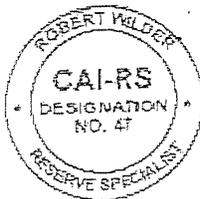
Disclosure; as an impartial third party, Armstrong Consulting, Inc. also provides construction management for Association's reserve projects, by being the Association's representative.

This report was either prepared or reviewed by Dale Armstrong, R.S.

Armstrong Consulting, Inc.



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COMMUNITY ASSOCIATIONS INSTITUTE (CAI) RESERVE STUDY STANDARDS

What is a Reserve Study?

A Reserve Study is made up of two parts, 1) the information about the physical status and repair/replacement cost of the major common area components the association is obligated to maintain (Physical Analysis), and 2) the evaluation and analysis of the association's Reserve balance, income, and expenses (Financial Analysis). The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. The Component Inventory should be relatively "stable" from year to year, while the Condition Assessment and Life and Valuation Estimates will necessarily change from year to year. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan).

Physical Analysis	Financial Analysis
Component Inventory	Fund Status
Condition Assessment	Funding Plan
Life and Valuation Estimates	

Reserve Study Contents

The following is a list of the minimum contents to be included in the Reserve Study.

- A summary of the association's number of units, physical description, and Reserve Fund financial condition.
- A projection of Reserve Starting Balance, recommended Reserve contributions, projected Reserve expenses, and projected ending Reserve Fund Balance for a minimum of 20 years.
- A tabular listing of the Component Inventory, component quantity or identifying descriptions, Useful Life, Remaining Useful Life, and Current Replacement Cost.
- A description of methods and objectives utilized in computing the Fund Status and development of the Funding Plan.
- Source(s) utilized to obtain component Repair or Replacement cost estimates.
- A description of the Level of Service by which the Reserve Study was prepared.
- Fiscal year for which the Reserve Study is prepared.

Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

- I. Full: A Reserve Study in which the following five Reserve Study tasks are performed:
 - Component Inventory
 - Condition Assessment (based upon on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan

II. Update, With-Site-Visit/On-Site Review: A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

III. Update, No-Site-Visit/Off-Site Review: A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

Disclosures

The following are the minimum disclosures to be included in the Reserve Study.

General: Description of other involvement(s) with the association that could result in actual or perceived conflicts of interest.

Physical Analysis: Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.

Financial Analysis: Description of assumptions utilized for interest and inflation, tax, and other outside factors.

Personnel Credentials: State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.

Update Reports: Disclosure of how the current work is reliant on the validity of prior Reserve Studies.

Completeness: Material issues which, if not disclosed, would cause a distortion of the association's situation.

Reliance on Client Data: Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant. The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Reserve Balance: The actual or projected total presented in the reserve study is based upon information provided and was not audited.

Component Quantities: For Update With-Site-Visit and Update No-Site-Visit Levels of Service, the client is considered to have deemed previously developed component quantities as accurate and reliable.

Reserve Projects: Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Terms and Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulas can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$FFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$

or

$FFB = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- **Full Funding:** Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.
- **Statutory Funding:** Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual who prepares Reserve Studies.

RESERVE STUDY: A budget planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for next year's budget."

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services that directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

HAWAII'S AMENDMENT TO ALLOW CASH FLOW ANALYSIS

HB 70

"Cash flow plan" means a twenty-year projection of an association's future income and expense requirements to fund fully its replacement reserves requirements each year during that twenty-year period, except in an emergency; provided that it does not include a projection of special assessments or loans during that twenty-year period, except in an emergency.

Courtesy of Armstrong Consulting, Inc.

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8	1	Asphalt Overlay
8	2	Asphalt Slurry Seal Coat
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8	4	Fence, Perimeter
8	5	Gate - Automatic Entry
8	6	Light Fixtures - Streetlights

Makaha Ocean View Estates

PROJECT DEFINITION REPORT

2/12/2007

Project Information

Project:	Makaha Ocean View Estates	Project Date:	1/01/1985
Address:	84-665 Ala Mahiku Street	Number of Phases:	2
City:	Waianae	Number of Units:	46
State:	HI	Number of Models:	2
Zip:	96792-0000		

Property Description

Located in Makaha, Oahu, Makaha Ocean View Estates is a 5-building, 22 unit low rise apartment complex that was originally built in 1985 and is currently undergoing full renovation work. The structures are wood framed on post on pier columns. There are six three-story buildings and one two story building. The property also includes 46 open lots that are scheduled for residential development.

The property is located at TMK 8-4-002:064 and is zoned A-2 medium density apartment. The entire complex occupies 13.53 acres.

No site visit was held in the preparation of this study. This report was based strictly on the building plans originated by Eight Inc, dated 26 September 2005 and includes only building-related components (no sitework or landscaping). This is in accordance with the directions issued by the property manager. Armstrong Consulting Inc does not take responsibility for any differences between what is shown on the drawings and what is actually installed during construction work.

THIS ANALYSIS 1 FUNDING PLAN APPLIES TO THE OPEN LOT UNITS ONLY.

Makaha Ocean View Estates
ANALYSIS DEFINITION REPORT

Analysis 1 - 2007 Open Lots

Project Information

Project: Makaha Ocean View Estates
 Address: 84-665 Ala Mahiku Street
 City: Waianae
 State: HI
 Zip: 96792-0000

Project Date: 1/01/1985
 Analysis Date: 1/01/2007
 Number of Phases: 2
 Number of Units: 46
 Number of Models: 2

Analysis Parameters

Rate of Inflation: 3.8%
 Rate of Return on Investment: 3.5%
 Beginning Funds: \$39,376.00
 Loan/Special Assessment: No

Deferred Expenditures: No
 Contingency: 0%
 Contingency Time: None

Annual Contribution Factors

		2017:	0%
2008:	0%	2018:	0%
2009:	0%	2019:	0%
2010:	0%	2020:	0%
2011:	0%	2021:	0%
2012:	0%	2022:	0%
2013:	0%	2023:	0%
2014:	0%	2024:	0%
2015:	0%	2025:	0%
2016:	0%	2026:	0%

Additional Analysis Information

This analysis addresses the funding plan Analysis 1 for the Makaha Oceanview Estates Lots. The analysis utilizes a starting balance of \$39,376 for 2007. This figure is based on a lump sum contribution from the developer of \$31,280 (the 68% Lots portion x \$20,000 amounting to \$13,600 for reserves and the 68% Lot portion x \$26,000 amounting to \$17,680 for the initial asphalt slurry seal coat application), plus \$8,096 paid in by buyers (\$88 x 46 x 2 months). It is assumed that all contributions will be received in 2007. A 3.5% average rate of return on reserve fund investments and a 3.8% inflation rate are used for future expenditures.

An annual \$11,040 reserve contribution for 2007 is recommended. This amount remains constant each year throughout the time horizon of the study. Under this analysis the Association would meet Hawaii State reserve requirements under the cash flow method of calculations.

Please review the above financial parameters and the entire report for accuracy.

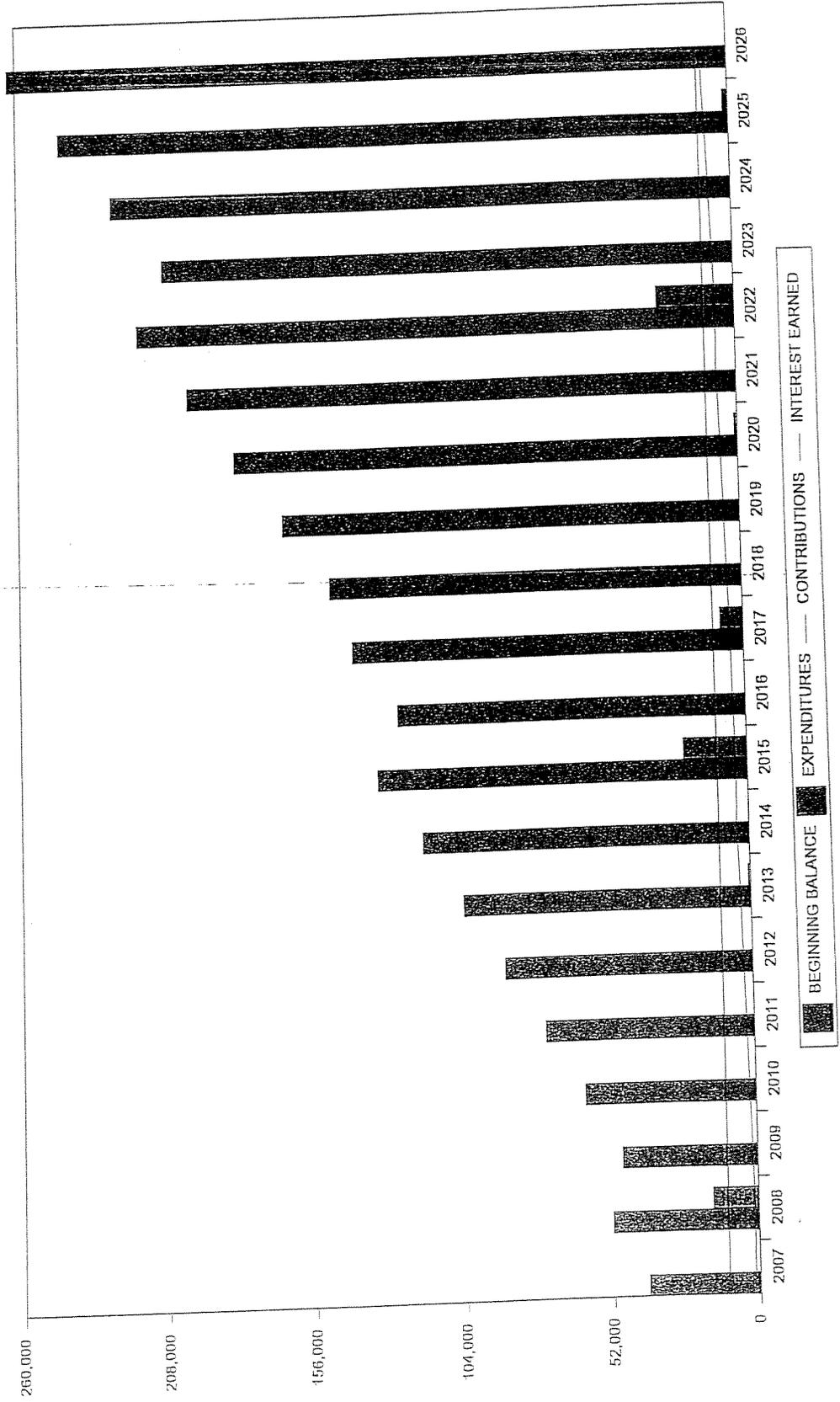
Makaha Ocean View Estates
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Analysis 1 - 2007 Open Lots

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2007	39,376.00	11,040.00	20.00	1,612.22	0.00	52,028.22
2008	52,028.22	11,040.00	20.00	1,479.65	16,379.00	48,168.87
2009	48,168.87	11,040.00	20.00	1,924.99	0.00	61,133.86
2010	61,133.86	11,040.00	20.00	2,386.16	0.00	74,560.02
2011	74,560.02	11,040.00	20.00	2,863.77	0.00	88,463.79
2012	88,463.79	11,040.00	20.00	3,358.33	0.00	102,862.12
2013	102,862.12	11,040.00	20.00	3,840.23	851.00	116,891.35
2014	116,891.35	11,040.00	20.00	4,369.53	0.00	132,300.88
2015	132,300.88	11,040.00	20.00	4,112.06	22,648.00	124,804.94
2016	124,804.94	11,040.00	20.00	4,651.03	0.00	140,495.97
2017	140,495.97	11,040.00	20.00	4,910.52	8,396.00	148,050.49
2018	148,050.49	11,040.00	20.00	5,477.91	0.00	164,568.40
2019	164,568.40	11,040.00	20.00	6,065.46	0.00	181,673.86
2020	181,673.86	11,040.00	20.00	6,634.60	1,105.00	198,243.46
2021	198,243.46	11,040.00	20.00	7,263.32	0.00	216,546.78
2022	216,546.78	11,040.00	20.00	6,931.96	27,619.00	206,899.74
2023	206,899.74	11,040.00	20.00	7,571.24	0.00	225,510.98
2024	225,510.98	11,040.00	20.00	8,233.25	0.00	244,784.23
2025	244,784.23	11,040.00	20.00	8,847.78	1,997.00	262,675.01
2026	262,675.01	11,040.00	20.00	9,555.21	0.00	283,270.22
Totals:		220,800.00		102,089.22	78,995.00	

Makaha Ocean View Estates
CASHFLOW PROJECTIONS GRAPH

Analysis 1 - 2007 Open Lots



PROJECTED EXPENDITURES

Analysis 1 - 2007 Open Lots

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Asphalt Sturry Seal Coat		16,379							21,273	
Fence, Perimeter							851			
Light Fixtures - Streetlights									1,375	
Totals		16,379					851		22,648	

PROJECTED EXPENDITURES
Analysis 1 - 2007 Open Lots

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Asphalt Slurry Seal Coat						27,619				
Entry Phone System	3,951									
Fence, Perimeter				1,105						
Gate - Automatic Entry	4,445								1,997	
Light Fixtures - Streetlights										
Totals	8,396			1,105		27,619			1,997	

Makaha Ocean View Estates

ACCOUNTANT'S REPORT

Analysis 1 - 2007 Open Lots

1/01/2007 - 12/31/2007

Component	Remaining Life (yr/mo)	Future Cost	Assigned Reserves	2007 Contribution Requirement	2007 Assigned Interest Earned	2007 Funding Requirement
Asphalt Slurry Seal Coat	01/00	16,379	13,965	3,916	572	4,488
Entry Phone System	10/00	3,951	0	0	0	0
Fence, Perimeter	06/00	851	121	34	5	39
Gate - Automatic Entry	10/00	4,445	0	0	0	0
Light Fixtures - Streetlights	08/00	1,375	273	77	11	88
Totals:		27,001	14,359	4,027	588	4,615

Makaha Ocean View Estates
COMPONENT SUMMARY REPORT

Analysis 1 - 2007 Open Lots

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Electrical</u>							
Light Fixtures - Streetlights	1/01/2005	10/00	00/00	01/15	Y	1,020	1,375
Sub Total:						1,020	1,375
<u>Fence</u>							
Fence, Perimeter	1/01/2006	07/00	00/00	01/13	Y	680	851
Sub Total:						680	851
<u>Pavement</u>							
Asphalt Overlay	1/01/2007	20/00	00/00	01/07	Y	40,055	40,055
Asphalt Slurry Seal Coat	1/01/2008	07/00	00/00	01/08	Y	15,779	16,379
Sub Total:						55,834	56,434
<u>Security</u>							
Entry Phone System	1/01/2007	10/00	00/00	01/07	Y	2,720	2,720
Gate - Automatic Entry	1/01/2007	10/00	00/00	01/07	Y	3,060	3,060
Sub Total:						5,780	5,780
Grand Total:						63,314	64,440

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 1 - 2007 Open Lots

Asphalt Overlay

Category: Pavement
Began Use: 1/01/2007
Lifespan: 20 years
Lifespan Adjustment: None
Next Replacement: 1/01/2027
Remaining Life: 0 DAYS
Quantity: 35,700.00 SQ. FT.

Unit Cost: \$1.65
Cost Type: Contractor
Percent Replacement: 68.00%
Current Cost: \$40,055.40
Future Cost: \$40,055.40
Salvage Value: \$0.00

Remarks

This component budgets for the application of an asphalt pavement overlay onto the asphalt pavement roadway and parking lots. The new pavement is scheduled for installation in early 2007.

The reserve cost for the pavement overlay is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 1 - 2007 Open Lots

Asphalt Slurry Seal Coat

Category: Pavement
Began Use: 1/01/2008
Lifespan: 7 years
Lifespan Adjustment: None
Next Replacement: 1/01/2015
Remaining Life: 12 MOS
Quantity: 35,700.00 SQ. FT.

Unit Cost: \$0.65
Cost Type: Contractor
Percent Replacement: 68.00%
Current Cost: \$15,779.40
Future Cost: \$16,379.02
Salvage Value: \$0.00

Remarks

This component involves the application of an asphalt slurry seal coat on the asphalt pavement roadway and parking lots. The seal coat is scheduled for placement in 2008. The funding for the initial 2008 application of this component is being provided by the Developer.

In order to protect and extend the service life of the pavement, installation of a seal coat is recommended. The seal coat should be placed within 1 year after installation of a new asphalt pavement and every six or seven years thereafter.

The reserve cost for the pavement seal coat is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 1 - 2007 Open Lots

Entry Phone System

Category: Security
Began Use: 1/01/2007
Lifespan: 10 years
Lifespan Adjustment: None
Next Replacement: 1/01/2017
Remaining Life: 0 DAYS
Quantity: 1.00 EACH

Unit Cost: \$4,000.00
Cost Type: Contractor
Percent Replacement: 68.00%
Current Cost: \$2,720.00
Future Cost: \$2,720.00
Salvage Value: \$0.00

Remarks

This component budgets for the installation of an entry phone system at the planned security entry gate access along Kili Drive. The entry phone system is scheduled for installation in early 2007.

The reserve cost for the entry phone is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates
COMPONENT DETAIL REPORT

Analysis 1 - 2007 Open Lots

Fence. Perimeter

Category:	Fence	Unit Cost:	\$1,000.00
Began Use:	1/01/2006	Cost Type:	Contractor
Lifespan:	7 years	Percent Replacement:	68.00%
Lifespan Adjustment:	None	Current Cost:	\$680.00
Next Replacement:	1/01/2013	Future Cost:	\$850.85
Remaining Life:	6 YRS	Salvage Value:	\$0.00
Quantity:	1.00 LUMP SUM		

Remarks

This component establishes an allowance to repair the perimeter fencing for the property. The allowance assumes that repairs will be made on a 5-year cycle.

The reserve cost for the fencing is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates
COMPONENT DETAIL REPORT

Analysis 1 - 2007 Open Lots

Gate - Automatic Entry

Category: Security
Began Use: 1/01/2007
Lifespan: 10 years
Lifespan Adjustment: None
Next Replacement: 1/01/2017
Remaining Life: 0 DAYS
Quantity: 1.00 EACH

Unit Cost: \$4,500.00
Cost Type: Contractor
Percent Replacement: 68.00%
Current Cost: \$3,060.00
Future Cost: \$3,060.00
Salvage Value: \$0.00

Remarks

This component budgets for the installation of an automatic vehicle and pedestrian entry gate at the Killi Drive entryway. The gate system is scheduled for installation in early 2007 by the developer. After installation, further replacement costs are to be borne by the Association.

The reserve cost for the entry gate is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates
COMPONENT DETAIL REPORT

Analysis 1 - 2007 Open Lots

Light Fixtures - Streetlights

Category: Electrical
Began Use: 1/01/2005
Lifespan: 10 years
Lifespan Adjustment: None
Next Replacement: 1/01/2015
Remaining Life: 8 YRS
Quantity: 1.00 LUMP SUM

Unit Cost: \$1,500.00
Cost Type: Contractor
Percent Replacement: 68.00%
Current Cost: \$1,020.00
Future Cost: \$1,375.12
Salvage Value: \$0.00

Remarks

This component budgets for one streetlight fixture to be replaced on a 10-year cycle. This component involves the replacement the light fixture and pole. It is assumed that the existing concrete foundation will be re-used. This component establishes an allowance to replace the lights on an as-needed basis.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

The reserve cost for the lights are allocated as 32% for the townhouses and 68% for the lots.

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Makaha Ocean View Estates
PROJECT DEFINITION REPORT

2/12/2007

Project Information

Project: Makaha Ocean View Estates
Address: 84-665 Ala Mahiku Street
City: Waianae
State: HI
Zip: 96792-0000

Project Date: 1/01/1985
Number of Phases: 2
Number of Units: 22
Number of Models: 2

Property Description

Located in Makaha, Oahu, Makaha Ocean View Estates is a 5-building, 22 unit low rise apartment complex that was originally built in 1985 and is currently undergoing full renovation work. The structures are wood framed on post on pier columns. There are six three-story buildings and one two story building. The property also includes 46 open lots that are scheduled for residential development.

The property is located at TMK 8-4-002:064 and is zoned A-2 medium density apartment. The entire complex occupies 13.53 acres.

No site visit was held in the preparation of this study. This report was based strictly on the building plans originated by Eight Inc, dated 26 September 2005 and includes only building-related components (no sitework or landscaping). This is in accordance with the directions issued by the property manager. Armstrong Consulting Inc does not take responsibility for any differences between what is shown on the drawings and what is actually installed during construction work.

THIS ANALYSIS 2 FUNDING PLAN APPLIES TO THE TOWNHOUSE UNITS ONLY.

Makaha Ocean View Estates

ANALYSIS DEFINITION REPORT

Analysis 2 - 2007 Townhouses

Project Information

Project: Makaha Ocean View Estates
Address: 84-665 Ala Mahiku Street
City: Waianae
State: HI
Zip: 96792-0000

Project Date: 1/01/1985
Analysis Date: 1/01/2007
Number of Phases: 2
Number of Units: 22
Number of Models: 2

Analysis Parameters

Rate of Inflation: 3.8%
Rate of Return on Investment: 3.5%
Beginning Funds: \$26,820.00
Loan/Special Assessment: No

Deferred Expenditures: No
Contingency: 0%
Contingency Time: None

Annual Contribution Factors

		2017:	3.5%
2008:	3.5%	2018:	3.5%
2009:	3.5%	2019:	3.5%
2010:	3.5%	2020:	3.5%
2011:	3.5%	2021:	3.5%
2012:	3.5%	2022:	3.5%
2013:	3.5%	2023:	3.5%
2014:	3.5%	2024:	3.5%
2015:	3.5%	2025:	3.5%
2016:	3.5%	2026:	3.5%

Additional Analysis Information

This analysis addresses the funding plan Analysis 1 for the Makaha Oceanview Estates Townhouses. The analysis utilizes a starting balance of \$26,820 for 2007. This figure is based on a lump sum contribution from the developer of \$14,720 (the 32% Townhouse portion amounting to \$6,400 for reserves and \$8,320 for the initial asphalt slurry seal coat application), plus \$12,100 paid in by buyers (\$275 x 22 x 2 months) of the townhouse units. It is assumed that all contributions will be received in 2007. A 3.5% average rate of return on reserve fund investments and a 3.8% inflation rate are used for future expenditures.

An annual \$21,000 reserve contribution for 2007 is recommended; and from 2008 on, this amount increases by 3.5% each year throughout the time horizon of the study. Under this analysis the Association would meet Hawaii State reserve requirements under the cash flow method of calculations.

Please review the above financial parameters and the entire report for accuracy.

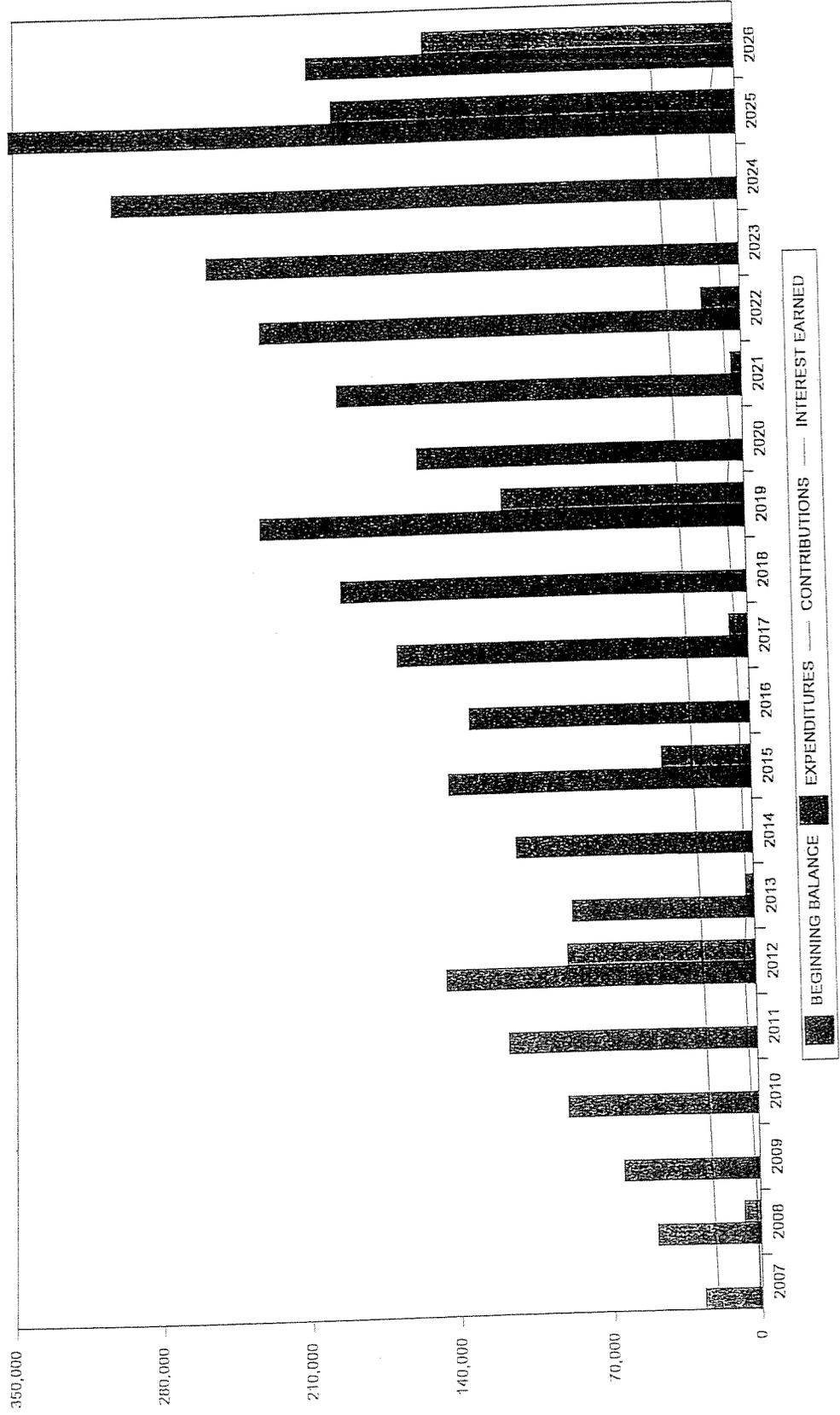
Makaha Ocean View Estates
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

Analysis 2 - 2007 Townhouses

Year	Beginning Balance	Contribution	Average/ Unit/Mo	Interest Earned	Expenditures	Ending Balance
2007	26,820.00	21,000.00	79.55	1,356.46	0.00	49,176.46
2008	49,176.46	21,735.00	82.33	1,881.20	8,001.00	64,791.66
2009	64,791.66	22,495.73	85.21	2,735.83	0.00	90,023.22
2010	90,023.22	23,283.08	88.19	3,648.43	0.00	116,954.73
2011	116,954.73	24,097.99	91.28	4,622.04	0.00	145,674.76
2012	145,674.76	24,941.42	94.48	5,399.28	89,317.00	86,698.46
2013	86,698.46	25,814.37	97.78	3,553.11	4,111.00	111,954.94
2014	111,954.94	26,717.87	101.20	4,494.39	0.00	143,167.20
2015	143,167.20	27,653.00	104.75	5,045.03	42,816.00	133,049.23
2016	133,049.23	28,620.86	108.41	5,281.22	0.00	166,951.31
2017	166,951.31	29,622.59	112.21	6,202.94	8,940.00	193,836.84
2018	193,836.84	30,659.38	116.13	7,482.56	0.00	231,978.78
2019	231,978.78	31,732.46	120.20	8,521.62	115,962.00	156,270.86
2020	156,270.86	32,843.10	124.41	6,168.94	540.00	194,742.90
2021	194,742.90	33,992.61	128.76	7,564.16	4,981.00	231,318.67
2022	231,318.67	35,182.35	133.27	8,274.28	18,048.00	256,727.30
2023	256,727.30	36,413.73	137.93	9,829.95	0.00	302,970.98
2024	302,970.98	37,688.21	142.76	11,499.28	0.00	352,158.47
2025	352,158.47	39,007.30	147.75	12,537.85	196,033.00	207,670.62
2026	207,670.62	40,372.56	152.93	7,721.47	150,612.00	105,152.65
Totals:		593,873.61		123,820.04	639,361.00	

Makaha Ocean View Estates
CASHFLOW PROJECTIONS GRAPH

Analysis 2 - 2007 Townhouses



PROJECTED EXPENDITURES

Analysis 2 - 2007 Townhouses

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Asphalt Slurry Seal Coat		8,001							10,391	
Carpentry Repairs						19,417			14,477	
Electrical Repairs - General							416			
Fence, Perimeter							3,695			
Fire Control Equipment									2,799	
Light Fixtures - Exterior									672	
Light Fixtures - Streetlights										
Paint Exterior						69,900			14,477	
Plumbing Repairs - General										
Totals		8,001				89,317	4,111		42,816	

PROJECTED EXPENDITURES
Analysis 2 - 2007 Townhouses

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Asphalt Slurry Seal Coat						13,491				
Carpentry Repairs			25,209							32,742
Electrical Repairs - General									21,029	
Entry Phone System	1,930									
Fence, Perimeter				540						
Fire Control Equipment					4,981					
Gate - Automatic Entry	2,171									
Laundry Room Equipment	4,839									
Laundry Room Refurbishment						4,557				
Light Fixtures - Exterior									4,064	
Light Fixtures - Streetlights									975	117,870
Paint Exterior			90,753							
Plumbing Repairs - General									21,029	
Roof Flashing									26,969	
Roofing - Asphalt Shingles									21,029	
Roofing - Built Up									44,160	
Roofing - Decramastic Metal									56,778	
Totals	8,940		115,962	540	4,981	18,048			196,033	150,612

Makaha Ocean View Estates
ACCOUNTANT'S REPORT

Analysis 2 - 2007 Townhouses
1/01/2007 - 12/31/2007

Component	Remaining Life (yr/mo)	Future Cost	Assigned Reserves	2007 Contribution Requirement	2007 Assigned Interest Earned	2007 Funding Requirement
Asphalt Slurry Seal Coat	01/00	8,001	5,547	4,344	281	4,625
Carpentry Repairs	05/11	19,417	2,432	1,904	123	2,027
Electrical Repairs - General	08/11	14,477	1,270	994	64	1,058
Entry Phone System	10/00	1,930	0	0	0	0
Fence, Perimeter	06/00	416	48	38	2	40
Fire Control Equipment	06/11	3,695	405	317	20	337
Gate - Automatic Entry	10/00	2,171	0	0	0	0
Light Fixtures - Exterior	08/00	2,799	453	354	23	377
Light Fixtures - Streetlights	08/00	672	109	85	5	90
Paint Exterior	05/11	69,900	8,756	6,856	443	7,299
Plumbing Repairs - General	08/11	14,477	1,270	994	64	1,058
Roof Flashing	18/11	26,969	1,183	926	60	986
Roofing - Asphalt Shingles	18/11	21,029	922	722	47	769
Roofing - Built Up	18/11	44,160	1,936	1,516	98	1,614
Roofing - Decramastic Metal	18/11	56,778	2,490	1,949	126	2,075
Totals:		286,891	26,821	20,999	1,356	22,355

Makaha Ocean View Estates
COMPONENT SUMMARY REPORT

Analysis 2 - 2007 Townhouses

Description	Starting Date	Useful Life (yr/mo)	Adj. Life (yr/mo)	Sched. Rpl. (mo/yr)	Recur	Current Cost	Future Cost
<u>Architectural</u>							
Carpentry Repairs	12/01/2005	07/00	00/00	12/12	Y	15,000	19,417
Sub Total:						15,000	19,417
<u>Electrical</u>							
Electrical Repairs - General	12/01/2005	10/00	00/00	12/15	Y	10,000	14,477
Light Fixtures - Exterior	1/01/2005	10/00	00/00	01/15	Y	2,000	2,799
Light Fixtures - Streetlights	1/01/2005	10/00	00/00	01/15	Y	480	672
Sub Total:						12,480	17,948
<u>Fence</u>							
Fence, Perimeter	1/01/2006	07/00	00/00	01/13	Y	320	416
Sub Total:						320	416
<u>Fire Safety</u>							
Fire Control Equipment	12/01/2005	08/00	00/00	12/13	Y	2,750	3,695
Sub Total:						2,750	3,695
<u>Painting</u>							
Paint Exterior	12/01/2005	07/00	00/00	12/12	Y	54,000	69,900
Sub Total:						54,000	69,900
<u>Pavement</u>							
Asphalt Overlay	1/01/2007	20/00	00/00	01/07	Y	18,850	19,566

Makaha Ocean View Estates
COMPONENT SUMMARY REPORT

Analysis 2 - 2007 Townhouses

Description	Starting Date	Useful Life (yrr/mo)	Adj. Life (yrr/mo)	Sched. Rpl. (m/lyr)	Recur	Current Cost	Future Cost
Asphalt Slurry Seal Coat	1/01/2008	07/00	00/00	01/08	Y	7,426	8,001
Sub Total:						26,276	27,567
<u>Plumbing</u>							
Plumbing Repairs - General	12/01/2005	10/00	00/00	12/15	Y	10,000	14,477
Sub Total:						10,000	14,477
<u>Roofing</u>							
Roof Flashing	12/01/2005	20/00	00/00	12/25	Y	12,825	26,969
Roofing - Asphalt Shingles	12/01/2005	20/00	00/00	12/25	Y	10,000	21,029
Roofing - Built Up	12/01/2005	20/00	00/00	12/25	Y	21,000	44,160
Roofing - Decramastic Metal	12/01/2005	20/00	00/00	12/25	Y	27,000	56,778
Sub Total:						70,825	148,936
<u>Sanitation</u>							
Laundry Room Equipment	2/01/2007	10/00	00/00	02/07	Y	3,200	3,332
Laundry Room Refurbishment	2/01/2007	15/00	00/00	02/07	Y	2,500	2,603
Sub Total:						5,700	5,935
<u>Security</u>							
Entry Phone System	1/01/2007	10/00	00/00	01/07	Y	1,280	1,329
Gate - Automatic Entry	1/01/2007	10/00	00/00	01/07	Y	1,440	1,495
Sub Total:						2,720	2,824
Grand Total:						200,071	311,115

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Asphalt Overlay

Category:	Pavement	Unit Cost:	\$1.65
Began Use:	1/01/2007	Cost Type:	Contractor
Lifespan:	20 years	Percent Replacement:	32.00%
Lifespan Adjustment:	None	Current Cost:	\$18,849.60
Next Replacement:	1/01/2027	Future Cost:	\$19,565.88
Remaining Life:	0 DAYS	Salvage Value:	\$0.00
Quantity:	35,700.00 SQ. FT.		

Remarks

This component budgets for the application of an asphalt pavement overlay onto the asphalt pavement roadway and parking lots. The new pavement is scheduled for installation in early 2007.

The reserve cost for the pavement overlay is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Asphalt Slurry Seal Coat

Category: Pavement
Began Use: 1/01/2008
Lifespan: 7 years
Lifespan Adjustment: None
Next Replacement: 1/01/2015
Remaining Life: 12 MOS
Quantity: 35,700.00 SQ. FT.

Unit Cost: \$0.65
Cost Type: Contractor
Percent Replacement: 32.00%
Current Cost: \$7,425.60
Future Cost: \$8,000.67
Salvage Value: \$0.00

Remarks

This component involves the application of an asphalt slurry seal coat on the asphalt pavement roadway and parking lots. The seal coat is scheduled for placement in 2008. The funding for the initial 2008 application of this component is being provided by the Developer.

In order to protect and extend the service life of the pavement, installation of a seal coat is recommended. The seal coat should be placed within 1 year after installation of a new asphalt pavement and every six or seven years thereafter.

The reserve cost for the pavement seal coat is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Carpentry Repairs

Category: Architectural
Began Use: 12/01/2005
Lifespan: 7 years
Lifespan Adjustment: None
Next Replacement: 12/01/2012
Remaining Life: 5 YRS
Quantity: 1.00 LUMP SUM

Unit Cost: \$15,000.00
Cost Type: Contractor
Percent Replacement: 100.00%
Current Cost: \$15,000.00
Future Cost: \$19,416.77
Salvage Value: \$0.00

Remarks

This component establishes an allowance to perform carpentry repairs to major wood components of the building. This includes structural framing, siding and trim, stairs and railing, crawl space skirt and landings. This allowance provides for a set amount of funds to be used on a 7-year cycle to coincide with exterior painting. The budgeted amount is an estimate based on the age and condition of the structure. This component applies to the Townhouses only.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Electrical Repairs - General

Category: Electrical
Began Use: 12/01/2005
Lifespan: 10 years
Lifespan Adjustment: None
Next Replacement: 12/01/2015
Remaining Life: 8 YRS
Quantity: 1.00 LUMP SUM

Unit Cost: \$10,000.00
Cost Type: Contractor
Percent Replacement: 100.00%
Current Cost: \$10,000.00
Future Cost: \$14,476.97
Salvage Value: \$0.00

Remarks

This component establishes an allowance to perform major electrical repairs as needed on a 10-year recurring basis. This component applies to the Townhouses only.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Entry Phone System

Category: Security
Began Use: 1/01/2007
Lifespan: 10 years
Lifespan Adjustment: None
Next Replacement: 1/01/2017
Remaining Life: 0 DAYS
Quantity: 1.00 EACH

Unit Cost: \$4,000.00
Cost Type: Contractor
Percent Replacement: 32.00%
Current Cost: \$1,280.00
Future Cost: \$1,328.64
Salvage Value: \$0.00

Remarks

This component budgets for the installation of an entry phone system at the planned security entry gate access along Kili Drive. The entry phone system is scheduled for installation in early 2007.

The reserve cost for the entry phone is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Fence. Perimeter

Category: Fence
Began Use: 1/01/2006
Lifespan: 7 years
Lifespan Adjustment: None
Next Replacement: 1/01/2013
Remaining Life: 6 YRS
Quantity: 1.00 LUMP SUM

Unit Cost: \$1,000.00
Cost Type: Contractor
Percent Replacement: 32.00%
Current Cost: \$320.00
Future Cost: \$415.62
Salvage Value: \$0.00

Remarks

This component establishes an allowance to repair the perimeter fencing for the property. The allowance assumes that repairs will be made on a 5-year cycle.

The reserve cost for the fencing is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates
COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Fire Control Equipment

Category: Fire Safety
Began Use: 12/01/2005
Lifespan: 8 years
Lifespan Adjustment: None
Next Replacement: 12/01/2013
Remaining Life: 6 YRS
Quantity: 11.00 LUMP SUM

Unit Cost: \$250.00
Cost Type: Contractor
Percent Replacement: 100.00%
Current Cost: \$2,750.00
Future Cost: \$3,695.01
Salvage Value: \$0.00

Remarks

This component involves the replacement or repairs to fire safety equipment located on each landing and includes fire extinguishers and cabinets. There are a total of 11 stations. This component applies to the Townhouses only.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

Makaha Ocean View Estates
COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Gate - Automatic Entry

Category: Security
Began Use: 1/01/2007
Lifespan: 10 years
Lifespan Adjustment: None
Next Replacement: 1/01/2017
Remaining Life: 0 DAYS
Quantity: 1.00 EACH

Unit Cost: \$4,500.00
Cost Type: Contractor
Percent Replacement: 32.00%
Current Cost: \$1,440.00
Future Cost: \$1,494.72
Salvage Value: \$0.00

Remarks

This component budgets for the installation of an automatic vehicle and pedestrian entry gate at the Kili Drive entryway. The gate system is scheduled for installation in early 2007 by the developer. After installation, further replacement costs are to be borne by the Association.

The reserve cost for the entry gate is allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Laundry Room Equipment

Category:	Sanitation	Unit Cost:	\$3,200.00
Began Use:	2/01/2007	Cost Type:	Contractor
Lifespan:	10 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$3,200.00
Next Replacement:	2/01/2017	Future Cost:	\$3,331.53
Remaining Life:	31 DAYS	Salvage Value:	\$0.00
Quantity:	1.00 LUMP SUM		

Remarks

This component budgets for replacement of the 4 washers and 4 dryers that are scheduled to be installed in the Laundry Room by the developer. Replacement costs after initial installation is to be borne by the Association. This component applies to the Townhouses only.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Laundry Room Refurbishment

Category: Sanitation
Began Use: 2/01/2007
Lifespan: 15 years
Lifespan Adjustment: None
Next Replacement: 2/01/2022
Remaining Life: 31 DAYS
Quantity: 1.00 LUMP SUM

Unit Cost: \$2,500.00
Cost Type: Contractor
Percent Replacement: 100.00%
Current Cost: \$2,500.00
Future Cost: \$2,602.75
Salvage Value: \$0.00

Remarks

This component budgets for the refurbishments of the planned laundry room building. The refurbishment work includes painting, light fixtures replacement, flooring replacement, and vent cleaning. After initial construction by the developer, refurbishment costs are to be borne by the Association. This component applies to the Townhouses only.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Light Fixtures - Exterior

Category:	Electrical	Unit Cost:	\$2,000.00
Began Use:	1/01/2005	Cost Type:	Contractor
Lifespan:	10 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$2,000.00
Next Replacement:	1/01/2015	Future Cost:	\$2,798.78
Remaining Life:	8 YRS	Salvage Value:	\$0.00
Quantity:	1.00 LUMP SUM		

Remarks

This component involves the replacement the exterior mounted light fixtures located throughout the facility. This component establishes an allowance to replace light fixtures on an as-needed basis. This component applies to the Townhouses only.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Light Fixtures - Streetlights

Category:	Electrical	Unit Cost:	\$1,500.00
Began Use:	1/01/2005	Cost Type:	Contractor
Lifespan:	10 years	Percent Replacement:	32.00%
Lifespan Adjustment:	None	Current Cost:	\$480.00
Next Replacement:	1/01/2015	Future Cost:	\$671.71
Remaining Life:	8 YRS	Salvage Value:	\$0.00
Quantity:	1.00 LUMP SUM		

Remarks

This component budgets for one streetlight fixture to be replaced on a 10-year cycle. This component involves the replacement the light fixture and pole. It is assumed that the existing concrete foundation will be re-used. This component establishes an allowance to replace the lights on an as-needed basis.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

The reserve cost for the lights are allocated as 32% for the townhouses and 68% for the lots.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Paint Exterior

Category: Painting
Began Use: 12/01/2005
Lifespan: 7 years
Lifespan Adjustment: None
Next Replacement: 12/01/2012
Remaining Life: 5 YRS
Quantity: 24,000.00 SQ. FT.

Unit Cost: \$2.25
Cost Type: Contractor
Percent Replacement: 100.00%
Current Cost: \$54,000.00
Future Cost: \$69,900.37
Salvage Value: \$0.00

Remarks

This component budgets for the application of exterior painting. The scope of work includes minor patching and caulking, spot priming, and two coats of latex enamel paint. Carpentry work prior to painting is covered under another component. This component applies to the Townhouses only.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Plumbing Repairs - General

Category: Plumbing
Began Use: 12/01/2005
Lifespan: 10 years
Lifespan Adjustment: None
Next Replacement: 12/01/2015
Remaining Life: 8 YRS
Quantity: 1.00 LUMP SUM

Unit Cost: \$10,000.00
Cost Type: Contractor
Percent Replacement: 100.00%
Current Cost: \$10,000.00
Future Cost: \$14,476.97
Salvage Value: \$0.00

Remarks

This component establishes an allowance to perform plumbing repairs as necessary on a 10-year recurring basis. This component included minor plumbing upgrade and repairs only. This component applies to the Townhouses only.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by EIGHT Inc, dated 26 September 2005.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Roof Flashing

Category:	Roofing	Unit Cost:	\$15.00
Began Use:	12/01/2005	Cost Type:	Contractor
Lifespan:	20 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$12,825.00
Next Replacement:	12/01/2025	Future Cost:	\$26,969.36
Remaining Life:	18 YRS	Salvage Value:	\$0.00
Quantity:	855.00 LIN FT		

Remarks

This component involves the replacement of the roof flashing system. The existing flashing is a painted aluminum product that was considered to be installed new during the installation of the new built-up and asphalt shingle roofing. This component applies to the Townhouses only.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Roofing - Asphalt Shingles

Category: Roofing
Began Use: 12/01/2005
Lifespan: 20 years
Lifespan Adjustment: None
Next Replacement: 12/01/2025
Remaining Life: 18 YRS
Quantity: 20.00 SQUARE

Unit Cost: \$500.00
Cost Type: Contractor
Percent Replacement: 100.00%
Current Cost: \$10,000.00
Future Cost: \$21,028.74
Salvage Value: \$0.00

Remarks

This component involves the installation of new asphalt shingle roofing on the two-story structure. The cost includes an adjustment for the location of the project site. This component applies to the Townhouses only.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Roofing - Built Up

Category:	Roofing	Unit Cost:	\$600.00
Began Use:	12/01/2005	Cost Type:	Contractor
Lifespan:	20 years	Percent Replacement:	100.00%
Lifespan Adjustment:	None	Current Cost:	\$21,000.00
Next Replacement:	12/01/2025	Future Cost:	\$44,160.35
Remaining Life:	18 YRS	Salvage Value:	\$0.00
Quantity:	35.00 SQUARE		

Remarks

This component involves the replacement of the built-up roofing system installed on the flat roof surfaces of the three-story buildings. This includes the flat roof surfaces on Buildings 199, 200, 201, 202, 203, and 204. This component applies to the Townhouses only.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

Makaha Ocean View Estates

COMPONENT DETAIL REPORT

Analysis 2 - 2007 Townhouses

Roofing - Decramastic Metal

Category: Roofing
Began Use: 12/01/2005
Lifespan: 20 years
Lifespan Adjustment: None
Next Replacement: 12/01/2025
Remaining Life: 18 YRS
Quantity: 45.00 SQUARE

Unit Cost: \$600.00
Cost Type: Contractor
Percent Replacement: 100.00%
Current Cost: \$27,000.00
Future Cost: \$56,777.60
Salvage Value: \$0.00

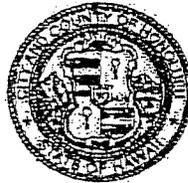
Remarks

This component involves the replacement of the Decramastic metal tile roofing system. The building drawings indicate that the existing metal roofing system is to be repaired and coated by a manufacturer-approved coating system. This component assumes that the coating system will significantly extend the life of the component. This component applies to the Townhouses only.

The actual installation of this component was not verified with an on-site investigation. As directed by property management, quantities and estimated replacement costs were determined by construction drawings originated by Eight Inc, dated 26 September 2005.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET • HONOLULU, HAWAII 96813
TELEPHONE: (808) 525-4414 • FAX: (808) 527-6749 • INTERNET: www.cc.honolulu.hi.us



JEREMY HARRIS
MAYOR

ERIC G. CRISPIN, AI
DIRECTOR

BARBARA KIM STANT
DEPUTY DIRECTOR

2004/ELOG-702(EE)

August 4, 2004

Mr. Kenneth K. P. Wong, Esq.
Attorney at Law
Davies Pacific Center, Suite 1090
841 Bishop Street
Honolulu, Hawaii 96813

AUG - 6 2004

Dear Mr. Wong:

Subject: Condominium Conversion Project
84-665 Ala Mahiku Street
Tax Map Key: 8-4-002: 064

This is in response to your letter dated April 5, 2004 requesting verification that the structures on the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the two-story, four-unit apartment building and the three-story, 18-unit apartment building with 24 all-weather surface off-street parking spaces met all applicable code requirements when they were constructed in 1973 and 1974, respectively, on this 13.530-acre A-2 Medium Density Apartment District zoned lot.

Investigation also revealed the following:

1. Subdivision No. 76/SUB-151 was approved on July 22, 1976 to subdivide Lot 1009, Tax Map Key: 8-4-002: 049, into two lots: Lot 1009-A of 13.530 acres (parcel 064) and Lot 1009-B of 28.070 acres (parcel 049), along with the designation of Easements 150 and 151 for drain and sewer purposes. The buildings and parking are located on parcel 64.
2. Subdivision No. 2004/SUB-71 was approved on April 16, 2004 to designate Easements "A" and "B" for storm drain purposes in favor of Lot 1009-B and Easements "C", "D" and "E" for sewer purposes in favor of the City and County of Honolulu, affecting Lot 1009-A; and to cancel Easements 91 and 93.

Mr. Kenneth K. P. Wong, Esq.
August 4, 2004
Page 2

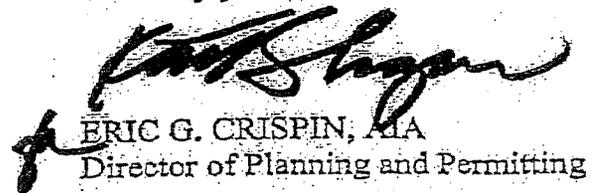
No variances or special permits were granted to allow deviations from any applicable codes.

For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

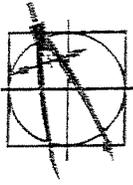
If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-family Code Enforcement Branch at 527-6341.

Sincerely yours,


ERIC G. CRISPIN, AIA
Director of Planning and Permitting

EGC:ft

Doc 316432



HAWAII
ENGINEERING
GROUP, INC.

Consulting Civil & Structural Engineers

January 10, 2007

Attn: Mr. Peter Savio, President
Hawaiian Island Development

Re: Ocean View Estates
84-621 Ala Mahiku St., Waianae, Oahu, HI
TMK: 8-4-002:064

Structural Engineering Observation Report

A site visit was held to note cursory observations of the Ocean View Estates apartment building structure on January 5, 2007. The inspection involved a walk-through observation of the building structure. The observations were limited to the following areas only:

1. Unit 204A
2. Building Exterior
3. Foundations

No calculations or testing of any kind was performed. Architectural, Mechanical, Electrical, and other nonstructural aspects were not addressed. Compliance of design with the current building codes or the building code it was designed under was not checked.

No drawings for the apartment complex were made available for review.

The building complex comprises of four 3 storied structures and one 2 storied structure sharing common stairways. In all there are 22 – living units. According to the site manager the building structure was built in late 1960's.

The building is of wood construction. The first floor is elevated above ground on post and beam construction. The building exterior has some type of wood siding. The floors have plywood sheathing with concrete topping. Interior structural system consists of shear walls. The foundation plan consists of masonry walls and masonry pedestals sitting on concrete footings and supporting the wood posts. The structural system consists of load bearing walls supported by closely spaced posts between the foundation and the first floor level. The lateral load resisting system for the building structure could not be identified.

At the time of the observation renovation work was ongoing in and around the units. The outside of the buildings and the inside of the units had been painted and patched. This recent makeover had covered any age related or other signs of damage or deterioration at the time of site observation visit.



Observations:

1. Cracks were observed in the concrete topping of floors in unit 204A (see photo 1)
2. The floor of unit 204A had a feel of flex in it while walking on the floor.
3. The floor framing of the first floor unit for the three storied buildings consisted of 2x8 wood joists spaced at 16" on centers.
4. The floor framing of the first floor unit for the two storied building consisted of 2x14 wood joists spaced at 16" on centers.
5. The CMU pedestals under all structures have been reinforced with concrete jackets

Conclusions and Recommendations:

In the absence of any drawings for the structure and in view of the fact that the buildings were recently upgraded, makes it very difficult to visually identify any short comings or deficiencies in the structure of the buildings.

The structure was designed and permitted under earlier Building Design Codes and is grandfathered under the current State Laws. The Building Codes are upgraded every 3 years. Changes in the Building Codes over the last decade have made design requirements more stringent in comparison with the earlier codes. The existing structures may or may not conform to the design requirements of the current codes.

Maintenance is important for the upkeep of the buildings. In general, the building appears to be in good condition. The buildings should continue to perform well with regular maintenance.

This report does not address portions of the building other than those areas mentioned, nor does it provide any warranty either expressed or implied for any portion of the existing building. If there are any comments or questions on any item above, please do not hesitate in calling.

Submitted by: _____

Ather R. Dar, P.E., President
Hawaii Engineering Group, Inc.

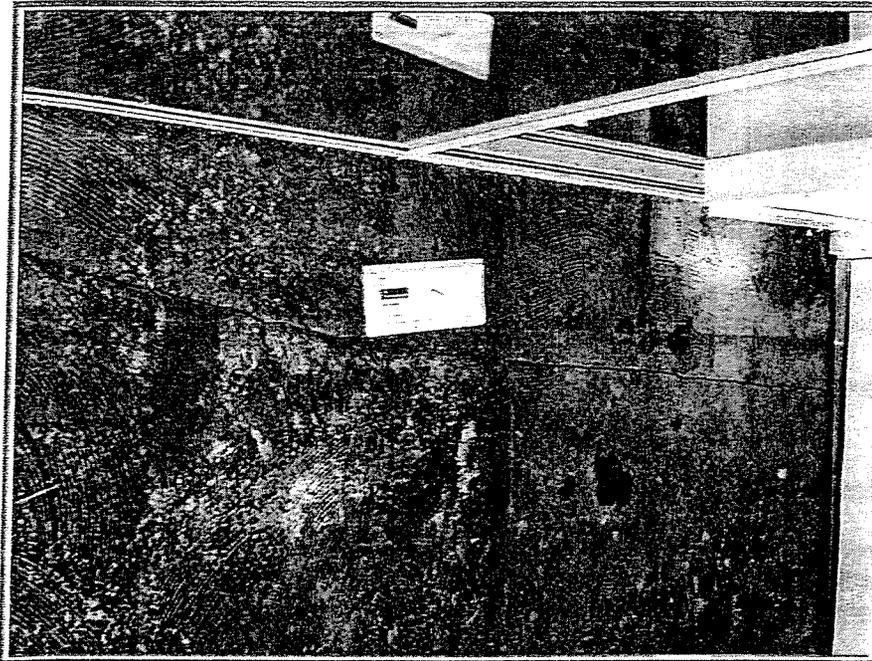
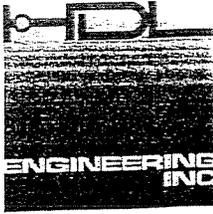


Photo #1: Cracks in concrete topping of floor of Unit # 204A



1136 Union Mall, Suite 700
Honolulu, HI 96813
Tel: (808) 521-3314
Fax: (808) 533-3314
email: hdl@hawaii.rr.com

Date: March 27, 2006
Project: Ocean View Estates - Makaha Valley, Oahu
HDL #: 06-040
Subject: Due Diligence Report - Electrical System

The project site was visited on 23 March 2006 for the purpose of conducting a survey of the apartment units and the common areas. The project consists of two buildings comprising of a three-story building with four units and a two-story building with eighteen units.

The electrical service to the buildings is furnished by the Hawaiian Electric Company (HECO), with each unit provided with a separate HECO meter. There is an electrical closet located on the first floor landing of each three-story apartment. Each unit is provided with its own electric panelboard and is protected by a 2P70 ampere circuit breaker. The panel feeder is 3/c #4 SE type cable. The building service feeder is directly fed from a HECO pad mounted transformer, located at the front of the building adjacent to the Utility Building. The service voltage is 120/240 volts, single phase, three wire. There is an exception to the main breaker rating for unit 202, as the main breaker for this unit is rated 2P100 amperes.

The telephone service to the buildings is furnished by Hawaiian Telecom. The telephone service is provided from a service handhole, located adjacent to the HECO pad mounted transformer. There is a telephone cabinet provided for every six units. The record drawings indicate that the telephone cables were installed directly in the walls in lieu of cable in raceway.

The cable television service for the buildings is furnished by Time Warner Oceanic Cable. The CATV service is provided from a service handhole, located adjacent to the HECO pad mounted transformer. There is a CATV cabinet provided for every six units. The record drawings indicate that TV cables were installed directly in the walls in lieu of cable in raceway.

The record drawings for this project were dated November 30, 1972. The National Electrical Code (NEC) in force at that time was dated 1968.

The buildings do not have a central fire alarm system. Also, the units do not have smoke detectors in the bedrooms, as required.

Some of the deficiencies noted for this project are as follows:

- a. There is no fire alarm system for the project. The present Uniform Fire Code (UFC) states that Group R, Division 1 Occupancies be provided with a manual and automatic fire alarm system for apartment building three or more stories in height or containing 16 or more dwelling units.

- b. There are no smoke detectors provide for in the dwelling units.
- c. The present National Electrical Code (NEC) requires arc fault interrupter (AFI) circuit breakers for all circuits entering the bedrooms. This includes all receptacle and lighting circuits. The existing apartment panelboard may not be able to handle the AFI circuit breakers.
- d. There are several receptacle and light switch cover plates which do not cover the openings in the gypboard wall. (There are gaps showing between the cover plate and the wall).
- e. The exterior lighting fixtures do not appear to be rated for exterior use. Especially for the harsh environment of Makaha.
- f. The duplex receptacles in the bedrooms are mounted in such a way that those controlled by the wall switch are installed with the ground located at the top and those receptacles that are "non-switched" are installed with the ground located towards the floor. Normally, the switched duplex receptacles are half-switched; only one plug is switched and the other plug is non-switched and receptacles are oriented the same throughout.
- g. The meter/mains do not have the clearances required by the NEC. A minimum of 30 inches horizontally is required for all electrical equipment.
- h. Recommend that the electrical closets be provided with nameplates identifying each of them as an "ELECTRICAL CLOSET".
- i. Since the buildings have more than one electrical service point, it is important for the building management to familiarize themselves with the locations of each electrical closet and which apartment units are serviced by which meter/main.

The overall condition of the electrical system is acceptable. It has been maintained in good condition, however, there are the several items listed above that will require attention.

Sanford Haseyama Inc.
996 Hoomoana Street
Pearl City, HI 96782
Phone/Fax: (808)455-4904

March 27, 2006

Project: MAKAHA VILLAGE PLANTATION

Mechanical Engineering Observation Report:

Units inspected: 204A

This building complex has 22 units, each with 2 bedrooms, 1 bathroom, kitchen and living/dining room. The building is 3 stories and divided into sections by stairwells. There are 5 sections, 2 of the sections have 3 living units, 2 sections have 6 living units and 1 section which is 2 stories have 4 living units.

PLUMBING

Water is supplied from a 2" water meter located in front of the building and on the left hand side of the property. The water meter is in a location which is not readily accessible to the Board of Water Supply meter reader. See Fig. 1 water meter located in grassy area. The main water shut off valve seems to have a broken handle. The handle should be replaced or the valve replaced with a new ball valve. Usually a meter is located on the side walk or near the road and the shut off valve close to the meter in a valve box. Also there is no reduced pressure backflow preventer after the meter. There are two pressure regulators connected to the water line in parallel. If they are backflow preventers, they should be above ground.

Cold water is supplied to each section with a riser and a shut off valve located under the building. Fig. 2 shows cold water riser with shut off valve. The pipe sizes for the riser depends on the number of living units the riser is serving. I don't know if there is a shut off valve for each individual unit which is required by the amended City and County Plumbing Code. The shut off valve for the risers should be more accessible and located outside on the building wall. In case there is an emergency it will be easier to get to the valve.

Presently the building is being renovated from plans that was prepared last year. The plumbing fixtures are being replaced with new low flow fixtures. The hot water heater is located in the closet with a pan under the heater. Heat traps need to be installed on the heater as per the amended plumbing Code. The relief drain from the heater is piped in the wall and goes down in the crawl space of the building. From what can be seen, the plumbing seems to be in accordance with the plans.

The hose bibbs did not have a back flow preventing device. A non-removable hose connection vacuum breaker should be installed at each hose bibb, Watts Model 8A or equal.

There is no wet stand pipe or dry stand pipe in the building. There is a fire hydrant located

MAKAHA VILLAGE PLANTATION
Mechanical Engineering Observation Report
Page 2 of 2

in the front of the building but there is a chain link fence between the hydrant and the building. In case of a fire, the fire truck will not be able to connect to the hydrant without cutting the chain link fence.

The sanitary waste piping goes to a sewer system. From what can be observed, the waste water piping seems to be installed in accordance with the plans.

VENTILATION

There is no air conditioning in the living units. The bathrooms have ceiling exhaust fans which I believe is ducted up in between the wall and thru the roof and terminated with a roof cap with a back draft damper.

If you have any questions or comments, please call me.

Submitted by Sanford Haseyama

Sanford Haseyama, P.E.
Mechanical Engineer



ERNEST M. UMEMOTO AIA
Architect, Inc.

2/19/07

Eric McLaughlin and Brian Miller
M&M at Makaha LLC

Subject: Makaha Oceanview Estates CPR, TMK: 8-4-002:064

Dear Sirs:

A cursory visual only observation visit was conducted of the Makaha Oceanview Estates, Kili Street, Makaha, Oahu, Hawaii. The property manager showed the team with a copy of the design documents for the recent renovation. There were no approved-stamped Building Department File copy, as-built Construction documents, change orders, soils report, engineering calculations, specification and basis of design. Permits for plans for alteration or renovation of either apartment areas or common areas were issued covering extensive renovation work that had just been completed on the 40 year old building. This report covers that which was observed in a sampling of typical apartments, and assumes that the general observations made are pertinent to the building as a whole. No record of alterations, additions, or renovations was reported, but any should have been approved by Building Permits which were not researched or reviewed.

The design and construction seen are similar to that found in walk-up apartment buildings in Oahu. There are 22 two bedroom / one bath units in five buildings. Four of the buildings are three stories and one is a two story building. The units are identical except that the top floor units have cathedral ceiling. The crawl space varies in height and is ventilated by wood lattice that in many locations are too close to the final grade (6" clearance of wood to grade is required). Roofing is reported to be new. No fire walls were noted between the buildings. It is reported that a site development plan will be constructed to build a driveway, improve the parking and revise the landscaping.

There are design elements that are "grand-fathered" and do not meet the requirements of the current Building code. In some cases, the building owners have up-graded to the current standard where health, safety, or welfare was compromised. An example would be the opening in guardrails (currently 4" maximum) and the height of the top rail (currently 3'-6" high). In other cases, the size of alteration and renovation projects will require that the current standard be instituted, when projects are initiated. An instance of railing that exceeded the 4" was pointed out to the property manager and he said that he would address it. Also open riser of 6" must be reduced to 4" and will be addressed. The stair handrails must extend 1' past the last riser.



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Architect, Inc.

Since the building was constructed, the building codes have been amended and other governmental regulations have been added or changed. The fire sensor and alarm system is one area, where even when not mandatory, the latest requirements should be presented to the AOA by the property management for their decision to upgrade the safety provision or not. Recurring Fire Department inspection should be requested and fire evacuation drills held periodically.

The visual only observation visit did not include invasive or destructive testing, so the extent of damage or deterioration if any was not able to be substantiated. The property manager reports that most of the repair was wood-rot from moisture and some termite damage. The existence of lead paint, asbestos, environmental toxic material, dirty air quality and other problems was not observable. To address these items would require the retainer of specialty inspectors, and this is rarely done without damage or injury being obvious to the residents and the property managers. The decision to increase the level of inspections and testing is a management decision of the building owners.

There are a few inspections that are readily available and commonly retained by management. Preventative maintenance is generally accepted to be cost effective to running to failure and undertaking repair at higher cost. These areas are roofing, weather-stripping, caulking, flashing, protective coating, termite protection, gasketing, a/c maintenance, concrete spalling, corrosion control and clean-up of algae growth on walkways, servicing roof drains, repairing cracks in sidewalks and keeping storm drains clean and clear.

Storage of flammables should be in a UL- listed cabinet. Ensure that flammables and used rags are not stored outside the cabinets and that the room is adequately ventilated to prevent spontaneous combustion. Storage of chemicals requires management attention for safety of occupants and service personnel. No fire extinguisher with cabinets or wall brackets was seen and should be provided at every stairwell landing.

Observations in three apartments found the following concerns:

- Apartment entry door at corridor must have 20 minutes fire resistance and label visible. None seen.
- Electrical convenience outlets in the kitchen and bathroom that are within 6' of a water source must be GFIC. This could not be verified in all cases, because even though one outlet was GFI-equipped, the adjacent one could have been wired in series to be also GFIC.
- Range must have fire resistant finish on the surrounding wall, such as ceramic tile, plastic laminate, and sheet metal. Only partially provided, none on side wall. No such splash was seen.
- If a wall cabinet exists above the range, minimum 24" clear height must be provided between the burner top and a metal range hood above. If cabinets are added, a metal hood must be installed over the range.



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Architect, Inc.

- Bedroom windows must be sized for fire escape. Minimum clear height = 24". Minimum clear width = 20". Minimum net clear 5.7 SF. The finished sill height is 44" maximum. Glass jalousie are acceptable if the above sizes are meet. A guardrail is required at 42" above the floor.
- Water infiltration damage should be repaired immediately.
- The electrical extension cords are hazardous and must be carefully used.
- Washer/dryer outlet must be dedicated for its use only.
- Dishwasher drain into system that was not designed for every apartment to possess a unit if it already doesn't have a unit.
- Toilet water closet must be in a space with 30" clear with minimum 24" clear in front of the water closet.
- Shower surround must be hard impervious surface to height of 6'.
- Ceiling height must be 7'-6" minimum with projections not lower than 6'-6" high. Bathrooms and halls may be 7'-0" high.
- All rooms (except toilet with toilet exhaust) must have minimum 10% light and 5% ventilation area in exterior wall based on floor area of the room.
- Lanai guardrail must be 42" high. Current opening in the guardrail is 4" maximum. At the time of construction the opening maximum may have been larger.
- Fire extinguisher not seen in proximity of range.
- Electrical panels must have 3' clear in front, not storage.
- UL-approved hard wire smoke detector required just inside each bedroom door and one outside in the hallway outside the bedroom doors.
- Glass sliding door on lanai and for shower must have safety glass.
- Windows with sill lower than 3'-6" must have a guardrail at 3'-6" high, unless the grade outside the window is less than 18" below the sill.
- Any modification to demising walls, ceiling and flooring must maintain the fire rating of the original permitted construction.

There are no ADA and FHA compliant apartments in the building. Occupants and guest may not be able to access the building from the sidewalk or the parking area.

If any use is added in the crawl space, fire-rated construction must be incorporated as appropriate for the occupancy.

In the common areas and parking areas the following concerns were observed:

- Parking stalls must have 22' clear driveway as required by the zoning code.
- There must be loading stalls.
- There are no ADA compliant or van-accessible parking and guest parking stalls.
- Stair must have required 44" clear width.
- Handrail height was okay at 42" high but did not extend pass the last riser and exceeded the spacing or projection from the wall.
- The guardrail must be 42" high with max 4" openings along its entire length.



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Architect, Inc.

- The roofing was reported to be recently redone.
- The roofing drains must be kept clear.
- Pipe insulation was not tested for asbestos.
- Roof insulation requirements have increased in recent codes.
- Any use of the crawl space under the units (including storage) will have to have fire rated construction and penetration protection.

The building will require an extensive design study if all apartments are allowed to have their own window type or split system a/c. The roof will have to be insulated, and all glass windows and lanai doors must have insulating properties. The power would have to be increased to each apartment and sub-metered to allow proper charging for electrical usage. Condensate drain must be provided.

The above cursory visual only site observation report covers Architectural concerns only. Separate reports for Structural Engineering, Mechanical Engineering, and Electrical Engineering were made, but none have been cross coordinated or evaluated. Destructive testing, laboratory testing, checks of approved permits, un-permitted work, zoning and special design district requirements, design review, cost studies, civil engineering, site drainage and flooding, foundation and soils engineering, underground utilities and systems, property line encroachments, environmental quality, indoor air quality, water infiltration, mold, asbestos, lead paint, other toxic material, shoreline requirements, setback measurements, height requirements, street frontage and sidewalk improvements, pool and water safety, landscape features, roofing, termite, and traffic safety are not included. Any certifications required by governmental agencies are authored by other and shall not raise the level of visual observation on the site visit. Observations are to the best of our knowledge. Compliance to latest codes and grandfathered status must be ruled on by the Building Department. ADA and FHA are Owner's decisions beyond our control and should be investigated by experts in the respective fields.

The building has been recently renovated and suits the intended use very well. As the building ages, increased maintenance and replacement costs should be expected.

Yours truly,

Ernest M. Umemoto, AIA

4 pages total



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MAKAHA OCEANVIEW ESTATES UNIT DEVELOPMENT CONTROLS

The unit development shown on C-1 of the CPR map shall control the unit development to be allowed in the Makaha Oceanview Estates.

UNITS AND LIMITATION OF USE

There are 18 units in Building 1 and 4 units in Building 2 existing.

There are 46 future units that will be constructed by individual unit Owners under the Design Guidelines and approval of the AOA Makaha OceanView Estates.

All units are restricted to residential use.

Any home business use will not have employees that are not family members (related).

Maximum 5 unrelated people may live in each unit.

UNIT AREAS AND MAXIMUM DENSITY

Drawing C-1 of the CPR map lists the unit areas and maximum density.

The 22 existing units in Buildings 1 & 2 have fixed areas and densities which cannot be increased in the future.

The 46 future units have fixed land areas and setbacks as shown on C-1 of the CPR map. The maximum density sets a cap on the future construction by individual unit Owners. It is expected that, the lot dimension, setbacks, ground coverage maximum, topography, height limits and parking requirements will not allow the maximum to be reached.

It is possible that a duplex (resided by two separate families, but limited to a total of 5 unrelated people on the entire unit) could be constructed, but parking requirements and code requirements will have to be met.

PARKING REQUIREMENT

The 22 units in Building 1 & 2 have 44 parking stalls (2 per unit) on grade as shown on The C-1 CPR map. The guest requirements and ADA stalls are provided in addition to the 44 stalls for unit Owners.

The 46 future lots must provide three (includes one for guest parking) 9' x 18' parking stalls for up to 2,500 sq. ft. of density and one additional parking stall for each 1,000 sq. ft. of density over 2,500.

The parking stalls must be on all-weather paving design to support vehicular traffic and may be covered or uncovered. The stalls may not be in the setbacks and driveway at the street is limited to 22 ft. plus 4' flare on both sides. Other than the driveway to the street, the front yard setback may not have pavement that will support parking.



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MAXIMUM HEIGHT

The maximum height of structures shall be determined by the building envelope created as a result of the intersection of two planes. The first plane shall be measured horizontally across the parcel at 25 feet above the high point of the buildable area boundary line. The second plane shall run parallel to grade, measured at a height of 30 feet. If the two planes do not intersect, then the building envelope shall be determined by the first plane. The building height envelope shall run parallel to existing or finish grade, whichever is lower.

At no point will heights exceed above 40 feet of existing or finish grade.

HEIGHT SETBACKS

Any portion of a structure exceeding 15 feet shall be set back from every side and rear buildable area boundary line (setbacks already shown on C-1 of CPR map) one foot for each two feet of additional height over 15 feet.

Any portion of a structure exceeding 20 feet shall be set back from the front buildable area boundary line (setbacks already shown on C-1 of CPR map) one foot for every two feet of additional height over 20 feet.

MAXIMUM BUILDING AREA

Ground coverage shall not exceed 50% of the parcel.