

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

CONDOMINIUM PROJECT NAME	THE COTTAGES AT KULAMALU
Project Address	Ku'inehe Place Kula, Maui, Hawaii
Registration Number	6331
Effective Date of Report	June 22, 2007
Developer(s)	D.R. Horton-Schuler Homes, LLC, a Delaware limited liability company dba D.R. Horton-Schuler Division

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.]

TABLE OF CONTENTS

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

TABLE OF CONTENTS

	<u>Page</u>
5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance	14
5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance.....	14
5.6.2 Purchaser Deposits Will Be Disbursed Before Closing	14
5.7 Rights Under the Sales Contract.....	16
5.8 Purchaser's Right to Cancel or Rescind a Sales Contract	16
5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract.....	16
5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed	17
5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change	17
 6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT	 18
EXHIBIT A: Section 1.2 -- Buildings and Other Improvements	
EXHIBIT B: Section 1.3 -- Unit Types and Sizes of Units	
EXHIBIT C: Section 1.4 -- Parking Stall Assignments	
EXHIBIT D: Section 1.4 -- Reserved Right to Assign or Re-Assign Parking Stalls	
EXHIBIT E: Section 1.5 -- Boundaries of the Units	
EXHIBIT F: Section 1.6 -- Permitted Alterations	
EXHIBIT G: Section 1.7 -- Common Interest	
EXHIBIT H: Section 1.8 -- Recreational and Other Common Facilities	
EXHIBIT I: Section 1.9 -- Common Elements	
EXHIBIT J: Section 1.10 -- Limited Common Elements	
EXHIBIT K: Section 1.11 -- Special Use Restrictions	
EXHIBIT L: Section 1.12 -- Encumbrances Against Title	
EXHIBIT M: Section 3.5 -- Changes to the Condominium Documents	
EXHIBIT N: Section 3.6 -- Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents	
EXHIBIT O: Section 4.2 -- Estimate of the Initial Maintenance Fees	
EXHIBIT P: Section 5.1 -- Summary of Pertinent Provisions of Sales Contract	
EXHIBIT Q: Section 5.1 -- Summary of Pertinent Provisions of Escrow Agreement	
EXHIBIT R: Section 5.2 -- Sales to Owner Occupants	
EXHIBIT S: Section 5.4 -- Construction Warranties	
EXHIBIT T: Section 6 -- Miscellaneous Information Not Covered Elsewhere in this Report	
EXHIBIT U: Unilateral Agreement and Declaration of Conditional Zoning dated November 19, 1997, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 97-170957	
EXHIBIT V: Letter to Department of Housing and Human Concerns, Housing Division, County of Maui dated December 19, 2005, regarding December 15, 2005 Agreement Concerning Elderly Housing	
EXHIBIT W: Declaration of Restrictive Covenants Concerning Age of Occupants for The Cottages at Kulamalu	
EXHIBIT X: Signage Easement and Agreement dated December 29, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-239343	

The Condominium Map (8½" x 11") has NOT been provided to Buyer. Pursuant to Section 514B-86(a)(1)(A) of the Act, Seller advises Buyer that it is impractical, for legibility reasons, to provide buyers a letter-sized Condominium Map. Accordingly, Buyer shall have the opportunity to examine the Condominium Map at the Sales Office of Seller upon request.

General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	Ku'inehe Place Kula, Maui, Hawaii
Address of Project is expected to change because	
Tax Map Key (TMK)	(2) 2-3-008:044
Tax Map Key is expected to change because	
Land Area	6.387 acres (following Developer's withdrawal of land as described in Exhibit N , approximately 6.369 acres will remain subject to the Declaration.
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A

1.2 Buildings and Other Improvements
(See **Exhibit A**)

Number of Buildings	26
Floors Per Building	1 and 2 (certain units include a basement)
Number of New Building(s)	26
Number of Converted Building(s)	N/A
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	concrete, wood, metal, glass, hollow tile, aluminum, composite and synthetic materials, and other construction materials

1.3 Unit Types and Sizes of Units

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

40	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:	80
Number of Guest Stalls in the Project:	9
Number of Parking Stalls Assigned to Each Unit:	Minimum of 2
Attach Exhibit C 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 Exhibit D	

1.5 Boundaries of the Units

Boundaries of the unit: In this report, a "unit" is sometimes described as a "home" or "residence". See **Exhibit E** for a description of the unit boundaries.

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 F**

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 G**.

As follows:

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

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input checked="" type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): See Exhibit H

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 elements for this project, as described in the Declaration, are set forth below.</p>	
<p>Described in Exhibit I.</p>	
<p>Described as follows:</p>	
Common Element	Number
Elevators	Ø
Stairways	Ø
Trash Chutes	Ø

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 J.</p>
<p>Described as follows:</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: See Exhibit K
<input checked="" type="checkbox"/>	Number of Occupants: See Exhibit K
<input checked="" type="checkbox"/>	Other: See Exhibit K
<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 L describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: May 3, 2007</p>
<p>Company that issued the title report: Title Guaranty of Hawaii, Inc.</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	40	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	R-2 and A-1
<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 type="checkbox"/>	Other (specify)		<input type="checkbox"/> Yes <input type="checkbox"/> No	
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 type="checkbox"/> No	
Describe any variances that have been granted to zoning code.			N/A	

1.14 Other Zoning Compliance Matters

<p>Conforming/Non-Conforming Uses, Structures and Lots</p> <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"/>

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: The Maui County Planning Committee is reviewing a proposed amendment to the Zoning Ordinance to prohibit future apartments within this zoning district. Before such an amendment will become law, it will require referral to the County Counsel before the amendment can have any effect. If adopted by the County Counsel, in its current form, the amendment will cause the apartment use at Opukea at Lahaina to be a legal non-conforming use and the units may also be legal non-conforming structures. In that event, the construction, repair and replacement of the structures and the continuation of the apartment use will be controlled by Maui Ordinance 19.500.110.

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input type="checkbox"/> Applicable</p> <p><input checked="" type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

<p>Verified Statement from a County Official N/A</p>
<p>Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (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>

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

<p>2.1 Developer(s)</p>	<p>Name: D.R. Horton-Schuler Homes, LLC, dba D.R. Horton-Schuler Division Business Address: 828 Fort Street, 4th Floor Honolulu, Hawaii 96813 Business Phone Number: (808) 521-5661 E-mail Address: mtjones@drhorton.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Donald R. Horton, Chairman of the Board; Donald J. Tomnitz, Vice Chairman, President & Chief Executive Officer; Samuel R. Fuller, Senior Executive Vice President; Bill W. Wheat, Executive Vice President & Chief Financial Officer; Stacey H. Dwyer, Executive Vice President & Treasurer; James K. Schuler, Senior Vice President & Region President; Michael T. Jones, Vice President of the Company & Division President; R. Dale Eggleston, Vice President; Joan L. Fleming, Vice President; Mary K. Flood, Vice President of Sales & Marketing; Galen Lee, Vice President of Finance; Donald J. Tomnitz, Vice President; Paul W. Buchschacer, Assistant Secretary; Ted I. Harbour, Assistant Secretary; Paula D. Hunter-Perkins, Assistant Secretary; Alan D. Labbe, Assistant Secretary; Thomas B. Montano, Assistant Secretary; and David T. Morice, Assistant Secretary. All officers are officers of Vertical Construction Corporation, the Developer's manager.</p>
<p>2.2 Real Estate Broker</p>	<p>Name: D.R. Horton-Schuler Homes, LLC, dba D.R. Horton-Schuler Division Business Address: 828 Fort Street, 4th Floor Honolulu, Hawaii 96813 Business Phone Number: (808) 521-5661 E-mail Address: mflood@drhorton.com</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0211 Email Address: main@tghawaii.com</p>
<p>2.4 General Contractor</p>	<p>Name: Vertical Construction Corporation Business Address: 828 Fort Street, 4th Floor Honolulu, Hawaii 96813 Business Phone Number: (808) 521-5661 E-mail Address: alabbe@drhorton.com</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Hawaiiiana Management Company, Ltd. Business Address: 711 Kapiolani Boulevard, Suite 700 Honolulu, Hawaii 96813 Business Phone Number: (808) 593-9100 E-mail Address: phyllisok@hmcmtg.com</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Case Lombardi & Pettit Dennis M. Lombardi, Esq. Business Address: 737 Bishop Street, Suite 2600 Honolulu, Hawaii 96813 Business Phone Number: (808) 547-5400 E-mail Address: DML@caselombardi.com</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	May 14, 2007	2007-087749

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances		

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
Bureau of Conveyances	May 14, 2007	2007-087750

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

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	
Bureau of Conveyances Map Number	4448
Dates of Recordation of Amendments to the Condominium Map:	

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"/> May 14, 2007
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 Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	See Exhibit M
Bylaws	67%	See Exhibit M

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p>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.</p>	
<p>The Initial Condominium Managing Agent for this project is (check one):</p>	
<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

<p>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. See Special Disclosure at Exhibit O</p> <p>Exhibit O 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.</p>
--

4.3 Utility Charges to be Included in the Maintenance Fee

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

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit P 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: July 18, 2006 Name of Escrow Company: Old Republic Title & Escrow of Hawaii Exhibit Q 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. **(See Exhibit R)**

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

5.3 Blanket Liens

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

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

<u>Type of Lien</u>	<u>Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>

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 Developer's sole warranty will be provided in the form attached to this Public Report as **Exhibit S**. Prospective purchasers should read the Limited Warranty with care to understand coverage, limitations and exclusions, and procedures.

Appliances: The Developer makes no warranty as to appliances or other consumer products installed in any Residence or in the common elements. If there are no applicable manufacturer's or dealer's warranties relating to such appliances or other consumer products, the Developer will endeavor to assign and pass on to each Residence owner the benefit of such warranties.

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

Status of Construction: Developer estimates construction to commence approximately April 2007, and estimated to be completed approximately February 2009.
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: The Unit shall be completed no later than twenty-four (24) months following the date that the sales contract becomes a binding contract, which is the earlier of the date: (a) Buyer delivers to Seller Buyer's written waiver of Buyer's right to cancel the sales contract following Seller's delivery to Buyer of the Notice of Right to Cancel this sales contract, or (b) thirty (30) days have expired following Seller's delivery to Buyer of the Notice of Right to Cancel, provided Buyer has not exercised Buyer's right to cancel, subject to Seller's right to extend the Completion Deadline for force majeure events, which are defined in the sales contract.
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

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.
-------------------------------------	--

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

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

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

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

<p>Box A <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: All documents as provided in Exhibit L.

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 Is Missed

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

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

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

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

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

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 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

See Exhibit T.

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.

D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability
company, dba D.R. Horton-Schuler Division ,
by Vertical Construction Corporation, its Manager
Printed Name of Developer

By: 
Duly Authorized Signatory*

May 15, 2007
Date

Michael T. Jones, Division President of the Hawaii Division
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, _____ County of Maui _____

Planning Department, _____ County of Maui _____

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

EXHIBIT A

Section 1.2 -- Buildings and Other Improvements

DESCRIPTION OF BUILDINGS

The Community (the term "Community" shall have the same meaning herein as "project" in HRS 514B) shall contain 40 single family detached and duplex Condominium Residences. The buildings shall be constructed principally of metal, wood, glass and related building materials.

There shall be four (4) different building types in the Community. Each building is identified as Plan 1, Plan 2, Plan 3/3SG, and Plan 4 on the Condominium Map. Plans 1, 2 and 3 have a first and second floor, and Plan 4 has a basement and first floor. Plan 1 has 6 buildings and contains two Residences each, Plan 2 has 8 buildings and has 2 Residences each, Plan 3 has 8 buildings and has one Residence each, and Plan 4 has 4 buildings and one residence each. Plans 1, 2 and 3 shall have reverse plans. The unit types contained in Plans 1 and 2 which both have two residences are as follows:

Plan 1: Unit types A and B

Plan 2: Unit types A and B

DESCRIPTION OF RESIDENCES

The Community shall contain forty (40) Residences.

There are six (6) different unit types in the Community. A description of each Unit type is as follows:

Plan 1/Unit Type A/AR

These Unit types are two-story Residences containing 3 bedrooms, 2.5 bathrooms, living/dining area, kitchen, a one car garage, and other improvements as shown on the Condominium Map. These Unit types contain a net living area of approximately 1,543 square feet, a one car garage area of approximately 273 square feet, and an entry area of approximately 79 square feet. There are six (6) of these Unit types in the Community.

Plan 1/Unit Type B/BR

These Unit types are two-story Residences containing 3 bedrooms, 2.5 bathrooms, living/dining area, kitchen, a one car garage, and other improvements as shown on the Condominium Map. These Unit types contain a net living area of approximately 1,497 square feet, a one car garage area of approximately 273 square feet, and an entry area of approximately 79 square feet. There are six (6) of these Unit types in the Community.

Plan 2/Unit Type A/AR

These Unit types are two-story Residences containing 3 bedrooms, 2.5 bathrooms, living/dining area, kitchen, lanai, a two car garage, and other improvements as shown on the Condominium Map. These Unit types contain a net living area of approximately 1,298 square

feet, a two car garage area of approximately 414 square feet, a lanai area of approximately 48 square feet, and an entry area of approximately 33 square feet. There are eight (8) of these Unit types in the Community.

Plan 2/Unit Type B/BR

These Unit types are two-story Residences containing 3 bedrooms, 3 bathrooms, living/dining area, family room, kitchen, lanai, a two car garage, and other improvements as shown on the Condominium Map. These Unit types contain a net living area of approximately 1,373 square feet, a two car garage area of approximately 419 square feet, and a lanai area of approximately 66 square feet, and an entry area of approximately 48 square feet. There are eight (8) of these Unit types in the Community.

Plan 3/Unit Type 3/3R and Unit Type 3SG/3SGR

These Unit types are two-story Residences containing 3 bedrooms, 2.5 bathrooms, living/dining/family room area, kitchen, lanai, and other improvements as shown on the Condominium Map. Unit Type 3/3R contains a front approached two car garage and Unit Type 3SG/3SGR contains a side approached two car garage. These Unit types contain a net living area of approximately 1,640 square feet, a two car garage area of approximately 418 square feet, a lanai area of approximately 85 square feet, and a entry area of 23 square feet. There are eight (8) of these Unit types in the Community.

Plan 4/Unit Type 4

These unit types are one-story Residences with a basement containing 3 bedrooms, a den, 3.5 bathrooms, great room area, kitchen, lanai, a two car garage, and other improvements as shown on the Condominium Map. These Unit types contain a net living area of approximately 1,640 square feet, a two car garage area of approximately 411 square feet, a lanai area of approximately 73 square feet, and an entry area of approximately 118 square feet. There are four (4) of these Unit types in the Community.

LOCATION AND NUMBERING OF UNITS:

Each Residence shall be designated by a number. The Residence numbers and locations are more fully illustrated on the Condominium Map.

ACCESS TO COMMON ELEMENTS:

Each residence in the Community has immediate access to the common elements of the Community or to a walkway or stairway leading to the common elements of the Community.

ACCESS TO A PUBLIC STREET:

The community will have access to `A`apueo Parkway and thereafter Kula Highway.

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE BUILDINGS AND OTHER IMPROVEMENTS CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT B

Section 1.3 -- Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area (sf)	Net Other Areas	Other Areas (lanai, garage, etc.)	Area
Plan 1/Unit Type A/AR	6	3/2.5	1,543	352	1 car garage: 273 sf entry: 79 sf	1,895
Plan 1/Unit Type B/BR	6	3/2.5	1,497	352	1 car garage: 273 sf entry: 79 sf	1,849
Plan 2/Unit Type A/AR	8	3/2.5	1,298	495	2 car garage: 414 sf lanai: 48 sf entry: 33 sf	1,793
Plan 2/Unit Type B/BR	8	3/3	1,373	533	2 car garage: 419 sf lanai: 66 sf entry: 48 sf	1,906
Plan 3/Unit Type 3/3R and 3SG/3SGR	8	3/2.5	1,640	526	2 car garage: 418 sf lanai: 85 sf entry: 23 sf	2,166
Plan 4/Unit Type 4	4	3/3.5	1,640	602	2 car garage: 411 sf lanai: 73 sf entry: 118 sf	2242

Note regarding Net Living Areas: Throughout The Cottages at Kulamalu documentation, the area of individual units is generally expressed as "net living area" square footage. This measurement represents the architect's best estimate of the interior square footage of the unit as measured from the unit's perimeter walls, which are included in the unit. This measurement is based upon the plans for the construction of the unit and different architects performing the same measurement may obtain a larger or smaller result.

Units followed by a "/R" represent a reverse floor plan configuration from that reflected on the condominium map.



THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE UNIT TYPES AND SIZES OF UNITS CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT C

Section 1.4 -- Parking Stall Assignments

All Residences have two (2) assigned parking stalls. Each Residence has either a one car or two car garage as a component of the Residence. The Condominium Map identifies each stall by a parking stall number. Each Residence with a single car garage shall have appurtenant to it, as a limited common element, the exclusive right to use one (1) additional parking stall as designated in the following chart. The particular parking stalls that initially will be appurtenant to the particular Residence are as follows:

Home No.	Stall No.	Stall No.
1	1	2
2	3	4
3	5	6
4	9	10
5	7	8
6	13	14
7	11	12
8	15	62
9	16	61
10	17	19
11	18	20
12	21	23
13	22	24
14	25	26
15	27	28
16	29	31
17	30	32
18	33	34
19	35	36
20	37	38
21	39	40
22	41	42
23	43	44
24	45	47
25	46	48
26	49	50
27	51	52
28	53	54
29	55	56
30	57	58
31	59	60
32	63	64
33	65	66
34	67	69
35	68	70

36	71	72
37	73	74
38	75	76
39	77	78
40	79	80

All parking stalls are "standard" in size. Any parking stalls designated as a standard sized parking stall may be constructed as a compact sized parking stall and such modification is approved by the Buyer. The parking stall marked with a "HC", if any shown on the Condominium Map, indicates a parking stall that is suited for use by persons with disabilities. The loading stall(s) is labeled with "Loading" on the Condominium Map.

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE PARKING STALL ASSIGNMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT D

(Section 1.4 -- Reserved Right to Assign or Re-Assign Parking Stalls)

Developer shall have the reserved right, to effect such modifications to the Homes and Common Elements in the Community and/or to execute, record and deliver any amendments to the Declaration, the Condominium Map as well as the Bylaws and rules and regulations promulgated thereunder, as may be necessary or required to effect compliance by the Community, the Association, or by Developer with laws which apply to the Community, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§ 3601 et seq., including any and all rules and regulations promulgated thereunder, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§ 12101 et seq., including any and all rules and regulations promulgated thereunder. Without limitation, Developer may amend the Declaration (and, when appropriate, the Condominium Map) in any manner required to retrofit guest parking stalls, if any, so they are suited for use by persons with disabilities and to assign such stalls as appurtenant Limited Common Elements to any one or more of the units intended for use by persons with disabilities upon substitution therefor of alternate guest parking stall(s). Such assignment may be made to Homes, the Owners of which Developer, in its sole judgment, determines require a parking stall accessible to persons with disabilities. Such reassignment is hereby specifically declared not to constitute a material amendment of the Declaration or, when appropriate, the Condominium Map. All costs of such reassignment shall be borne as determined by Developer. Notwithstanding the foregoing, Developer also reserves the right, but does not hereby undertake any obligation, to interchange guest parking stalls and the disabled guest parking stalls to accommodate Home Owners in need of such parking. The rights of Developer under this Section may be assigned to the Association, without the consent of joinder of the Board.

The Developer shall also have the reserved right to designate additional guest parking stalls as common elements in the Community and/or to execute, record and deliver any amendments to the Declaration, the Condominium Map as well as the Bylaws and rules and regulations promulgated thereunder, as may be necessary or required.

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE RESERVED RIGHT TO ASSIGN OR RE-ASSIGN PARKING STALLS CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT E

Section 1.5 -- Boundaries of the Units

Each Unit includes all walls, columns and partitions which are not load-bearing within the Unit's perimeter walls (including the garage, if any, associated therewith, as shown on the Condominium Map), all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the Unit and all other portions of the walls, floors, or ceilings, are a part of the common element. Each Unit shall also include ceilings, doors, door frames, and window frames along the perimeters, all windows along the perimeters, the air space within the perimeter, the lanais, if any, shown on the Condominium Map to the inner decorated or finished surfaces of the perimeter walls of such lanais and to the interior edge of the exterior railings or other boundaries of such lanais, the entry court or area, if any, shown on the Condominium Map to the inner decorated or furnished surfaces of the perimeter walls of such entry court or area and to the interior edge of other boundaries of such entry court or area, the exterior storage areas, if any, shown on the Condominium Map, all rollers, locks, handles, tracks, and appurtenant hardware associated with all windows, doors and exterior automobile garage doors, if any, and all sliding or swinging screen doors and all glass window screens and all fixtures originally installed in the Unit, and all pipes, plumbing (including water heaters), wires, conduits and other utility or service lines and facilities servicing only the Unit. The Units shall not include the undecorated or unfinished surfaces of the perimeter party or non-party walls, the undecorated or unfinished surfaces of the doors, door frames and window frames along the perimeters, the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each Unit, the exterior edge of the exterior railings or other exterior boundaries of the lanais, if any, shown on the Condominium Map, or any pipes, shafts, wires, conduits or other utility or service lines running through a Unit which are utilized for or serve more than one Unit, all of which are deemed Common Elements as provided in the Declaration. If any chute, flue, duct, wire, conduit, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that unit is a Limited Common Element appurtenant solely to that Unit, and any portion thereof serving more than one Unit or any portion of thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements, such as an air conditioner system.

—

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE BOUNDARIES OF THE UNITS CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT F

Section 1.6 -- Permitted Alterations

1. Except as provided in the Declaration, repair, reconstruction, restoration, replacement of the Community or any building or other structure or unit within the Community or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map shall be undertaken by the Association or any Home Owners only pursuant to an amendment of the Declaration. Except as expressly provided otherwise in the Declaration, any such amendment shall be duly executed by or pursuant to the affirmative vote of seventy-five percent of the Home Owners and accompanied by the written consent of the eligible holders of first mortgage (as hereinafter defined) on Units to which at least sixty-seven percent of the votes of Units subject to mortgages held by such eligible holders are allocated, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration or addition, the Association shall duly record and file of record such amendment together with a complete set of floor plans of the Community as so altered, certified as-built by a licensed, registered architect or professional engineer.

2. Any alterations or additions solely within a Unit or within a Limited Common Element appurtenant to and for the exclusive use of a Unit or more than one Unit, shall require only the written approval thereof, including the plans thereof, by the Owners of such Unit(s), by the holders of first mortgage liens affecting such Unit(s) (if the lien holder require such approval), by the appropriate agencies of the State of Hawaii and the County if such agencies so require, and by the Board (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other Owners thereby directly affected (as determined in a reasonable manner by the Board); provided, however, that 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 Property, impair any easement, or interfere with or deprive any nonconsenting Owner of the use or enjoyment of any part of the property. Upon completion of such alterations or additions, the Home Owner(s) directly affected shall duly Record and file of record an amendment to the Declaration together with the approved plans showing only such alterations or additions within a Unit space or within a Limited Common Element as aforesaid. Such amendment to the Declaration need only be executed by the Home Owner(s) directly affected and their first mortgagees, as may be required.

3. Any other provision in the Declaration to the contrary notwithstanding and without limitation of the rights reserved to Developer in the Declaration, prior to (i) the time that all Units in the Community have been sold and the conveyance thereof recorded, and (ii) the filing by Developer of the "as built" verified statement (with plans, if applicable) required by Section 514B-34 of the Act, Developer shall have the right, without being required to obtain the consent or joinder of any person or group of persons, including the Association, any Unit Owner or any mortgagee, lienholder, or any other person who may have an interest in the Community, to do the following:

(a) To make alterations in the Community (and to amend the Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Unit (and the Limited Common Elements appurtenant thereto) in the Community which is not sold and the conveyance thereof recorded which right includes the ability to change the overall "product mix" (e.g. change the building type or model home types to be constructed); and

(b) To make other alterations in the Community (and to amend the Declaration and the Condominium Map accordingly) which make minor changes in any Unit in the Community or in the Common Elements which do not affect the physical location, design or size of any Unit which has been sold and the conveyance thereof recorded.

4. Notwithstanding anything to the contrary contained herein but subject to (1) the Easements and other rights and licenses reserved for the benefit of other Unit Owners, (2) compliance with the Design Guidelines, and (3) such other limitations specified below, each Unit Owner has the following rights:

(a) Each Owner has the right to make any of the following changes, additions and Improvements solely within the Owner's Unit or Limited Common Element that such Owner controls, subject to the Owner's compliance with the Design Guidelines:

(i) To install, maintain, remove, and rearrange non-load bearing partitions and other structures from time to time within the Unit or Limited Common Element; provided that the Owner shall not have the right to enclose any exterior lanai;

(ii) To finish, change, or substitute any plumbing, electrical, or other fixtures attached to the ceilings, floors, or walls as appropriate for the use of the Unit or Limited Common Element;

(iii) To decorate, paint, repaint, wallpaper or otherwise change the appearance of any walls, floors, and ceilings of the Unit or Limited Common Element that are not readily visible from outside the Unit or Limited Common Element;

(iv) To tile, finish, carpet, re-carpet, and install, change, or remove other flooring in the Unit or Limited Common Element which is not readily visible from outside the Unit or Limited Common Element, subject to the limitation on the installation of "hard" flooring as may be contained in the Design Guidelines; or

(v) To make such changes, additions and improvements to the Unit or Limited Common Elements to facilitate handicapped accessibility within the Unit or Limited Common Element.

(b) Except as otherwise provided in the Declaration, the Bylaws or the Design Guidelines, an Owner may make "nonmaterial structural additions" to the Common Elements or to an Owner's unit as the foregoing term is used in and subject to the provisions of Section 514B-140(c) of the Act.

(c) The Owner of two (2) Units that are separated by a Common Element that is a wall, floor, or a ceiling, or whose lanai or Limited Common Elements are separated from each other or from such Units by a Common Element that is a wall, floor, or ceiling, has the right and an easement, subject to Board approval and compliance with the Design Guidelines, to change or remove all or part of the intervening wall, floor, and/or ceiling. The Owner also has the right, subject only to Board approval and compliance with the Design Guidelines, to install doors, stairways, and other Improvements in such opening or openings in the intervening Common Element, to seal hallways or other openings, and to make other reasonable changes or additions which do not adversely affect the structural integrity of the Unit or Limited Common Element or the building in which such Unit is situated. Before terminating its common ownership of any of the adjacent Units, the Owner must restore the Common Element wall,

floor, ceiling, hallway, and/or other openings to substantially the same condition as before the change or removal, unless the new Owners each agree otherwise in writing.

(d) The Owner of any two (2) connected Units that are separated by a Common Element that is a wall, floor, or a ceiling, or whose lanai or Limited Common Elements are separated from each other or from such Units by a Common Element that is a wall, floor, or ceiling, has the right, subject only to Board approval and compliance with the Design Guidelines: (i) to consolidate the Units into a single Unit; and (ii) to make any Common Element walls, floors or ceilings between the Units part of the Unit or its Limited Common Elements. The Common Interest of the newly created Unit will be equal to the sum of the Common Interests of the Units being consolidated.

(e) Any Owner has the right, with Board approval, to install air conditioning unit(s) and any exterior improvements associated with the installation of such air conditioning unit(s).

—

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE PERMITTED ALTERATIONS CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT G
Section 1.7 -- Common Interest

Unit type	Residence Number	Undivided Common Interest of Each Residence (Fraction)	Undivided Common Interest of Each Residence (Percentage)
Plan 1 / Unit Type A/AR (6)	9, 11, 13, 17, 25, 35	0.026025	2.6025%
Plan 1 / Unit Type B/BR (6)	8, 10, 12, 16, 24, 34	0.025249	2.5249%
Plan 2 / Unit Type A/AR (8)	5, 7, 15, 19, 21, 23, 31, 33	0.021893	2.1893%
Plan 2 / Unit Type B/BR (8)	4, 6, 14, 18, 20, 22, 30, 32	0.023160	2.3160%
Plan 3 / Unit Type 3/3R & 3SG/3SGR (8)	1, 2, 3, 36, 37, 38, 39, 40	0.027661	2.7661%
Plan 4/Unit Type 4 (4)	26, 27, 28, 29	0.027661	2.7661%

—

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE COMMON INTEREST CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT H

Section 1.8 -- Recreational and Other Common Facilities

The recreational and other common facilities include any mailbox(es), trash/recycling enclosure(s), and pathways, if any, as shown on the Condominium Map or hereafter established by the Association, and other common elements identified in Exhibit I attached hereto.

Developer shall have the absolute right, notwithstanding the lease, sale, or conveyance of any Unit and without being required to obtain the consent or joinder of any Unit Owner, lien holder, or other persons, to make other alterations in the Community (and to amend the Declaration and the Condominium Map accordingly) which make minor changes in any Unit in the Community or in the Common Elements that do not affect the physical location, design, or size of any Unit that has been sold and the conveyance thereof Recorded.

—

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE RECREATIONAL AND OTHER COMMON FACILITIES CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT I
Section 1.9 -- Common Elements

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

1. The Land and those improvements to the Land, excluding the Residences and Private Yard Areas, if any, but including without limitation the Community Access Road, Retention Basin, exterior lighting fixtures located along and/or adjacent to the Community Access Road, the common area landscaping and similar improvements.
2. All the benefits, if any, inuring to the land or to the Community from all easements, if any, shown on the Condominium Map or listed in Exhibit "A" attached to the Declaration of Condominium Property Regime.
3. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, main walls, load-bearing walls, floors, ceilings (except the inner or decorated surfaces of such walls, floors and ceilings), roofs, exterior stairs and stairways, landings, railings, entrances and exits (other than the entry courts or entry areas included in the definition of a residence) of the buildings and/or Residences, doors, door frames, windows, window frames, and other building appurtenances; provided, however, that all rollers, locks, handles, tracks and appurtenant hardware associated with all windows, doors and exterior garage doors, if any, and all sliding screen doors and all glass and window screens shall be the responsibility of the Residence owners and all other portions of the walls, floors, or ceilings, are a part of the common element. If any chute, flue, duct, wire, conduit, or any other fixture lies partially within and partially outside the designated boundaries of a Residence, any portion thereof serving only that unit is a Limited Common Element appurtenant solely to that Residence, and any portion thereof serving more than one Residence or any portion of thereof serving more than one Residence or any portion of the Common Elements is a part of the Common Elements.
4. All yards, grounds, gardens, planters, plants, landscaping, sidewalks, pathways, curbs, mailbox(es), lamp, lamp posts, trash receptacle areas, trash enclosures/recycle bins, loading area, retention basin, and retention basin access road.
5. All fences and walls as shown on the Condominium Map.
6. All drainage facilities or swales, pipes, shafts, wires, conduits, retention basin, or other utilities or service lines running through a Residence, or Private Yard Area, if any, which are utilized for or serve more than one Residence, or Private Yard Area, if any, or other features of the Community.
7. Loading area(s), if any, as shown on the Condominium Map, and nine (9) guest parking stalls. Developer reserves the right to designate additional guest parking stalls and transfer guest parking stalls with Residences, without affecting the total number of guest parking stalls.
8. Any and all apparatus and installations of common use and all other parts of the Community necessary or convenient to its existence, maintenance and safety, or normally in common use.
9. All ducts, electrical equipment, transformers, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the Community or

individual Private Yard Areas, if any, shown on the Condominium Map, which are utilized by or serve more than one Residence or for services such as power, light, water, gas, sewer, drainage, telephone and radio and television signal distribution, if any.

10. All areas, rooms, spaces, structures, housings, chutes, elevators, shafts or facilities of the Community within or outside of the buildings, which are for common use or which serve more than one Residence, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.

11. All other parts of the Community not included in the definition of a Residence.

12. The Entry Sign Monument identifying the Community, which may be covered by a grant of easement in favor of the Association.

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE COMMON ELEMENTS CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT J

Section 1.10 -- Limited Common Elements

Each Residence shall have appurtenant to the Residence easements for the exclusive use of certain limited common elements as follows:

1. Private Yard Area:

Certain units may include Private Yard Areas. This land area appurtenant to each Residence, as described in the Declaration and if shown on the Condominium Map, and bearing the same Private Yard Area number as the unit number assigned to the Residence, is a limited common element. Private Yard Areas are not legally subdivided lots. Private Yard Areas include the land beneath the Residence bearing the same number as the Private Yard Area, the yard area in front of, to the rear and the sides of the Residence as demarked (at the sole election of Developer) by (1) fencing of the yard area or rear yard and/or front yard areas of the Residence; (2) appropriate physical monuments at the corners of the Private Yard Area and/or locations shown on the Condominium Map; or (3) by metes and bounds noted on the Condominium Map or contained in a Supplemental Declaration.

2. Parking Stall Assignments:

All Residences have two (2) assigned parking stalls. Each Residence has either a one car or two car garage as a component of the Residence. The Condominium Map identifies each stall by a parking stall number. Each Residence with a single car garage shall have appurtenant to it, as a limited common element, the exclusive right to use one (1) additional parking stall as designated in the following chart. The particular parking stalls that initially will be appurtenant to the particular Residence are described in Exhibit C attached hereto.

3. Partially Included in Unit

If any chute, flue, duct, wire, conduit, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that unit is a Limited Common Element appurtenant solely to that Unit, and any portion thereof serving more than one Unit or any portion of thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE LIMITED COMMON ELEMENTS CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT K

Section 1.11 -- Special Use Restrictions

1. No livestock, poultry, or other animals whatsoever shall be allowed or kept in or on any part of the Community, except that dogs, cats, or other common household pets as described in the Bylaws, in reasonable number, may be kept by Owners and Occupants in their respective Homes. Pets shall not be allowed on any common elements of the Community except on a leash or when carried. Owners and Occupants shall be responsible for the immediate and proper removal and disposal of all fecal matter of pets while the pets (whether on a leash or carried) are on any common elements of the Community. The Owner or Occupant of any Home in which a pet is to be kept pursuant to these rules shall register the pet with the Board or the Managing Agent prior to or immediately upon bringing such pet onto the Community. Pets shall not be kept, bred or used for any commercial purpose. Any personal injury or property damage to the structures, grounds, flooring, walls, trim, finish, tile, carpeting, stairs or other portion of the Community caused by a pet will be the full responsibility of the pet owner and the Owner of the Home in which the pet is kept. Owners and Occupants shall be responsible for the immediate and proper removal and disposal of all fecal matter of pets kept in their Homes. Any pet which is a nuisance or causes unreasonable disturbance to any Occupant or causes damage to the Community shall be removed by its Owner or by the Occupant of the Home in which it is kept promptly upon the request of the Board.

2. The number of occupants shall be in accordance with any limitations imposed by State or municipal law or ordinances.

3. The Homes shall at all times be occupied and used only for residential purposes in accordance with applicable laws, the Declaration and the Bylaws, and for no other purposes.

4. The Homes or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any timesharing purpose or under any timesharing plan, arrangement or program, including without limitation any so-called "vacation license," "travel club membership," or "time-interval ownership" arrangement. The term "timesharing" as used in the Declaration shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess a Home 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.

5. The Home Owners shall have the absolute right to sell, lease, rent or otherwise transfer their respective Homes subject to all provisions of the Act and the Community Documents. All Homes may not be leased or rented for an initial term of less than thirty days (or such longer period as may be required by ordinance of the County to avoid classification of the Home as a "transient vacation unit") and may not be rented in any manner by which the occupants of the Home are provided customary hotel or similar services, such as room service, maid service, laundry or linen service or bell service. Any lease or rental agreement of a Home shall be in writing and shall provide that it shall be subject in all respects to the provisions of the Community Documents and that the failure of the lessee or tenant to comply with the terms of the Community Documents shall be a default under the lease or rental agreement.

6. A Home Owner shall not use his or her Home and/or any appurtenant Limited Common Element for any purpose which will injure the reputation of the Community or suffer anything to

be done or kept in his or her Home or elsewhere in the Community which will (a) jeopardize the soundness of any building in the Community, (b) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, (c) increase the rate of fire insurance on any structure or the contents of any structure, or (d) reduce the value of the Community or any structure in the Community.

7. Use of those parking stalls, if any, which are not designated as Limited Common Elements appurtenant to any specific Home, may be governed by rules and regulations adopted in accordance with the Bylaws to assure equitable use of the stalls by all Owners. The Board of Directors may install parking meters, gates, security devices, checkpoints and other equipment appropriate to this end and may issue stickers or adopt an allocation system.

8. The Common Elements and their use is subject to an express limited warranty by Developer in favor of the Association, which is conditioned on appropriate regular and routine maintenance, inspection and repair of the Common Elements by the Association, that the construction of the Common Elements has been completed in general conformity with approved plans and specifications, subject to appropriate or required field changes in accordance with the building standards set out in Developer's Limited Warranty ("Developer's performance standards"). The exact terms of Developer's Limited Warranty are set forth in Exhibit "D" of the Declaration and such limited warranty shall be effective upon the recording of the Declaration. Developer's Limited Warranty shall be administered by the Professional Warranty Service Corporation ("PWC"). An appropriate validation form, described below and in Developer's Limited Warranty, will be delivered to the Association NOT later than the first annual meeting of the Owners. It is expressly understood and agreed by and between Developer and each Owner and the Association that, other than this express limited warranty, DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE COMMON ELEMENTS, THE COMMUNITY OR CONSUMER PRODUCTS OR OTHER THINGS WHICH MAY BE INSTALLED OR WHICH ARE CONTAINED IN THE COMMON ELEMENTS OR THE COMMUNITY, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE. During the term of Developer's Limited Warranty, the Association shall in each and all instances permit Developer or Developer's designated representative to repair any and all items classified by Developer as items covered by Developer's Limited Warranty. The Association and its members shall have no further rights and Developer no further obligation to the Association and/or its members in respect of such matters repaired by Developer or Developer's representative.

In providing for the maintenance, management and repair of the Area of Common Responsibility (which are defined as Common Elements in Developer's Limited Warranty) pursuant to the Declaration, the Association shall comply with each of those obligations specified in the attached form of Developer's Limited Warranty and undertake each of those actions therein required to be taken by the Association. In that regard, the Association shall let appropriate contracts to service professionals in order to provide and shall provide regular and routine maintenance, inspection and repair of the Common Area. Without limitation of the obligations imposed on the Association pursuant to the Declaration, the Association, through its Board, shall execute all necessary documents in order to effectuate Developer's Limited Warranty, including without limitation, the "Limited Warranty Validation Form". With respect to the Developer's Limited Warranty, the Association acknowledges and agrees:

- With respect to items covered under Developer's Limited Warranty, the Association hereby waives all other express or implied warranties, as set forth in Developer's Limited Warranty, to the fullest extent permitted by law.

- PWC is only administrator of Developer's Limited Warranty.
- The Association shall satisfy each and every requirement contained in Developer's Limited Warranty, including without limitation those for written notice, access, right of repair and review etc., as detailed in Developer's Limited Warranty.
- The Association board has received and shall maintain a copy of Developer's Performance Standards and further understands and acknowledges that Developer's performance standards will be utilized in determining coverage under Developer's Limited Warranty.
- The Association has and undertakes to perform those affirmative maintenance obligations as set forth in Developer's Limited Warranty, in addition to any maintenance obligations otherwise required by the Declaration or by applicable law.

9. Each Home Owner may use the Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Home Owners, provided that the Board of Directors shall have the right:

(a) To change the use of the Common Elements upon approval of seventy-five percent of the Owners;

(b) On behalf of the Association, to lease or otherwise use for the benefit of the Association those Common Elements that, in accordance with Section 514B-38(5) of the Act, the Board determines are not actually used by any Home Owners for a purpose permitted in the Declaration so long as it does not adversely affect Developer's rights and interests in the Common Elements, provided that, unless the approval of sixty-seven percent (67%) of the Owners is obtained, such lease shall not have a term of more than five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days' written notice;

(c) To lease or otherwise use for the benefit of the Association those parts of the Common Elements not falling within subsection (b) above, upon obtaining the approval of seventy-five percent of the Owners, including all directly affected Owners and in the case of Limited Common Elements, all Owners of Homes to which such Limited Common Elements are appurtenant, and the approval of all mortgagees of record on Homes with respect to which Owner approval is required, if such lease or use agreement would be in derogation of the interest of such mortgagees: and

(d) To enact, amend and repeal rules and regulations reasonably restricting and regulating use of the Common Elements, provided that such rules and regulations shall be enacted, amended or repealed in accordance with and shall be consistent with the terms of the Community Documents, and shall not be in derogation of the rights reserved to Developer in the Community Documents.

10. Lanais. Without limiting the generality of any other provision of the Declaration, the following provisions shall apply to lanais:

(a) Use of Lanais. Lanais shall be used only as outdoor living areas containing patio furniture, potted plants, and other similar outdoor furnishings that comply with the standards governing the appearance of such items as set forth in the Community Rules. Said furnishings shall be equipped with protective leg caps or other devices to prevent damage to the floor of the

lanais. No Improvement shall be nailed, bolted, or otherwise attached to the floor, walls, or any other portion of the lanais. No hanging screens or banners and no other accoutrement (other than plants), which may be visible from any other Home, the Common Elements, or the Community are permitted on any portion of the lanais. Unless placed by Developer, any plants placed on lanais must be approved by the Board, must have sufficiently large receptacles to contain all drainage from such plants, and must not be allowed to collect condensates or moisture between the receptacles and the floor of the lanais.

(b) Limitations on Use. Lanais shall not be used for storage of any type, including, without limitation, boxes, tools, exercise and sports equipment, bicycles, cleaning utensils and supplies, or other household items, if visible from any other Home, the Common Elements, or any other part of the Community. Lanais shall be maintained in a clean, neat, and sanitary condition at all times, and nothing shall be placed on Lanais so as to render them unsightly or offensive to the other Owners or to any other Homes in the Community or its occupants. No dust, dirt, or other substances shall be shaken, swept, or thrown from or hosed off the lanais on or into any Common Elements. Any item which in the opinion of the Board or the Board is unsightly or offensive shall be removed from the lanais upon receipt of written notice of such determination from the Board or the Board. No Owner shall change or alter the surface or exterior of any lanais without the consent of the Board.

11. Rights of Persons with Disabilities. Subject to the provisions of the Declaration, each Owner shall have the right to modify the Owner's Home and the Board and/or the Developer has the right to modify the route over the Common Elements leading to the front door of the Home, at the Owner's sole cost and expense, in order to facilitate access to the Home by persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to such persons. The rights granted by the Declaration are further subject to the following conditions: (i) the modifications shall be consistent with applicable building code requirements; (ii) the modifications shall be consistent with the intent of otherwise applicable provisions of the Declaration pertaining to safety or the aesthetic integrity of the Community; (iii) the modifications which are external to the Home shall not prevent reasonable passage by other Owners or Invitees on the Community, and shall be removed by the Owner when the Home is no longer occupied by persons requiring those modifications; (iv) any Owner who intends to modify a Home pursuant to the Declaration shall submit their plans and specifications to the Board for review to determine whether the modifications comply with the provisions of the Declaration; and (v) any change in the exterior appearance of a Home shall be in accordance with the provisions of the Declaration and all applicable provisions of law. Any Owner with a disability desiring such a modification shall make such request, in writing, to the Board. That request shall set out, with specificity and in detail, the nature of the request and the reason that the requesting party needs to be granted such the modification. The Board shall not unreasonably withhold or delay its consent to such request and the Board shall not deny approval of the proposed modifications under the Declaration without good cause.

12. Improvements and Pests. Except as otherwise specifically provided in the Declaration, any Supplemental Declaration, or any agreement with the Association, the performance and cost of all maintenance and repair of each Private Yard Area, and all structures, parking areas, landscaping and other Improvements located on or within such Private Yard Area shall be the sole responsibility of the Owner of the Home to which such Private Yard Area is appurtenant. Each Owner shall maintain all Improvements, including landscaping upon or within such Owner's Private Yard Area, in a state of good condition and repair in accordance with the Declaration. No Owner or occupant of a Private Yard Area shall landscape or plant in any area controlled by the Association or otherwise interfere with the landscaping and maintenance of

such landscaping as performed by the Association. No such Owner or occupant shall interfere in any manner with the proper and effective operation of the irrigation facilities, if any, located in or on such common areas or easement areas, including any automatic or electric timer system(s) associated with such facilities. Further, each Owner acknowledges and agrees that the Owner is responsible for the control of pests (termites, insects, rodents and the like) in or around the Private Yard Areas and Improvements to the Private Yard Area. Notwithstanding anything to the contrary in the Declaration, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. Notwithstanding anything to the contrary contained in the Declaration, each Owner shall have and shall comply with each of those obligations specified in the attached form of Developer's Limited Warranty and undertake each of those actions therein required to be taken by the Home Owner.

13. Maintenance.

(a) Appearance of Improvements. Each Owner shall maintain the exterior appearance of the Improvements to their Private Yard Area in a neat and attractive manner, consistent with the surrounding areas in accordance with the provisions of the Declaration and the maintenance responsibilities set out in Exhibit "E" of the Declaration. Any interior window coverings in a Home visible from a neighboring Home or Private Yard Area shall be neutral in color. Each Owner should attempt to utilize colors that are consistent with the exterior color scheme of the Home and surrounding Homes within the Community.

(b) Improper Maintenance and Use of Private Yard Areas. In the event any portion of any Private Yard Area is so maintained as to present a public or private nuisance or an unreasonable condition (as determined by the Board) with respect to other Owners or occupants, or as to substantially detract from the appearance or quality of the surrounding Private Yard Areas or other areas of the Community, or in the event any portion of a Private Yard Area is being used in a manner which violates the Declaration, the Community Rules or any applicable Supplemental Declaration, or in the event the Owner of any Private Yard Area or portion thereof is failing to perform any of its obligations under the Declaration, any applicable Supplemental Declaration or Community Rules, the Board may by resolution, make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto, give notice to the offending Owner that, unless corrective action is taken within ten days, the Board may cause such action to be taken at the Owner's cost. If, at the expiration of said ten-day period of time, the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be a Special Assessment against the offending Owner and the Owner's Private Yard Area, secured by a special assessment lien enforceable in accordance with the Declaration.

14. Design Guidelines. Each Owner shall comply with the Design Guidelines set forth in the Community Rules.

15. Landscaping.

(a) All Private Yard Areas shall be landscaped in accordance with plans that comply with the Declaration and the Design Guidelines contained in the Community Rules. Landscaping on all Private Yard Areas shall be maintained in a neat and attractive manner, consistent with any surrounding common areas and shall conform to any additional landscape maintenance standards established in the Design Guidelines and which may be established under the Declaration. The entire Private Yard Area must be landscaped within 90 days after Owner's purchase. In the event an Owner fails to landscape these areas on Owner's Private Yard Area within 100 days after Owner's purchase, either the Developer or the Association may,

at their respective option, perform all such clearing and landscape work and the Owner shall reimburse the Developer or the Association, as the case may be, for the cost thereof upon demand together with interest thereon at the maximum rate allowed by law; provided, however, that the cost thereof does not exceed \$5,000, exclusive of interest. All such sums expended shall be a special assessment lien on the Home, subject to foreclosure in accordance with the Declaration.

(b) Similarly, if after 30 days following written demand, the Owner fails to maintain, repair and/or restore, as the case may be, the landscaping on the Private Yard Area in a neat and attractive manner, the Developer or the Association may at their respective option perform the work and shall be reimbursed therefor, together with the interest on amounts advanced to perform such work. Any sums not paid by the Owner on demand shall be a lien against the Private Yard Area, subject to foreclosure as herein permitted. All landscaping in Private Yard Areas, including without limitation, plants, flowers, bushes, shrubs, or foliage of any kind, must be at least two (2) feet away from the Home in order to prevent possible termite damage to the Home.

16. Trees and Planting Strip Area. The Association and/or Developer may plant trees in Private Yard Areas or in the common area along the roadway in the Community (the "Planting Strip Area"). No trees planted by the Developer shall be removed, changed or relocated without the prior written consent of the Developer and the County agency or agencies with jurisdiction over the Planting Strip Area ("DPR"). Each Owner shall be responsible for the proper maintenance and care of any trees planted on Owner's Private Yard Area and/or any Planting Strip Area adjacent to Owner's Private Yard Area. Under no circumstances may the Owner alter the Planting Strip Area without permission of the Board of Directors. County ordinance may restrict the removal of trees growing in the Planting Strip Area and may restrict the alteration of any landscaping in the Planting Strip Area, without first obtaining a permit from DPR, or in emergencies, the traffic engineer and the chief engineer of the County. Owners may not plant trees in the Planting Strip Area, landscape, or alter the landscaping in the Planting Strip Area without first obtaining an appropriate Street Tree Planting Permit from the DPR and approval of the Board. The County may prohibit any person from injuring or destroying street trees in any manner, including but not limited to: (i) the filling in of the ground area around the tree; (ii) the piling of building materials or equipment which may injure the tree; (iii) poisoning the tree or parking strip area; (iv) the posting of any signs or notices on any tree; (v) the damaging of any tree; and (vi) alteration of the Planting Strip Area.

17. Exterior Lighting. Any exterior lighting used on any Private Yard Area shall be suitably dimmed, screened, shaded or diffracted so that no offensive glare from the light sources is visible from any neighboring Private Yard Area or from the street. Owners shall properly maintain any exterior lighting fixtures located within Owners' respective Private Yard Areas.

18. Existing Drainage Facilities and Easements. No Owner shall alter the existing drainage pattern on any Private Yard Area, nor shall any Owner modify any existing drainage facility located on the Owner's Private Yard Area. Private Yard Area Owners shall be responsible for maintaining the existing drainage pattern on Owners' respective Private Yard Areas. The Owner of a Private Yard Area on which any drainage ditch facility or portion thereof is located shall be responsible, at the Owner's cost, for the maintenance, repair and cleaning, as required, of the drainage ditch facilities located on the Owner's Private Yard Area. The County shall be responsible for the maintenance of the underground drainage facilities located on a Private Yard Area, if any, which are constructed for the benefit of the County.

19. Existing Fences and Walls. Among the Improvements constructed by Developer are various vinyl or aluminum fences and masonry or cementitious walls located within various Private Yard Areas or along Private Yard Area boundaries. The Owners may not remove or alter such fences or walls. The locations of the fences or walls shown on the Condominium Map are tentative and may be changed at any time, all without further notice to Owner. The final locations of the fences and walls will be shown on the Condominium Map filed with the "as built" statement.

20. Future Additions and Alterations. No Owner shall add to or alter any Improvement constructed by the Developer, including the Homes, without the prior written consent of the Director of the County planning department, and the Association's Board. All Improvements constructed on the Private Yard Areas by an Owner shall conform with the requirement of the Declaration and the Design Guidelines, if any, and the restrictions contained in the Declaration. Specifically, but without limitation, yard setbacks and the height of all Improvements on each Private Yard Area shall comply with any and all applicable zoning requirements, including, without limitation, any applicable requirements of the "Land Use" or "Zoning" or "Building" Ordinance for the County. In the event of a conflict between the Declaration and the Design Guidelines, the more restrictive provision shall control.

21. Right of Removal. Any construction, alteration, or other work done in violation of the Declaration shall be deemed to be nonconforming. Upon written request from the Board, the Owner(s) shall, at his, her or their own cost and expense, remove such nonconforming construction, alteration, or other work and shall restore the Private Yard Area to substantially the same condition as existed prior to the nonconforming construction, alteration, or other work. Should an Owner fail to remove and restore as required in the Declaration, the Board or its designee(s) shall have the right to enter the Private Yard Area, remove the violation and restore the property to substantially the same condition as existed prior to the nonconforming construction, alteration or other work. The Owner shall be liable for all costs thereof together with interest thereon at the maximum rate allowed by law, and the Association shall have an assessment lien to secure the payment of such costs.

22. Dispute Resolution. All disputes among Home Owners concerning the common or individual responsibility for items described in the Declaration shall first be reviewed by the Board or a committee thereof designated for that purpose and the Board's non-binding opinion may be accepted by the disputing parties. Any Owner dissatisfied with such non-binding opinion may thereafter resolve the matter pursuant to the Declaration.

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE SPECIAL USE RESTRICTIONS CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT L

Section 1.12 -- Encumbrances Against Title

1. Real Property Taxes which may be due and owing. Reference is made to the County of Maui Tax Assessor's Office.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. SETBACK (40 feet wide)

PURPOSE: building
ALONG: on survey map prepared by Ronaldo B. Aurelio,
SHOWN: Licensed Professional Land Surveyor, with Austin, Tsutsumi & Associates, Inc., dated March 20, 1996, last revised August 28, 1996, as set forth in Deed dated December 27, 1996, recorded as Document No. 96-185582

4. The terms and provisions contained in the following:

INSTRUMENT : SUBDIVISION AGREEMENT UNDER MCC SECTION
18.040.030(5)
DATED: August 28, 1996
RECORDED: Document No. 96-125030
PARTIES: COUNTY OF MAUI, DEPARTMENT OF PUBLIC WORKS AND
WASTE MANAGEMENT, and SPORTS SHINKO (PUKALANI)
CO., LTD.

5. The terms and provisions contained in the following:

INSTRUMENT: UNILATERAL AGREEMENT AND DECLARATION FOR
CONDITIONAL ZONING
DATED: November 19, 1997
RECORDED: Document No. 97-170957
PARTIES: KULAMALU LIMITED PARTNERSHIP, a Hawaii limited
partnership and the COUNTY OF MAUI

6. DESIGNATION OF EASEMENT "34"

PURPOSE: transmission line
SHOWN: on survey map prepared by Martina W. Jale, Licensed
Professional Land Surveyor dated October 16, 1997

7. SETBACK (100 feet wide)

PURPOSE: building
SHOWN: on survey map prepared by Erik S. Kaneshiro, Licensed
Professional Land Surveyor dated June 9, 1998, revised May 11,
2000

8. RESTRICTION OF VEHICLE ACCESS RIGHTS

SHOWN : on Subdivision Map by Eric S. Kaneshiro, professional Land Surveyor, dated June 9, 1998, revised May 11, 2000

9. GRANT

TO: MAUI ELECTRIC COMPANY, LIMITED and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED (now known as HAWAIIAN TELCOM, INC.)

DATED: April 7, 1999

RECORDED: Document No. 99-073959

GRANTING: a perpetual right and easement for utility purposes as shown on the map attached thereto

10. Encroachment(s) as shown on the survey map prepared by Erik S. Kaneshiro, Land Surveyor, with Austin Tsutsumi & Assoc., Inc., dated June 22, 2006.

(Note: The Developer may undertake to cure such encroachments. To the extent such encroachments are not cured, the Developer believes that the presence of such encroachments will not impair purchaser's ability to secure title insurance for a unit or mortgagee's coverage in respect of any mortgage issued to purchaser. Should such encroachments impair purchaser's ability to secure such title insurance coverages, Developer will resolve such issue with the escrow depository's title agent in a manner that purchaser may obtain such title insurance coverages.)

11. The terms and provisions contained in the following:

INSTRUMENT: KULAMALU TOWN CENTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTION DATED AS OF APRIL 1, 2003 AND RESTATED AS OF JUNE 23, 2004

DATED: April 1, 2003

RECORDED: Document No. 2004-172946

The foregoing includes, but is not limited to, matters relating to building height limitations.

Said Declaration was amended by instrument dated January 28, 2005, recorded as Document No. 2005-031788.

Annexing Amendment to Kulamalu Town Center Declaration of Covenants, Conditions and Restrictions dated December 26, 2006, recorded as Document No. 2006-239342.

12. The terms and provisions contained in the following:

INSTRUMENT : SIGNAGE EASEMENT AND AGREEMENT

DATED: December 29, 2006

RECORDED : Document No. 2006-239343

13. The terms and provisions contained in the following:

INSTRUMENT : LIMITED WARRANTY DEED
DATED: December 29, 2006
RECORDED: Document No. 2006-239344

14. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME OF
THE COTTAGES AT KULAMALU
DATED: May 14, 2007
RECORDED: Document No. 2007-087749

Condominium Map No. 4448

15. The terms and provisions contained in the following:

INSTRUMENT : BYLAWS OF THE ASSOCIATION OF HOME OWNERS OF THE
COTTAGES AT KULAMALU
DATED: May 14, 2007
RECORDED: Document No. 2007-087750

16. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF RESTRICTIVE COVENANTS CONCERNING
AGE OF OCCUPANTS FOR THE COTTAGES AT KULAMALU
DATED: May 15, 2007
RECORDED: Document No. 2007-087780

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE ENCUMBRANCES AGAINST TITLE CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT M

Section 3.5 -- Changes to the Condominium Documents

Owners may not amend any provisions in the Declaration and Bylaws reserving rights to the Developer without the consent of Developer.

Amendment to Declaration:

Pursuant to the Declaration, restoration of the community with less than all of the units after any casualty or condemnation may be undertaken by the Association, except where required by law, only pursuant to an amended declaration, duly adopted by the affirmative vote of not less than eighty percent (80%) of the Home Owners, including at least eighty percent (80%) of the Owners of Homes that will not be restored, and by all holders of liens affecting all or any part of the Community.

Pursuant to the Declaration, except as provided in the Declaration, repair, reconstruction, restoration, replacement of the community or any building or other structure or unit within the community or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map shall be undertaken by the Association or any Home Owners only pursuant to an amendment of the Declaration, which amendment shall be duly executed by or pursuant to the affirmative vote of seventy-five percent of the Home Owners and accompanied by the written consent of the eligible holders of first mortgage (as hereinafter defined) on Homes to which at least sixty-seven percent of the votes of Homes subject to mortgages held by such eligible holders are allocated, and in accordance with complete plans and specifications therefor first approved in writing by the Board.

Pursuant to the Declaration, except as otherwise expressly provided in the Declaration or in the Act, the Declaration may be amended by the affirmative vote or written consent of not less than seventy-five percent of the owners at a meeting of the Association called for that purpose, and effective only upon the recording of an instrument setting forth such amendment and vote, duly executed by any two officers of the Association; provided, however, that, except as otherwise expressly provided in the Declaration or in the Act, the approval of eligible holders of first mortgages on Homes to which at least fifty-one percent of the votes of Homes subject to mortgages held by such eligible holders are allocated, together with such other approval requirements as set forth in the Declaration, shall be required to materially amend any provision of the Declaration, or to add any material provisions set forth in the Declaration.

Any provision of the Declaration to the contrary notwithstanding, and in addition to such other approval requirements as are set forth in the Declaration, to the extent permitted by Section 514B-106(d) of the Act, the prior written approval of Developer is required before any amendment which would impair or diminish the rights of Developer to complete the Property or sell or lease Units therein in accordance with the Declaration shall become effective. Notwithstanding any other provisions of the Declaration, until such time as Developer no longer owns any Unit in the Community, the following actions, before being undertaken by the Association, shall first be approved in writing by Developer:

(a) Mortgagee Approval. Any amendment or action requiring the approval of Mortgagees pursuant to the Declaration;

(b) Capital Improvement Assessment. The levy of a capital improvement Assessment for the construction of new facilities not constructed in the Common Element by Developer;

(c) Reduction in Services. Subject to any restrictions contained in the Bylaws regarding limitations on general assessment increases, any significant reduction of Association maintenance or other services;

(d) Assessments. Alteration in the method of fixing and collecting assessments or any increases in assessments beyond the amounts permitted under the Bylaws;

(e) Responsibility for Repairs. Reduction in the level of, or change in allocation of, responsibility for maintenance of and repairs to all or any portion of the Common Element subject to the Declaration, or any other maintenance obligations of the Association set forth in the Declaration;

(f) Common Elements. Conveyance or dedication by the Association of all or any portion of the Common Elements;

(g) Architectural Committee Enforcement and Review Procedures. Modification of the enforcement and review procedures of the Board or Design Review Committee, or any change in the architectural and landscaping design originally installed by Developer;

(h) Improvements to and Maintenance of Common Elements. Modification to Improvements to the Common Elements or to the level or frequency of maintenance of the Common Elements;

(i) Enforcement of the Declaration. Alteration in the method of enforcing the provisions of the Declaration; or

(j) Developer's Reserved Rights. Any modification of the rights reserved and granted to Developer herein with respect to development or sale of the Property or which are for the express benefit of Developer.

Amendment to Bylaws:

Pursuant to Section 3.2 of the Bylaws, the Bylaws may be amended to reduce the number of Board members where at least seventy percent (70%) of the unit owners do not reside at the community by the written consent of a majority of Owners or the vote of a majority of a quorum at any annual meeting or special meeting called for that purpose.

Pursuant to Section 11.2 of the Bylaws, the Bylaws may be amended in any respect not inconsistent with law or the Declaration by the affirmative vote or written consent of not less than sixty-seven percent (67%) of the Owners.

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE CHANGES TO THE CONDOMINIUM DOCUMENTS CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF

THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT N

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

The Developer has the right to change the condominium documents for any of the following reasons or purposes:

1. Developer shall have the right to designate, grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across or through the Common Elements of the Community or Private Yard Areas, if any, for any reasonable purpose, which may include, but shall not be limited to, those purposes which are necessary for the operation, care, upkeep, maintenance or repair of any Home, the Common Elements or any easements for utilities or for any public purpose.

2. Developer and its agents, employees, contractors, licensees, successors, mortgagees and assigns shall have an easement over, under and upon the Community and each and any portion of the Community and the individual Homes to create and cause noise, dust, vibration and other nuisances or annoyances created by and resulting from any work connected with or incidental to the development, construction and sale of any Home or other Improvement to the Community, any additional increment to the Community, or any other community which Developer, its successors or assigns, may develop on property adjacent to or in the vicinity of the Community. Each and every Owner or other person acquiring any interest in the Community waives any and all rights, claims or actions that might otherwise be asserted against Developer, its agents, employees, licensees, successors, mortgagees and assigns, based on any such noise, dust, vibration and other nuisances or annoyances. Without limitation of the foregoing:

(a) Developer, its agents, employees, consultants, contractors, licensees, successors, mortgagees and assigns, shall have an easement over, under and upon the Community as may be reasonable or appropriate for additional construction, the completion of renovations to the improvements of the Community, and (at the option of Developer) the correction of defects therein. In addition to any other easements reserved to Developer under the Declaration, in connection with, and to the extent necessary for the development and construction of units, common facilities, and/or increments following the transfer of ownership of any Unit to an individual or entity other than Developer, Developer shall have the right to enter upon the Community premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing all increments in accordance with the Declaration and the Condominium Map. Such rights shall include, but are not limited to, the following:

(1) An easement over, under and across the Common Elements of the Community and all utility service to the Community for the purposes of all work connected with or incidental to the development, construction and sale of the Units or increments; and,

(2) The right in the nature of an easement over and upon the existing buildings and Common Elements of the Community to create and cause dust, noise, vibration and other nuisances created by and resulting from any work connected with or incidental to the development, construction and sale of the increments or Units.

(b) Developer, its contractors, subcontractors, licensees, mortgagees and assigns, and their respective employees and agents, shall have the right and an easement in favor of Developer and its successors and assigns is hereby granted at any time and from time to time prior to the thirtieth (30th) anniversary date from the recording of the Declaration, to enter upon, use, remove, replace, add to, or otherwise alter the Common Elements and the Limited Common Elements of the Community and to do all things reasonably necessary, desirable or useful for designing, developing, constructing or completing any additional increment to the Community, connecting any such additional increment to the utility installations of the Community, and selling the Units contained within any such additional or increment, including, but not limited to, the right to consolidate any parcel(s) of land covered hereby with any other parcel(s) of land in connection with the merger of increments; provided that the exercise of the rights granted herein shall not cause any permanent or avoidable interruption in the service of utilities to the Community, and provided further that any person exercising such rights shall use reasonable efforts, without additional cost to Developer and consistent with maintaining the progress of the design, development, construction, completion and sale of the additional increment, to minimize interference with the Owners' use and enjoyment of the Property. Developer further reserves the right to grant, for the benefit of the owner or owners from time to time of all or any portion of each of the other Increments, and without the consent or joinder of any party having any interest in the Community, easements over, under, across, along, upon and through the Common Elements of the Community for ingress and egress purposes, access purposes, electrical, gas, communications and other utility purposes, sanitary sewer, drainage and drainline, waterline, and flowage purposes, and all other purposes, to the State of Hawaii, the County, the Board of Water Supply of the County, any other appropriate governmental agency, and/or any public or private utility or other corporation, partnership, individual or entity, provided that such easements and rights-of-way do not materially impair or interfere with the use of any Unit in the Community or the Common Elements of the Community.

(c) Without limiting the foregoing, anything to the contrary notwithstanding, Developer shall have the following retained and reserved construction easements:

(i) A non-exclusive easement in all structural members, footings, foundations, columns and beams and any other supporting components located in or constituting a part of the Community;

(ii) A non-exclusive easement for access to, the right to connect to and the use for their intended purposes and maintenance, of all facilities located in the Community including heating, ventilating and air conditioning systems, boilers and hot water systems;

(iii) A non-exclusive easement permitting encroachments in the event and to the extent that, by reason of the original construction or any reconstruction or replacement of any improvements currently located or hereafter constructed on any part of the Community or the subsequent settlement or shifting of any part of the improvements on any portion of the Community;

(iv) A non-exclusive easement in and for the use of all common walls, floors and ceilings common to the Community;

(v) A non-exclusive easement for ingress and egress of persons and vehicles through, over and along all portions of the Community as they exist on the date the Declaration is Recorded and which, by their nature, currently permit the passage of persons and motor

vehicles, respectively, for the purpose of affording access to and egress from the public alleys and streets adjoining the Community; and

(vi) A non-exclusive easement for ingress and egress of persons and vehicles through, over and along all portions of the Community to construct and maintain facilities therein, provided that the existence of the facilities when completed does not materially interfere with the use of the Community through or in which the Facilities are constructed for their intended purpose. During construction of the facilities, Developer and its contractors may restrict the use of the common areas of the Community as would be normal for the type of construction involved, provided that the common areas of the Community can still be used for the purpose for which they were designed, or reasonable alternative services are available.

(d) The purpose of the easements declared and granted in the Declaration is to enable Developer to fully exploit and use the Community or any portion thereof for any lawful purpose whatsoever and to construct thereon any improvements which Developer is lawfully permitted to construct, and, in connection with such construction, to connect to, rest upon, abut and otherwise receive support for any improvements which may be created, from the improvements currently located on the Community adjoining the area of such improvement and for ingress and egress through the common areas of the Community as currently enjoyed. Developer's exercise of rights reserved in the Declaration are subject to Developer's agreement to repair at its sole cost, in a good and workmanlike manner and in accordance with all laws any damage caused to the Community by reason of the exercise of the Easements granted by the Declaration. The Easements granted in the Declaration are perpetual and may assigned in whole or in part, subject to such limitations as may be determined appropriate by Developer in Developer's sole discretion, by Developer to one or more Owners.

3. Any other provision in the Declaration to the contrary notwithstanding, the Developer shall have the right (but shall not be obligated) at its sole discretion under the Declaration, without being required to obtain the consent or joinder of any person or group of persons, including the Association, any Residence Owner or any mortgagee, lien holder, Residence purchaser or any other person who may have an interest in the Community or in any Residence, to develop, construct, transfer, convey and/or sell the Residences hereunder in increments on a building by building basis. Upon the completion of any Residence within an increment, the Developer may, notwithstanding the incompleteness of any other increment(s) or other Residences in the pending increment, but subject to the Community Documents and the provisions of the sales contract for the sale of a Residence in such increment, thereupon transfer ownership of Residences in such increment to Residence purchasers.

4. In connection with, and to the extent necessary for the development and construction of the Community, other Units and/or increments following the transfer of ownership of any Residence to an individual or entity other than the Developer, the Developer shall have the right to enter upon the Community premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing all increments in accordance with the Declaration and the Condominium Map. Such rights shall include, but are not limited to, the following:

(a) An easement over, under and across the Common Elements of the Community for the purposes of all work connected with or incidental to the development, construction and sale of the Community, other units and all increments;

(b) The right in the nature of an easement over and upon the existing buildings and Common Elements of the Community to create and cause dust, noise, vibration and other nuisances created by and resulting from any work connected with or incidental to the development, construction and sale of the increments;

(c) The right to enter the common areas of the Community for the purpose of showing prospective purchasers Residences in the Community;

(d) The right to place signs upon the Community in conjunction with sales of Residences; and

(e) The right of the Developer to use any Residence owned or rented by the Developer for sales or display purposes until all Residences have been sold.

(f) The right to use utility services benefiting the Community for the foregoing purposes.

5. Developer reserves a present easement over the whole of the common area, together with the right for itself and its successors and assigns, to designate, grant, convey, transfer, cancel, relocate, reserve or otherwise deal with any easements, licenses, rights of way, and encroachments at any time for utilities, any public-type facility (mailboxes and the like), sanitary and storm sewers, cable television transmission facilities, party walls (including the creation of the same on the Community boundaries), refuse disposal, landscape, maintenance, driveways, parking areas, access roadways and other similar purposes, on, over, across, under and through the Common Elements of the Community and the Private Yard Areas (as limited by the Declaration). Without limiting the generality of the foregoing, Developer reserves the right to utilize any common utility facilities (including without limitation water, sewer, electrical, telephone, and cable) described in the prior sentence (such as, but not limited to, waterlines, sewer lines, access roadways and the like) whether located in designated easement areas or otherwise, together with the right of entry to construct, reconstruct, operate, maintain, repair and relocate such lines, facilities and appurtenances and to grant any such easements or rights of way to governmental or quasi-governmental authorities, utility or service companies, homeowner's associations or other entities and the right to grant, dedicate, designate, use and enjoy easements and/or rights-of-way for access purposes (including for vehicular and pedestrian access). Developer may, in its discretion, complete any construction of intended facilities in advance of the designation or creation and granting of the easement covering the facilities so constructed. The rights reserved to Developer include specifically without limitation the right (i) to utilize any utility service to the Community to complete such construction, (ii) to perform warranty or punchlist repair services within the Community, (iii) to serve adjacent and separate developments outside of the Community provided Developer with respect to such separate and/or adjacent communities submeters such use, and may use roadways in the Community to serve adjacent developments provided the association controlling such development shares pro rata in the cost of maintenance and repair of the roadway and reimburses the Association for any submetered use, and (iv) to enter into encroachment agreements, in its sole discretion as determined by Declarant, in respect of any part of the Common Elements their may now or hereafter encroach upon a Home or Limited Common Element or any part of a Home or any Improvement on a Private Yard Area appurtenant to another Home or upon a portion of the Common Elements. The easements retained in the Declaration and these reserved rights shall be exercised in a manner that will not materially impair or interfere with the use of any Home. In the event of a submetered use (such as water service), the Association shall be entitled to confirm submeter readings. Each Owner, by

purchasing a Home, consents to any such designation, granting, conveyance, transfer, cancellation, relocation and reservation of easements and/or rights of way as provided above without the necessity of any Owner or those claiming by, through or under an Owner entering into any further agreement respecting such action or document; provided, however, that such Owner and those claiming by, through or under an Owner agrees to join in and execute such documents and instruments and do such other things as may be necessary or convenient to effect the same promptly at the request of Developer without payment of additional consideration.

6. Developer, and its agents, successors, mortgagees and assigns, shall have the right and an easement to conduct extensive sales activities on and at the Community, including the use of any Home owned by Developer (and any other Home, with the express permission of the Owner of such Home) and the Common Elements (excluding Limited Common Elements appurtenant to other Homes) for model homes, sales and management offices, parking and extensive sales displays and activities, and the posting and maintenance of signs and other advertisements relating to such sales activities. Without limitation of the foregoing, Developer reserves, for itself and its successors and assigns, the right during the course of Developer's sales of units in the Community to supplement, modify and amend the estimated breakdown of annual maintenance fees and estimated cost of assessment to each unit, as Developer deems appropriate, to reflect changes in estimated expenses applicable to ownership of units attributable to the increase in cost of service or modification of proposed service to the Association reflected in the budget for annual maintenance fees. Upon such modifications, Developer may supplement and amend its public report applicable to the Community.

7. Developer and its agents, employees, contractors, licensees, successors, mortgagees and assigns shall have an easement over, under and upon any portion of the Community, including the Common Elements, any utility service, Limited Common Elements and any Home, as may be reasonably necessary for the inspection of and for the completion of improvements to and correction of defects and other "punchlist" and warranty items in the Home or Private Yard Area or the Community. The rights reserved in the Declaration shall continue until ten (10) years after the later of: (i) the Recording of the "as built" verified statement required by Section 514B-34 of the Act; (ii) the "date of completion" of the improvements as defined in Section 507-43(f), Hawaii Revised Statutes of the last increment constructed in the Community or (iii) the expiration of the applicable limited warranty period for any portion or portions of the Common Elements.

8. The Developer, its contractors, subcontractors, licensees, mortgagees and assigns, and their respective employees and agents, shall have the right and an easement in favor of the Developer and its successors and assigns is hereby granted at any time and from time to time prior to the twentieth (20th) anniversary date of the Recording of the Declaration, to enter upon, use, remove, replace, add to, or otherwise alter the Common Elements and the Limited Common Elements of the Community and to do all things reasonably necessary, desirable or useful for designing, developing, constructing or completing any additional increment to the Community, connecting any such additional increment to the roads and utility installations of the Community, and selling the Residences contained within any such additional increment, including, but not limited to, the right to consolidate any parcel(s) of land covered hereby with any other parcel(s) of land in connection with the addition of an increment; provided that the exercise of the rights granted herein shall not cause any permanent or avoidable interruption in the service of utilities to the property, and provided further that any person exercising such rights shall use reasonable efforts, without additional cost to the Developer and consistent with maintaining the progress of the design, development, construction, completion and sale of the

additional increment, to minimize interference with the Owners' use and enjoyment of the property. Developer further reserves the right to grant, for the benefit of the owner or owners from time to time of all or any portion of each of the other Increments, and without the consent or joinder of any party having any interest in the Community, easements over, under, across, along, upon and through the Common Elements of the Community for ingress and egress purposes, access purposes, electrical, gas, communications and other utility purposes, sanitary sewer, drainage and drainline, waterline, and flowage purposes, and all other purposes, to the State of Hawaii, the County, the Board of Water Supply of the County, any other appropriate governmental agency, and/or any public or private utility or other corporation, partnership, individual or entity, provided that such easements and rights-of-way do not materially impair or interfere with the use of any Home in the Community or the Common Elements of the Community. Such rights shall include by way of example, without limitation, the right: (i) to provide open space(s) and a sidewalk for use by the public in the Community; (ii) to establish a private park area(s) at the Community; (iii) to designate one or more areas and/or to record against the Community an agreement with the Department of Land and Natural Resources of the State of Hawaii for purposes of addressing the preservation, location and/or relocation of any burial or historic sites or artifacts found during development of the Community and protected under the laws of the State of Hawaii; (iv) to amend the Community Declaration and to modify the Condominium Map and scope of any Limited Common Element or Common Element, including, without limitation, the recreational facilities; and (v) to perform such additional offsite requirements as may be mandated, including, without limitation, road widening improvements and/or the provisioning of utilities, traffic signals, bus stops and/or stop signs.

9. The common interest and easements appurtenant to each Home shall have a permanent character and shall not be altered except as noted in the Declaration. The common interest, voting rights and easements appurtenant to each Home may be altered (diminished or increased) by a recorded amendment to the Declaration: (a) as may be determined necessary by Developer, without the consent of any party, to correct typographical or mathematical errors in the statement of such common interests, (b) filed by Developer, without the joinder of any party, upon the alteration of the Community as permitted pursuant to the Declaration, and/or (c) upon the action or consent of all Owners of Homes affected thereby, and the consent of the holders of any mortgage affecting such Homes as shown in the Association's records of ownership, or who have given the Board notice of their interest.

10. Subject to the provisions of the Declaration, each Owner shall have the right to modify the Owner's Home and the Board and/or the Developer has the right to modify the route over the Common Elements leading to the front door of the Home, at the Owner's sole cost and expense, in order to facilitate access to the Home by persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to such persons. The rights granted by the Declaration are further subject to the following conditions: (i) the modifications shall be consistent with applicable building code requirements; (ii) the modifications shall be consistent with the intent of otherwise applicable provisions of the Declaration pertaining to safety or the aesthetic integrity of the Community; (iii) the modifications which are external to the Home shall not prevent reasonable passage by other Owners or Invitees on the Community, and shall be removed by the Owner when the Home is no longer occupied by persons requiring those modifications; (iv) any Owner who intends to modify a Home pursuant to the Declaration shall submit their plans and specifications to the Board for review to determine whether the modifications comply with the provisions of the Declaration; and (v) any change in the exterior appearance of a Home shall be in accordance with the

provisions of the Declaration and all applicable provisions of law. Any Owner with a disability desiring such a modification shall make such request, in writing, to the Board. That request shall set out, with specificity and in detail, the nature of the request and the reason that the requesting party needs to be granted such the modification. The Board shall not unreasonably withhold or delay its consent to such request and the Board shall not deny approval of the proposed modifications under the Declaration without good cause.

11. Developer reserves the right to plant trees in Private Yard Areas or in the common area along the roadway in the Community (the "Planting Strip Area"). No trees planted by the Developer shall be removed, changed or relocated without the prior written consent of the Developer and the County agency or agencies with jurisdiction over the Planting Strip Area ("DPR").

12. Any other provision in the Declaration to the contrary notwithstanding and without limitation of the rights reserved to Developer in the Declaration, prior to (i) the time that all Homes in the Community have been sold and the conveyance thereof Recorded, and (ii) the filing by Developer of the "as built" verified statement (with plans, if applicable) required by Section 514B-34 of the Act, Developer shall have the right, without being required to obtain the consent or joinder of any person or group of persons, including the Association, any Home Owner or any mortgagee, lienholder, or any other person who may have an interest in the Community, to do the following:

(a) To make alterations in the Community (and to amend the Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Home (and the Limited Common Elements appurtenant thereto) in the Community which is not sold and the conveyance thereof Recorded which right includes the ability to change the overall "product mix" (e.g. change the building type or model home types to be constructed); and

(b) To make other alterations in the Community (and to amend the Declaration and the Condominium Map accordingly) which make minor changes in any Home in the Community or in the Common Elements which do not affect the physical location, design or size of any Home which has been sold and the conveyance thereof Recorded, including, but not limited to, the right to modify the size, type, location, orientation of windows, doors, siding, roofing materials, railings, or other exterior treatments, to designate additional guest stalls and to redesignate or renumber units and parking stalls.

(c) To modify all or certain of the Plan 2 type units so that such units contain up to four (4) bedrooms and three and one-half (3-1/2) bathrooms, and to alter the room configuration within such units, provided however, the rights reserved to Developer under the Declaration shall not be exercised in respect of any Plan 2 unit type that has been sold and the conveyance therefore recorded.

13. Any provision of the Declaration to the contrary notwithstanding, and until the Recording of Home conveyances or agreements of sale with respect to all of the Homes in the Community in favor of persons other than Developer, Developer may amend the Declaration, the Bylaws and/or the Condominium Map, without the approval, consent or joinder of any person or group of persons, including the Association, any Home Owner or any mortgagee, lienholder, Home purchaser or any other person who may have an interest in the Community, to correct typographical or mathematical errors and to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company

issuing a title insurance policy on the Community or any of the Homes, by any institutional lender lending funds on the security of the Community or any of the Homes, or by any governmental agency (including without limitation the VA, HUD, FNMA and/or FHLMC) or as otherwise required by Developer (including specifically the right to alter, adjust, or reassign guest parking stalls and to change covered and uncovered parking stalls); provided, however, that, except as otherwise provided herein, no such amendment which would change the common interest appurtenant to a Home or substantially change the design, location or size of a Home or the building in which it is located shall be made without the consent to such amendment by all persons having an interest in such Home.

14. Any provision of the Declaration to the contrary notwithstanding, Developer may amend the Declaration (and when appropriate the Condominium Map) without the approval, consent or joinder of any person or group of persons, including the Association, any Home Owner or any mortgagee, lienholder, Home purchaser or any other person who may have an interest in the Community or in any Home, to file a verified statement of the developer, a registered architect, or a professional engineer certifying that the final Recorded Condominium Map fully and accurately depicts the layout, location, house numbers and dimensions of the Homes, as built, or that any revised plans being filed simultaneously with the amendment involve only immaterial changes to the layout, location and dimensions of the Homes as built or any change in any house number, or such other changes as Developer is permitted to make pursuant to the Declaration.

15. Any provision of the Declaration to the contrary notwithstanding, Developer may amend the Declaration (and when appropriate the Condominium Map) as provided in the Declaration without the approval, consent or joinder of any person or group of persons, including the Association, any Home Owner or any mortgagee, lienholder, or any other person who may have an interest in the Community or in any Home.

16. Notwithstanding anything to the contrary herein contained, Developer may amend the Declaration (and when appropriate the Condominium Map) without the approval, consent or joinder of any person or group of persons, including the Association, any Home Owner or any mortgagee, lienholder, Residence purchaser or any other person who may have an interest in the Community or in any Residence in any manner required to retrofit guest parking stalls so they are suited for use by persons with disabilities and to assign such retrofitted stalls or existing guest stalls designated for use by persons with disabilities as appurtenant Limited Common Elements to any one or more of the homes intended for use by persons with disabilities upon substitution therefor of alternate guest parking stall(s). Such reassignment is hereby specifically declared not to constitute a material amendment of the Declaration or Condominium Map. All costs of such reassignment shall be borne as determined by Developer. Notwithstanding the foregoing, Developer also reserves the right to interchange guest parking stalls and the handicap guest parking stall with other parking stalls in the control of Developer as owner of a Residence to accommodate Residence owners in need of such.

17. Developer may revise the specimen deed and sales contract for the community to conform with any future amendments that may be made to the Declaration and the community.

18. Developer may change parking stalls designated as a standard sized parking stall into a compact sized parking stall.

19. Developer has reserved the right to withdraw land from the Community required by the State of Hawaii and the County of Maui in connection with certain intersection improvements at Kula Highway and A'apueo Parkway leaving only an approximate area of 6.369 acres (described in the Declaration) and to reconfigure the common area accordingly. Developer may withdraw these lands without payment of any kind to the Association and the Association is required to cooperate with the Developer in this effort. Upon withdrawal, no homeowner will have any rights in the withdrawn land and all withdrawn land shall be the property of Developer.

20. Developer has reserved the right to convert items classified as Buyer's responsibility to the responsibility of the Association when determined by the Developer and/or the Board to be in the best interest of the Community. Such reclassification shall not be deemed material in any respect, is approved by the Owner's and shall not require the joinder or consent of or notice to any Owner or its mortgagee.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY THE DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS CONTAINED IN THE DECLARATION, BY LAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER CAN USE THIS SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE DEVELOPER. IF ANY CONFLICT OR DIFFERENCES EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION WILL CONTROL.

EXHIBIT O

Section 4.2 -- Estimate of the Initial Maintenance Fees

The Estimated Maintenance Fee Disbursements for The Cottages at Kulamalu have been compiled by Hawaiiiana Management Company, a licensed property manager, assuming that all units in the Community as reflected on the Condominium Map are constructed. Although the Managing Agent makes every effort to estimate the actual cost of operation, many factors will affect the ultimate cost of operation and certain budget items may change, including, but not limited to, insurance in view of today's insurance market which is rapidly changing due to worldwide disasters having a local effect on the reinsurance market, and other third party costs. Purchaser is aware that such amounts are only estimates and may change for reasons beyond the control of Developer, and Purchaser hereby specifically accepts and approves any such changes. Purchaser is also aware that such estimates do not include Purchaser's obligation for payment of real property taxes. Purchaser understands that such estimates are not intended to be and do not constitute any representation or warranty by Developer, including, but not limited to, any representation or warranty as to the accuracy of such estimates. Purchaser understands that Developer has not independently confirmed the accuracy or content of the estimates prepared by the licensed independent Managing Agent. Further, Developer advises that costs and expenses of maintenance and operation of a condominium community are very difficult to estimate initially and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements age. Maintenance charges can vary depending on services desired by unit owners and may increase significantly depending on the level of services eventually selected by the Association's Board of Directors. Purchaser should examine the maintenance charges schedule to see what services are included in the schedule and address these issues with its Board upon its formation.

Purchasers should also be aware that the estimates provided are as of the date reflected in the Managing Agent's certification and do not reflect the actual charges that may be incurred upon the formation of the Association and the actual contracting for such services such as insurance and maintenance, etc. Inasmuch as the estimates are the Managing Agent's best estimate as of the date reflected in the Managing Agent's certification, there may be an increase in the cost of operation for reasons not in the control of Developer at the time units are delivered. For example, without limitation, there may be an increase in the cost of operation due to an increase in sewer fees or an increase in insurance costs for a variety of reasons, or an increase due to the mere passage of time.

The Developer intends to pay all of the actual common expenses for the units and the unit owner shall not be obligated for the payment of the owner's share of the common expenses until such time as the Developer causes a 30 day advance written notice to be sent to the Owners that, after a specified date, the unit owners shall be obligated to pay for the portion of common expenses that is allocated to their respective units. The developer shall mail the written notice to the owners, the association, and the managing agent, if any, at least thirty days before the specified date.

By purchasing a Home at The Cottages at Kulamalu, the Owner will become a member of the Kulamalu Town Center Association and be required to pay membership dues to that Association. These assessments will be billed separately by the Kulamalu Town Center, unless billed by the Association.

The estimate of the initial annual maintenance fees and monthly estimated Maintenance fees for the Community is attached hereto.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE ESTIMATE OF THE INITIAL MAINTENANCE FEES CONTAINED IN THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER CAN USE THIS SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE DEVELOPER. IF ANY CONFLICT OR DIFFERENCES EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION WILL CONTROL.

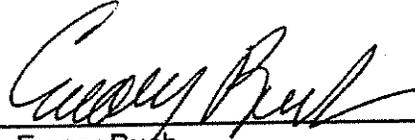
CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the President for Hawaiiana Management Company, Ltd., a Hawaii corporation, designated by the Developer of the Cottages at Kulamalu condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

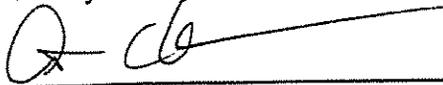
2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each unit in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing September 1, 2006, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, this 9th day of May 2007.



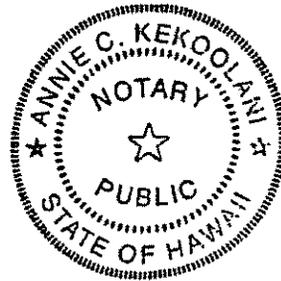
Name: Emory Bush
Title: President
Hawaiiana Management Company, Ltd.

Subscribed and sworn to before me
this 9th day of May 2007.



Typed or Printed Name: Annie C. Kekoolani
Notary Public, State of Hawaii

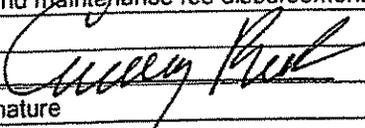
My commission expires: 02-16-2010



5-9-07

Estimated Fee Disbursement

Cottages at Kulamalu
(40 units)

EXPENSES	Monthly Fee	Annual Fee
Utilities		
Electricity	\$500.00	\$6,000.00
Water	\$2,000.00	\$24,000.00
Sewer	\$1,500.00	\$18,000.00
Contract Services		
Landscape Maintenance	\$2,500.00	\$30,000.00
Tree Trimming	\$500.00	\$6,000.00
Pest Control	\$100.00	\$1,200.00
Refuse	\$1,000.00	\$12,000.00
Maintenance		
Building Maintenance	\$500.00	\$6,000.00
Storm drain maintenance	\$300.00	\$3,600.00
Misc. purchases and repairs	\$100.00	\$1,200.00
Professional Services		
Admin Supplies & Services	\$200.00	\$2,400.00
Management Services	\$1,030.00	\$12,360.00
Design Review	\$200.00	\$2,400.00
Audit and Tax returns	\$100.00	\$1,200.00
Legal Fees	\$50.00	\$600.00
Other Expenses		
Insurance Property	\$2,000.00	\$24,000.00
General Liability	\$150.00	\$1,800.00
Umbrella Liability	\$125.00	\$1,500.00
Director and Officer	\$75.00	\$900.00
Fidelity Bond	\$25.00	\$300.00
Miscellaneous expense	\$100.00	\$1,200.00
Reserves	\$4,000.00	\$48,000.00
TOTAL	\$17,055.00	\$204,660.00
I, Emory Bush, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent/developer for the Cottages at Kulamalu Condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principals.		
		
Signature		Date
Pursuant to 514B-148.7b, Hawaii Revised Statutes, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.		

5-9-07

Estimate of Initial Maintenance Fees

The Cottages at Kulamalu
(40 units)

Unit Type	Residence Number	% Common Interest	Monthly Fee	Yearly Total
A/AR	9	2.6025%	\$443.86	\$5,326.28
A/AR	11	2.6025%	\$443.86	\$5,326.28
A/AR	13	2.6025%	\$443.86	\$5,326.28
A/AR	17	2.6025%	\$443.86	\$5,326.28
A/AR	25	2.6025%	\$443.86	\$5,326.28
A/AR	35	2.6025%	\$443.86	\$5,326.28
B/BR	8	2.5249%	\$430.62	\$5,167.46
B/BR	10	2.5249%	\$430.62	\$5,167.46
B/BR	12	2.5249%	\$430.62	\$5,167.46
B/BR	16	2.5249%	\$430.62	\$5,167.46
B/BR	24	2.5249%	\$430.62	\$5,167.46
B/BR	34	2.5249%	\$430.62	\$5,167.46
A/AR	5	2.1893%	\$373.39	\$4,480.62
A/AR	7	2.1893%	\$373.39	\$4,480.62
A/AR	15	2.1893%	\$373.39	\$4,480.62
A/AR	19	2.1893%	\$373.39	\$4,480.62
A/AR	21	2.1893%	\$373.39	\$4,480.62
A/AR	23	2.1893%	\$373.39	\$4,480.62
A/AR	31	2.1893%	\$373.39	\$4,480.62
A/AR	33	2.1893%	\$373.39	\$4,480.62
B/BR	4	2.3160%	\$394.99	\$4,739.93
B/BR	6	2.3160%	\$394.99	\$4,739.93
B/BR	14	2.3160%	\$394.99	\$4,739.93
B/BR	18	2.3160%	\$394.99	\$4,739.93
B/BR	20	2.3160%	\$394.99	\$4,739.93
B/BR	22	2.3160%	\$394.99	\$4,739.93
B/BR	30	2.3160%	\$394.99	\$4,739.93
B/BR	32	2.3160%	\$394.99	\$4,739.93
3/3R & 3SG/3SGR	1	2.7661%	\$471.76	\$5,661.10
3/3R & 3SG/3SGR	2	2.7661%	\$471.76	\$5,661.10
3/3R & 3SG/3SGR	3	2.7661%	\$471.76	\$5,661.10
3/3R & 3SG/3SGR	36	2.7661%	\$471.76	\$5,661.10
3/3R & 3SG/3SGR	37	2.7661%	\$471.76	\$5,661.10
3/3R & 3SG/3SGR	38	2.7661%	\$471.76	\$5,661.10
3/3R & 3SG/3SGR	39	2.7661%	\$471.76	\$5,661.10
3/3R & 3SG/3SGR	40	2.7661%	\$471.76	\$5,661.10
TYPE 4	26	2.7661%	\$471.76	\$5,661.10
TYPE 4	27	2.7661%	\$471.76	\$5,661.10
TYPE 4	28	2.7661%	\$471.76	\$5,661.10
TYPE 4	29	2.7661%	\$471.76	\$5,661.10
TOTALS		100.0000%	\$17,055.00	\$204,660.00

EXHIBIT P

Section 5.1 -- Summary of Pertinent Provisions of Sales Contract

The Deposit Receipt, Reservation and Sales Agreement (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy a Residence in the Community. Among other things, the Sales Contract states:

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a Unit.
- (b) That the purchaser acknowledges having received and read the public report for the Community prior to signing the Sales Contract.
- (c) That the Developer makes no representations concerning rental of a Unit, income or profit from a Unit, or any other economic benefit to be derived from the purchase of a Unit.
- (d) That the Sales Contract may be subordinate to the lien of a construction lender.
- (e) The Sales Contract provides that it shall not be construed as a present transfer of any rights or of any interest in the Unit, but rather states that it is an agreement to transfer in the future. By execution of the Sales Contract, the Purchaser agrees to waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest arising under the Sales Contract in favor of the lien or charge on the Community of the security interests of the Lender, including but not limited to any lien, mortgage or charge securing a loan made to finance the acquisition of the land and the costs of construction (if applicable) and any and all advances therefore until the filing of the Deed.
- (f) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.
- (g) Requirements relating to the purchaser's financing of the purchase of a Unit.
- (h) The Sales Contract provides that Purchaser may purchase upgrades, including modifications or additions to, or upgrades of, the standard fixtures, appliances and/or layout of the Unit to be made by Seller, pursuant to an option addendum attached to the Sales Contract upon Purchaser's execution of the Sales Contract. Purchaser must make deposits for the upgrades as required by Seller.
- (i) That the Unit and the Community will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.
- (j) That, except to the extent of a limited warranty in form attached to this Public Report, the Developer makes no warranties regarding the Unit, the Community or anything installed or contained in the Unit or the Community.
- (k) That the Community will be subject to ongoing construction and sales activities which may result in certain annoyances to the purchaser.

- (l) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (m) That the Developer has reserved certain rights and powers relating to the Community and the purchaser acknowledges and consents to the exercise of such rights and powers.
- (n) That except under certain circumstances, as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.
- (o) If the purchaser defaults, Developer may retain purchaser's deposits and bring an action against purchaser. If the Developer defaults, purchasers may bring an action against Developer. All actions are subject to the rules of the Dispute Prevention Resolution, Inc., as provided in the Sales Contract.
- (p) Buyer may not at any time assign its rights or obligations under the Purchase Agreement.
- (q) Any assignment of the Sales Contract is void and of no legal effect.
- (r) The Sales Contract provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract, or the development or management of the Community, the sale of the Unit or the use or occupancy thereof, or any other aspect of the relationship between Seller and Purchaser regarding the Community which is raised or otherwise asserted after Closing shall be submitted to mediation and, if necessary, to arbitration in accordance with the terms, conditions and procedures set forth in the Sales Contract. The Sales Contract also provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract that is raised or otherwise asserted before Closing need not be submitted to arbitration, and Seller and Purchaser shall be free to pursue such dispute, as otherwise provided herein, in proceedings in a court of competent jurisdiction, provided that any judicial proceedings initiated shall be conducted in Maui, Hawaii.

The Sales Contracts contains various other important provisions relating to the purchase of a Unit in the Community. Purchasers and prospective purchasers should carefully read the specimen Sales Contracts on file with the Real Estate Commission. Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings given them under the Purchase Agreement.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS-CONTAINED IN THE PURCHASE AGREEMENT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF BUYER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, BUYER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL.

EXHIBIT Q

Section 5.1 -- Summary of Pertinent Provisions of Escrow Agreement

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

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) Except under certain circumstances as set forth in the Sales Contract, all deposits toward the purchase price shall be the property of the Developer. Provided that the purchaser is not in default under the Sales Contract and the Sales Contract contains a financing provision, purchaser's deposits, less escrow cancellation fees and third party lender fees, is refundable to purchaser if purchaser fails to qualify for a mortgage loan. Otherwise, all deposits toward the purchase price shall be the property of the Developer. The purchaser will be entitled to a refund of his or her funds only under certain circumstances.
- (d) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. Purchasers and prospective purchasers should carefully read the signed Escrow Agreement on file with the Real Estate Commission. A copy is available at the Developer's sales office. The Escrow Agreement contains the following provisions (which may be modified or otherwise limited by provisions not set forth below):

1. As and when Seller enters into a Sales Contract, Seller will give Escrow a signed copy of the Sales Contract and Buyer's deposit towards the purchase price of a Unit. The Sales Contract will require Buyer to pay to Escrow all other payments of the purchase price required under the Sales Contract. If Buyer gets a mortgage loan, the money from the loan will be paid to Escrow, along with the lender's mortgage for recording, and Escrow shall follow the lender's instructions. The Sales Contract will show the correct name and address of each Buyer. If a Sales Contract is signed and the sale occurs in a state other than Hawaii, the Sales Contract will show the place where the sale occurs.

2. Escrow will put all of the money it gets from Buyer in one or more special accounts (the "trust fund"). The trust fund will be deposited only at a depository designated by Seller or in banks or savings and loan institutions in Hawaii that are insured by the federal government as directed by Seller. The place, or places, where the trust fund is set up will be chosen by Escrow, unless otherwise selected or directed by Seller. Unless any of the Sales Contracts show different instructions, Seller will get all of the interest earned on the trust fund. Escrow will deposit the payments it gets from Buyer into the trust fund one or more times each week, so that the funds may earn the maximum interest.

3. Notwithstanding anything in this Agreement to the contrary, if Seller has submitted to the Real Estate Commission a material house bond securing the construction of improvements in the Community, the following provisions shall apply:

(i) Buyer's money shall not be disbursed to pay for construction costs or other expenses of the Community until the Unit to be conveyed has been completed and the Deed to Buyer has been recorded; and

(ii) If closing is to occur prior to the expiration of the applicable mechanic's lien period, Seller shall provide Buyer with a mechanic's lien endorsement to Buyer's owner's title insurance policy that protects Buyer against all future mechanic's and materialmen's liens. Further, Seller shall confirm to Escrow that Seller has provided the Real Estate Commission with a release by the general contractor of the contractor's lien rights.

4. The Sales Contract states when refunds of deposits may be made to Buyer. In the case where the Sales Contract is not yet binding and Buyer requests a refund, Escrow shall notify Seller of such request. Escrow may refund the deposit to Buyer, less any cancellation or other fees to which Escrow is entitled, only after receiving written approval from Seller. In all other cases, Escrow shall not make any refund to a Buyer who asks for it unless Escrow receives written approval from Seller or from a court of competent jurisdiction. The words "cancellation fees" mean Escrow's cancellation fees which are described in the Sales Contract and are described later in this Agreement. Fees for cancellation may also be charged by the lender who has agreed to lend Buyer money to buy the Unit. The Sales Contract states the instances when Escrow is to subtract cancellation fees from the amount to be refunded unless Seller tells Escrow not to charge the cancellation fees. Escrow shall give each Buyer who is to get a refund written notice of the refund. Escrow will send this notice by registered or certified mail to Buyer at the address shown on Buyer's Sales Contract or to the last address which Buyer may have given to Escrow.

5. Escrow will notify Seller and Buyer promptly if Buyer fails to make a payment or is otherwise in default under the Sales Contract (to the knowledge of Escrow). Seller will notify Escrow in writing if a Buyer has defaulted or not done something that Buyer promised to do in the Sales Contract. Seller will tell Escrow in the same letter that, because Buyer has defaulted, Seller is cancelling the Sales Contract and will give Escrow a copy of the letter that Seller delivered in person or sent by registered or certified mail to Buyer, telling Buyer of the default and cancellation. Seller will also give Escrow a copy of a receipt signed by Buyer or the registered or certified mail return receipt. Escrow will then send a letter to Buyer by registered or certified mail, informing Buyer that Seller has cancelled the Sales Contract because of the default. Escrow will wait for fifteen (15) days after the date which shows on the return receipt as the date when Buyer got Escrow's letter or the date which shows the last time that the post office tried to deliver the letter. If Escrow does not hear from Buyer during that time, Escrow may deduct its cancellation fee from Buyer's funds and treat Buyer's funds which are left as belonging to Seller. If Buyer tells Escrow that Buyer has not defaulted or tells Escrow not to do anything with Buyer's funds, then Escrow may proceed in accordance with Section 5.2 of the Escrow Agreement (to interplead funds) or deliver the funds to Seller.

6. Escrow will set the time (in accordance with Sales Contract and Seller's interest to pre-close) for taking in all money from each Buyer and for the signing of all of the documents that each Buyer must sign to complete the purchase, except for the mortgage documents, which may be signed at the lender's place of business. The conveyance tax certificates, preliminary closing statements, escrow instructions and final closing statements will be prepared by Escrow,

and Escrow will do all of the escrow acts required under this Agreement or any other written agreements between Seller, Buyer and Escrow. Escrow will give Buyer and Seller copies of HARPTA and FIRPTA forms, or provide the online link to obtain copies of those forms, with a recommendation that the parties seek appropriate counsel to complete the forms. Escrow will coordinate with Buyer's lender, the title companies and all others who are a part of the purchase so that closing will occur at a suitable time. Escrow agrees to close all of the sales at the same time or individually from time to time, as directed by Seller. "Closing" is complete when all necessary conveyance and financing documents to complete a purchase are recorded in the appropriate Hawaii recording office. After all documents have been signed, Escrow will close on the closing date as agreed to in the Sales Contract only if:

- (i) The required money has been paid to Escrow;
- (ii) All necessary documents can be recorded, as appropriate;
- (iii) All mortgages having to do with the purchase can be recorded, following the lender's instructions; and
- (iv) All necessary releases can be recorded so that the Unit is conveyed free and clear of all blanket liens in accordance with the Condominium Law.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, ONE MUST REFER TO THE ACTUAL ESCROW AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT R

Section -- 5.2 Sales to Owner Occupants

This Community is subject to a Unilateral Agreement and Declaration of Conditional Zoning dated November 19, 1997, recorded in Bureau of Conveyances of the State of Hawaii as Document No. 97-170957 (the "Unilateral Agreement") pursuant to conditions which the property has been encumbered by that certain Declaration of Restrictive Covenants Concerning Age of Occupants for Kulamalu Residence (the form of which is attached to this Developer's Public Report as Exhibit U). The Unilateral Agreement includes the County's requirement that this Community conform to Condition No. 5 of Ordinance No. 2618, Bill 82, 1997 (the "Elderly Housing Condition") and that 80% of the primary occupants of the units be fifty-five (55) years of age or older. Pursuant to the terms of the Agreement Concerning Elderly Housing Kulamalu (a copy of which is attached to this Developer's Public Report at Exhibit V) the Community is made subject to a Declaration of Covenants (a specimen of which is attached hereto as Exhibit W attached to this Developer's Public Report). This Declaration sets forth the initial sales program as follows:

1. In its initial sale of units in the Community, the Developer shall advertise and offer all of the units for sale only to persons who are 55 years of age or older, including couples, at least one member of which is over said age (the "Age Qualified") as owner-occupants, for a marketing period determined by the Developer but which shall not be less than ninety (90) days from the date of commencement of Developer's sales program, pursuant to a Developer's Public Report approved by the Real Estate Branch of the State of Hawaii, Department of Commerce and Consumer Affairs.
2. Any units remaining unsold after the initial marketing period (the "Remaining Units") may be sold by the Developer to persons who are not Age Qualified; provided that the Developer receives acceptable purchase offers from multiple buyers for any Remaining Unit which shall include both Age Qualified and non-Age Qualified buyers, the Developer shall use all commercially reasonable efforts to give preference to the Age Qualified. Resales by initial purchasers of units shall not be restricted to the Age Qualified.
3. The units will be sold to the Age Qualified by either a chronological system or lottery system.

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE SALES TO OWNER OCCUPANTS CONTAINED IN THE DECLARATION, BY LAWS, CONDOMINIUM MAP, HOUSE RULES, OTHER CONDOMINIUM DOCUMENTS AND THE COUNTY REQUIREMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT S
Section 5.4 -- Construction Warranties

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER** and **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the Section X. **Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS** or result from normal wear and tear or are routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS**, which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance under this **LIMITED WARRANTY**. Based on the information **YOU** provide, and where **WE** deem it necessary information obtained from **OUR** onsite investigation inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with Section III, **OUR Coverage Obligations**, contained in this **LIMITED WARRANTY**.

If **WE** determine that a condition does not constitute a **CONSTRUCTION DEFECT** that is **OUR** responsibility and therefore deny **YOUR** request for warranty performance, **YOU** have the right to initiate binding arbitration that will irrevocably determine whether the condition constitutes a **CONSTRUCTION DEFECT** that is **OUR** responsibility. If this binding arbitration determines that the condition does constitute a **CONSTRUCTION DEFECT** that is **OUR** responsibility, **WE** will resolve the problem in accordance with the remedies prescribed in this **LIMITED WARRANTY**. The arbitrator will make a determination based on the language contained in Section III, **OUR Coverage Obligations**.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form provides the dates on which the warranty coverage period begins and expires. It is important that this form is retained with the **LIMITED WARRANTY**. Liability under this **LIMITED WARRANTY** is limited to the amount shown on the Limited Warranty Validation Form.

All express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness, are hereby disclaimed by **US** and are waived by **YOU**. In addition, **YOU** waive the right to seek damages or other legal or equitable remedies from **US**, **OUR** subcontractors, agents, vendors, suppliers, design professionals and materialmen, under any other common law or statutory theory of liability, including but not limited to negligence and strict liability. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is the coverage provided to **YOU** under this **LIMITED WARRANTY**. There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same defect and amounts paid or expended by **US** for warranty performance under either warranty will reduce the limit of liability remaining under both warranties simultaneously.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

I. Coverage Limit

The amount shown on the Limited Warranty Validation Form is **OUR** limit of liability. It is the most **WE** will pay or expend for all covered **CONSTRUCTION DEFECTS** regardless of the number of requests for warranty performance made against this **LIMITED WARRANTY**. Once **OUR** limit of liability has been paid, no further requests for warranty performance can be made against this **LIMITED WARRANTY** or any other **PWC** administered Builder's Limited Warranty issued for the **HOME** or the **COMMON ELEMENTS**.

II. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and are reported by **YOU** in accordance with the notification requirements of Section VII, **Procedure to Request US To Perform Under This LIMITED WARRANTY**.

Coverage During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form that is attached to and made part of this **LIMITED WARRANTY**, **WE** warrant the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. To be eligible for coverage **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as it is reasonably possible after **YOU** have become aware or should have become aware of a **CONSTRUCTION DEFECT** but in no event later than thirty (30) days after the expiration of the coverage.

III. OUR Coverage Obligations

All notices of alleged **CONSTRUCTION DEFECTS**, and complaints under this **LIMITED WARRANTY** must be made by **YOU** in writing. Telephonic or face-to-face discussion will not protect **YOUR** rights under this **LIMITED WARRANTY** (see Section VII, **Procedure to Request US To Perform Under This LIMITED WARRANTY**).

In the event **YOU** allege a **CONSTRUCTION DEFECT** occurs during the **WARRANTY PERIOD**, upon receiving written notice from **YOU**, **WE**, or a third party designated by **US** or acting on **OUR** behalf, will inspect, investigate and/or test (including destructive testing) the alleged **CONSTRUCTION DEFECT** to determine if a **CONSTRUCTION DEFECT** exists. Upon confirmation of a **CONSTRUCTION DEFECT**, **WE**, or a third party designated by **US** or acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT** or (3) **PAY** to **YOU** an amount equal to the diminution in fair market value caused by the **CONSTRUCTION DEFECT**. The decision to repair, replace, or to make payment to **YOU** is at **OUR** or **OUR** authorized representative's sole option.

WE will have been considered to have breached this **LIMITED WARRANTY** only if **WE** fail to resolve a **CONSTRUCTION DEFECT** in accordance with the terms and conditions of this **LIMITED WARRANTY**.

A. Standards By Which the Presence of a CONSTRUCTION DEFECT Will Be Determined

In the event **YOU** believe that a flaw in the **HOME** or the **COMMON ELEMENTS** constitutes a **CONSTRUCTION DEFECT**, the following factors will be considered by **US** in determining whether the condition constitutes a **CONSTRUCTION DEFECT**. Should either **YOU** or **WE** elect to initiate binding arbitration, these factors will be considered by the arbitrator in rendering a decision:

1. Any performance standards or guidelines or other documents or manuals that contain **OUR** building standards, that were provided to **YOU** at or prior to closing on the **HOME**, or in the case of the **HOMEOWNERS ASSOCIATION**, prior to transferring title to all the **COMMON ELEMENTS**. Absent such standards, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of closing on the **HOME**, or in the case of the **HOMEOWNERS ASSOCIATION**, at the time of transferring title to all the **COMMON ELEMENTS** shall apply. Absent a specific standard in the documents identified above, building practices and standards in use in the region of the country in which the **HOME** or the **COMMON ELEMENTS** are located shall apply;
2. Consideration as to whether the magnitude of the flaw or imperfection:
 - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
 - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
 - jeopardizes the life or safety of the occupants; or
 - results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.
3. Consideration as to whether a condition is the result of normal wear and tear (conditions that are normal wear and tear, or are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**);
4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance (any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**);
5. Consideration as to whether the condition was caused by the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** or their representatives, other than **US**, after the **HOMEOWNER** took possession of the **HOME** or the **COMMON ELEMENTS** (**WE** and **YOU** conducted a walk through inspection just prior to closing on the **HOME**. Damage that was caused by **YOU** or **YOUR** representatives is not a **CONSTRUCTION DEFECT**, for example, a large, visible scratch on marble tile in the entry foyer that was not noted in the walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**);
6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** or their agents, other than **US**, will not be considered a **CONSTRUCTION DEFECT** (this includes changes to the topography, drainage or grade of the property);
7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

SAMPLE

IV. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. As stated in other sections of this **LIMITED WARRANTY**, **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

V. Coverage Limitations

When **WE** or a third party designated by **US** or acting on **OUR** behalf, repair or replace a **CONSTRUCTION DEFECT** the repair or replacement will include the repair or replacement of only those surfaces, finishes and coverings that were damaged by the **CONSTRUCTION DEFECT** that were part of the **HOME** or the **COMMON ELEMENTS** when title was first transferred by **US**. Surfaces, finishes and coverings that require repair or replacement in order for **US** or a third party designated by **US** to repair or replace **CONSTRUCTION DEFECTS** will be repaired or replaced. The extent of the repair and replacement of these surfaces, finishes or coverings will be to approximately the same condition they were in prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition.

When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

In the case where a **CONSTRUCTION DEFECT** exists and the **HOME** is rendered uninhabitable and the **CONSTRUCTION DEFECT** is repaired or replaced, the repair or replacement shall include the reasonable cost of the **HOMEOWNER'S** alternative shelter until the **HOME** is made habitable.

VI. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any **CONSTRUCTION DEFECTS** or other damages resulting, either directly or indirectly, from the following causes or occurring in the following situations:

- a. Fire;
- b. Lightning;
- c. Explosion;
- d. Riot and Civil Commotion;
- e. Smoke;
- f. Hail;
- g. Aircraft;
- h. Falling Objects;
- i. Vehicles;
- j. Floods;
- k. Earthquake;
- l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
- m. Mine subsidence or sinkholes;

- n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
 - o. Volcanic eruption; explosion or effusion;
 - p. Wind including:
 - (i). Gale force winds;
 - (ii). Hurricanes;
 - (iii). Tropical storms;
 - (iv). Tornadoes;
 - q. Insects, animals or vermin;
 - r. Changes of the grading of the ground by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME** or other improper drainage or permits water to pond or become trapped in localized areas against the foundation or otherwise;
 - s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;
 - t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;
 - u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;
 - v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;
 - w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;
 - x. Normal wear and tear or normal deterioration of materials;
 - y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet consumer expectations;
2. Any costs arising from, or any **CONSTRUCTION DEFECT** resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. ~~WE will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. WE will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**.~~
- 3. Any costs arising from, or any **CONSTRUCTION DEFECT** resulting from the effects of electromagnetic fields (EMF's) or radiation;
 - 4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;
 - 5. Any "**CONSEQUENTIAL OR INCIDENTAL DAMAGES**";
 - 6. Any damage to **CONSUMER PRODUCTS**;
 - 7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;
 - 8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in a reasonably timely manner after **YOU** have become aware or should have become aware of the **CONSTRUCTION DEFECT** or condition causing such damage.
 - 9. Any costs or obligations paid or incurred by **YOU** in violation of Section VII. C. below;
 - 10. Any non-conformity with local building codes, regulations or requirements that has not resulted in a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications that has not resulted in a **CONSTRUCTION DEFECT**.
- B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in Exclusions, Section VI. A.1 a. – A.1.q., A.2. or A.3. above, regardless of:
1. the cause of the excluded event or condition; or
 2. other causes of the loss or damage; or
 3. whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VII. Procedure to Request US To Perform Under This LIMITED WARRANTY

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as it is reasonably possible after **YOU** have become aware or should have become aware of a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be postmarked or received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired.

If the written notice is postmarked or received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. In order to establish a record of timely notification, **WE** recommend that written notice should always be sent by Certified Mail, return receipt requested.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide such reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no obligation to do any of the foregoing.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party designated by **US** or acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**. **YOU** must sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not responded to **YOUR** request for warranty performance to **YOUR** satisfaction or in a manner that **YOU** believe this **LIMITED WARRANTY** requires, **YOU** may provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request by communicating with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** request for warranty performance, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request for warranty performance remains unresolved and that **YOU** may elect to initiate Binding Arbitration. Binding Arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US** as set forth in the following section.

VIII. Binding Arbitration Procedure

Any disputes between **YOU** and **US**, or parties acting on **OUR** behalf, including **PWC**, related to or arising from this **LIMITED WARRANTY**, the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS** will be resolved by binding arbitration. Binding arbitration shall be the sole remedy for resolving any and all disputes between **YOU** and **US**, or **OUR** representatives. Disputes subject to binding arbitration include, but are not limited to:

- A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT** and is therefore covered by this **LIMITED WARRANTY**;
- B. Any disagreement as to whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;
- C. Any alleged breach of this **LIMITED WARRANTY**;
- D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;
- E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;
- F. Any dispute concerning the issues that should be submitted to binding arbitration;
- G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;
- H. Any dispute as to the payment or reimbursement of the arbitration filing fee;
- I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to any waiver hereunder, is unenforceable;
- J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based

on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by Construction Arbitration Services, Inc., or such other reputable arbitration service that **PWC** shall select, at its sole discretion, at the time the request for arbitration is submitted. The rules and procedures of the designated arbitration organization, that are in effect at the time the request for arbitration is submitted, will be followed. A copy of the applicable rules and procedures will be delivered to **YOU** upon request.

This arbitration agreement shall be governed by the United States Arbitration Act (9 U.S.C. §§ 1 – 16) to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorneys fees and costs (including expert costs) for the arbitration. The arbitration filing fee and other arbitration fees shall be divided and paid equally as between **YOU** and **US**. This filing fee shall be no more than the amount charged by the arbitration service to **PWC** for each arbitration. Contact **PWC** to determine the arbitration filing fee in effect at the time an arbitration is being requested. The arbitrator shall, as part of any decision, award to the party prevailing at the arbitration any applicable filing fees or other arbitration fees paid by that party.

The process for **YOU** to initiate arbitration is described below.

STEP 1 **YOU** complete a Binding Arbitration Request Form and mail it to **PWC** along with the appropriate arbitration filing fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received no later than ninety (90) days after this **LIMITED WARRANTY** expires. **YOU** must still notify **US** of an alleged **CONSTRUCTION DEFECT** as soon as it is reasonably possible after **YOU** have become aware or should have become aware of the **CONSTRUCTION DEFECT**, but in no event later than thirty (30) days after expiration of this **LIMITED WARRANTY**. Please Note that while **YOU** have thirty (30) days after this **LIMITED WARRANTY** expires to notify **US** and ninety (90) days after it expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

STEP 2 **PWC** Will Arrange the Arbitration Proceeding. The arbitrator or arbitration organization will notify **YOU** of the time, date and location of the arbitration hearing. Most often the hearing will be conducted at the **HOME** or the **COMMON ELEMENTS** or some other location that is agreeable to all the parties to the dispute. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

STEP 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **US** or acting on **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator first will determine whether any claimed or alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. Second, if the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, the arbitrator will determine the scope of any repair or replacement, **OUR** cost of any such repair or replacement, and the diminution in fair market value, if any, caused by such **CONSTRUCTION DEFECT**. Based upon the arbitrator's decision, **WE** shall choose whether **WE** shall (1) repair, replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT** or (3) **PAY** to **YOU** an amount equal to the diminution in fair market value caused by

the **CONSTRUCTION DEFECT**. The decision to repair, replace, or to make payment to **YOU** is at **OUR** or **OUR** authorized representative's sole option. In addition, the arbitrator shall render a decision resolving any other disputed matters or issues related to or arising from this **LIMITED WARRANTY**, the design or construction of the **HOME** or the **COMMON ELEMENTS** or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**.

Step 4 **OUR Arbitration Performance Obligations**. **WE** will comply with the arbitrator's decision no later than 60 days from the date of the award or other such date as may be specified or allowed in the decision. However, delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5. If **YOU** believe **WE Have Failed To Comply With The Award**. **YOU** should contact **PWC** at its mailing address specified in this **LIMITED WARRANTY** if **YOU** believe **WE** have not complied with the arbitrator's award. **PWC** will mediate this dispute and if it cannot be resolved, will advise **YOU** that a compliance inspection arbitration is available to determine whether **WE** have performed adequately under the original arbitration award. **PWC** will communicate these findings to both **US** and **YOU**. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply.

PWC's sole responsibility is to administer this **LIMITED WARRANTY** on **OUR** behalf and as such **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. Under no condition or circumstance is **PWC** responsible for fulfilling any of **OUR** obligations under this **LIMITED WARRANTY**.

IX. General Conditions

A. Separation of This **LIMITED WARRANTY** From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. The provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. Transfer to Subsequent **HOMEOWNERS**

This **LIMITED WARRANTY** will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. **OUR** duties under this **LIMITED WARRANTY** to the new **HOMEOWNER** will not exceed the limit of liability then remaining, if any.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. Recovery Rights

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays **YOU** as to a **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, **WE** are entitled, to the extent of **OUR** payment, to take over **YOUR** related rights of recovery from other people and organizations, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. General Provisions

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.
2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns, subject to paragraph B of the **General Conditions**.
3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

X. Definitions

BUILDER means the individual, partnership, corporation or other entity, which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury other than:

- A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
- B. **OUR** cost of repair or replacement of furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**. Should replacement be necessary, **OUR** obligation is limited to replacement with items providing the same function and quality and that are readily available at the time the item is being replaced.
- C. **OUR** costs of removal or replacement in order to repair or replace a **CONSTRUCTION DEFECT**;
- D. The reasonable cost of the **HOMEOWNER'S** alternative shelter where the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or where the **HOME** is rendered uninhabitable by the repair of the **CONSTRUCTION DEFECT**.

Diminished fair market value is considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and is excluded under this **LIMITED WARRANTY** unless **WE** elect this remedy in lieu of the repair, replacement or other payment as to a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a flaw in the materials or workmanship used in constructing the **HOME** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**;

or

- jeopardizes the life or safety of the occupants; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in a residential dwelling.

WE and any arbitrator assigned to rule relative to a **CONSTRUCTION DEFECT** will consider both this definition and

Section III – A. (Standards By Which the Presence of a CONSTRUCTION DEFECT Will Be Determined) in determining the existence of a CONSTRUCTION DEFECT. A flaw is a CONSTRUCTION DEFECT if either WE or an arbitrator conducting a binding arbitration hearing declares the flaw to be a CONSTRUCTION DEFECT. OUR obvious and visible failure to complete the construction of the HOME or COMMON ELEMENTS, or any portion of the HOME or COMMON ELEMENTS, is not a CONSTRUCTION DEFECT.

CONSUMER PRODUCT means any item of equipment, appliance or other item defined as a CONSUMER PRODUCT in the Magnuson-Moss Warranty Act (15 U.S.C. §. 2301, et seq.) Examples of Consumer Products include, but are not limited to dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, garage door opener, clothes washer and dryer, hot water heater and thermostat.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the HOME or COMMON ELEMENTS, or results in an unsafe living condition due to a CONSTRUCTION DEFECT that YOU (or as applicable, the HOMEOWNERS ASSOCIATION) become aware of at a point in time other than OUR normal business hours and YOU were unable to obtain OUR or OUR authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this LIMITED WARRANTY or a condominium or cooperative unit in a multi-unit residential structure/building covered by this LIMITED WARRANTY.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to YOU by US.

HOMEOWNER means the first person(s) to whom a HOME (or a unit in a multi-unit residential structure/building) is sold, or for whom such HOME is constructed, for occupancy by such person or such person's family, and such person's(s)' successors in title to the HOME, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or HOMEOWNERS ASSOCIATION making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the COMMON ELEMENTS.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation, which administers the warranty program in which WE participate. As such, PWC assumes no other liabilities in connection with this LIMITED WARRANTY. The PWC mailing address is:

Professional Warranty Service Corporation
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

- (a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.
- (b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.
- (c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the HOME is transferred to the first HOMEOWNER. Notwithstanding anything to the contrary set forth in this LIMITED WARRANTY, the WARRANTY PERIOD for the COMMON ELEMENTS of an individual structure/building commences on the date the title for the first HOME in the structure/building is transferred to the first HOMEOWNER or as concerns clubhouses or outbuildings or other COMMON ELEMENTS not part of the HOME the date the title to these structures is transferred to the

HOMEOWNERS ASSOCIATION. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form, which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Dear Homeowner (Homeowners Association):

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, you should have sent your builder a clear and specific written request outlining the situation or condition that you are herein submitting to binding arbitration. If you have taken this step and believe the builder has not properly responded in accordance with the HOMEBUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and your builder relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Your name: _____

Address: _____

CITY

STATE

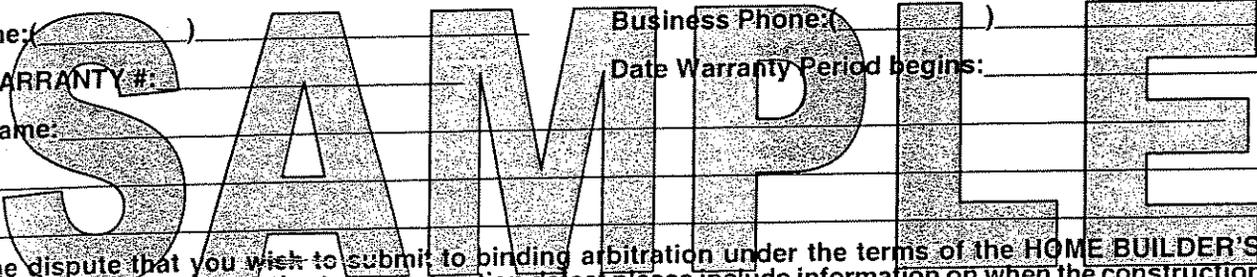
ZIP

Home Phone: (____) _____ Business Phone: (____) _____

LIMITED WARRANTY #: _____ Date Warranty Period begins: _____

Builder's Name: _____

Address: _____



Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

Signature

Date

Signature

Date

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

**PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800**

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the HOME BUILDER'S LIMITED WARRANTY applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner. Any obligations under the HOME BUILDER'S LIMITED WARRANTY to any subsequent homeowner shall not exceed the limit of liability remaining at the time of transfer, if any.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117)

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the builder shall not be responsible for any defect of damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

Print above name(s): _____

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the HOME BUILDER'S LIMITED WARRANTY. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of \$20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) (check box) Initial _____

Address of Home: _____

Limited Warranty No.: _____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of \$20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

EXHIBIT T

Section 6 -- Miscellaneous Information Not Covered Elsewhere in this Report

1. All prospective purchasers should also be aware that the private yard areas, if any are available to units in the community, are not subdivided lots, but are exclusive use areas appurtenant to the unit(s).
2. Developer may revise the specimen deed and sales contract for the community to conform with any future amendments that may be made to the Declaration and the community.
3. Each prospective purchaser should review the Condominium Map Site Plan so that they may identify easement areas benefiting the community, which easements may affect the use of the Private Yard Area, if any.
4. A "sight view triangle" is required by the County on all corner yards in order to maintain clear views of traffic at certain intersections. The County requires that all structures and landscaping within the sight view triangle be no greater than thirty (30) inches in height.
5. Buyer may landscape the easement area(s) within a Private Yard Area, if any, as long as you do not interfere with the use of the easement area(s) affecting your unit. The grantee of the easement area, whether it is MECO, The Cottages at Kulamalu, or an agency of the County, will have the right to trim and keep trimmed any plants within the easement area that may be in the way. Also, you may not be permitted to construct other structures in the area depending on the nature of the easement. Such structures may require the grantee's approval. Additionally, should the grantee determine that it must remove any plants or foliage within the easement area, it may NOT be obligated to replace them, but rather will only be obligated to restore the surface of the ground within the easement area as much as the grantee determines is reasonably possible.
6. All prospective purchasers should be aware that exterior elevations, door and window locations, type of exterior siding and roof material and types of fences may be modified from that reflected on the Condominium Map, as well as the offering of various appliances as standard. Condominium Map depictions are representations only. Developer may also designate additional guest parking stalls as a common element for the community. If necessary, the condominium map will be amended, and if required amend the declaration for the Community, to reflect these changes.
7. Act 119 passed by the State of Hawaii Legislature and effective July 1, 2004, contains important requirements you must follow before you file a lawsuit or other action for defective construction against the contractor who designed, repaired, or constructed your unit or facility. Ninety days before you file your lawsuit or other action, you must serve on the contractor a written notice of any construction conditions you allege are defective. Under the law, a contractor has the opportunity to make an offer to repair and/or pay for the defects. You are not obligated to accept any offer made by a contractor. There are strict deadlines and procedures under the law and failure to follow them may negatively affect your ability to file a lawsuit or other action.
8. Certain portions of the community may be used as a sales office. Buyer is aware that noise and traffic from these areas may cause a disturbance. Buyer is responsible for investigating noise levels in and around the community to determine if the Buyer is satisfied with

the acoustics and noise levels within the unit and within the community as a whole. Seller makes no guaranty as to these matters now or in the future.

9. The buyer should be aware that The Cottages at Kulamalu community may be periodically affected by certain environmental conditions due to historical, existing and prospective surrounding conditions and uses. Those uses include, without limitation, agricultural, industrial, commercial, public, schools, development operations, animal husbandry, pasture uses, and other non-residential uses. Overhead and underground radio transmission wires and high voltage electric lines and facilities may be located within and around the community. Such facilities purportedly may emit electric and magnetic emissions. Aircraft may fly in the proximity of or over or close to the community. Buyers should also be aware that ongoing construction, commercial and industrial uses, plantation harvesting and farming may temporarily generate heavy dust and/or other nuisances. Pesticides and fertilizers were or may be used in the plantation harvesting and farming and may have long term effects on the land, water and environment.

10. Buyers are encouraged to find out which parking stalls are available for their use and the location of the parking stalls.

11. All prospective purchasers should also be aware that the Community is within and a part of the master planned community known as the Kulamalu Town Center Association Association, and is subject to certain conditions and restrictions contained in various documents that affect the Community, including i) the covenants, conditions, restrictions, reservations, agreements, obligations and other provisions contained in the Kulamalu Town Center Declaration of Covenants, Conditions and Restrictions Dated as of April 1, 2003 Restated as of June 23, 2004, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2004-172946, as the same may be amended and/or supplemented; and ii) the Signage Easement and Agreement dated December 29, 2006, recorded in said Bureau of Conveyances as Document No. 2006-239343.

12. All prospective purchasers should be aware that sales of all Homes are made subject to a transfer fee equal to 1% of the consideration the Owner receives for the transfer of any portion of the Home from the date of the recording of the deed to the Home and ending on December 31, 2075. The Transfer Fee is described in the Limited Warranty Deed dated December 29, 2006, recorded in said Bureau of Conveyances of the State of Hawaii as Document No. 2006-239344, and as will be further described in the deed from the Developer to the Owner.

13. All prospective purchasers should be aware that there is a a signage easement in favor of Kulamalu Vista LLC affecting the Community as shown on the Condominium Map as Easement L-1 and as described in that certain Signage Easement and Agreement, more particularly described in Exhibit "L" ("Signage Easement"). The Signage Easement allows Kulamalu Vista LLC and its designee's (which may include Kamehameha Schools/Bishop Estate), to erect and maintain one or more signs identifying Kulamalu Town Center, Kamehameha Schools and any commercial or other occupants of Kulamalu Town Center and which may include landscaping and lighting. All landscaping and improvements installed by Declarant or Declarant's designee using the Easement Area shall be kept trimmed in good order and repair.

14. All prospective purchasers should be aware that access to the retention basin, as shown on the condominium map, may be changed, and if necessary, the condominium map will be

revised and an amendment to the condominium map will be recorded in said Bureau of Conveyances.

15. All prospective purchasers should be aware that the developer reserves the right to assess the owners of the residences along A'apueo Parkway (specifically Residences, 1, 2, 3, and 36 through 40, inclusive) for the maintenance, repair and replacement of the siding and roofing on these residences.

16. All prospective purchasers should be aware that the finish floor heights may be lower than other residences within the community, depending on the slope of the driveway to the residence.

17. All prospective purchasers should be aware that the Community is located in an area with a significant adjacent hillside, portions of which are included in the Community. Such hillside may present a risk of personal injury and a risk to improvements attributable to the land condition. All prospective purchasers should exercise appropriate care to avoid physical injury due to dangers inherent in such hillside areas. Because of the downhill nature of the majority of the sloped area there is a risk of falling.

18. All prospective purchasers should be aware that Seller has done no investigation relating to the location of any streams or reservoirs that may be upstream of the Community. Seller does not own and has no control over any of the adjacent streams and/or reservoirs that may be upstream of the Community. Buyer may contact the State of Hawaii's Department of Land and Natural Resources at 274-3344 if Buyer has any concerns regarding the location of any streams or reservoirs that may be upstream of the Community.

19. Pursuant to the Declaration of Restrictive Covenants attached as Exhibit W, up to 80% of the Community will be occupied by residents fifty-five (55) years of age or older.

20. The Community is served by a private sewer treatment facility and although the fees are regulated by the Public Utilities Commission, it will be budgeted separately from the normal charges from the Department of Water Supply (see Exhibit O).

THIS EXHIBIT IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF THE MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT CONTAINED IN THE DECLARATION, BY LAWS, CONDOMINIUM MAP, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS AS A GENERAL SUMMARY, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS OF THE COMMUNITY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS EXHIBIT AND THE DECLARATION, BYLAWS, CONDOMINIUM MAP, HOUSE RULES OR OTHER DOCUMENTS OF THE COMMUNITY, SUCH DOCUMENTS WILL CONTROL.

EXHIBIT U

Unilateral Agreement and Declaration of Conditional Zoning dated November 19, 1997,
recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 97-170957

k-539

STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED

DEC 08, 1997 03:00 PM

Doc No(s) 97-170957

/s/ CARL T. MATANABE
ACTING
REGISTRAR OF CONVEYANCES

LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail Pickup To:
Office of the County Clerk
County of Maui
200 S. High Street
Wailuku, HI 96793

TDW:dkw/November 20, 1997/26030\33818

Affects TMK (2) 2-3-8:40 (por)
Total No. of Pages: 7

UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING

THIS INDENTURE made this 19th day of November, 1997, by KULAMALU LIMITED PARTNERSHIP, a Hawaii limited partnership, whose business and mailing address is 1897 N. Main Street, Wailuku, Maui, Hawaii 96793, hereinafter referred to as "Declarant", and who is the owner of that certain land situate at Kohoilo, Kula, Maui, Hawaii, identified for tax purposes by Tax Map Key (2) 2-3-008:40 (portion), comprising approximately 4.88 acres, and more particularly described in Exhibit "1" which is attached hereto and made a part hereof and hereinafter referred to as the "Property".

WITNESSETH

WHEREAS, the Council of the County of Maui, State of Hawaii, hereinafter referred to as "Council", is considering a change in zoning of the Property from R-2 Residential District to A-1 Apartment District; and

26030\33818.HTDW

WHEREAS, the Council recommends through its Land Use Committee, Committee Report No. 97-256, as amended, that said establishment of zoning by the County be approved for passage on first reading subject to certain conditions pursuant to Maui County Code, Section 19.510.050;

WHEREAS, Declarant has agreed to execute this instrument pursuant to the conditional zoning provisions of Maui County Code Section 19.510.050;

NOW THEREFORE, Declarant hereby makes the following Declaration:

1. That this Declaration is made pursuant to the provisions of Section 19.510.050, Maui County Code, relating to conditional zoning;

2. That the Property, and all parts thereof, is and shall be held subject to the covenants, conditions, and restrictions contained herein and that all of such covenants, conditions, and restrictions shall be effective as to and shall run with the land as to the Property from and after the recording of this Declaration with the Bureau of Conveyances or Land Court of the State of Hawaii, as the case may be, without the execution, delivery or recordation of any further deed, instrument, document, agreement, declaration, covenant or the like with respect thereto by Declarant, the County of Maui, or any heir, devisee, executor, administrator, personal representative, successor or assign, as the case may be, of any of them, that the acquisition of any right, title or interest in or with respect to the Property by any person or persons, entity or entities, whomever, shall be deemed to constitute the acceptance of all of the covenants, conditions, and restrictions of this Declaration by such person or persons, entity or entities, and that upon any transfer of any right, title or interest in or with respect to the Property the same shall be subject to, and the transferee shall assume and be bound and obligated to observe and perform, all of the covenants, conditions, and restrictions of this Declaration;

3. This Declaration and all of the covenants, conditions, and restrictions contained herein shall continue to be effective as to and run with the land in perpetuity, or until the same is released as to the Property or any part thereof by the County;

4. The term "Declarant" and any pronoun in reference thereto, wherever used herein, shall be construed to mean the singular or the plural, the masculine or the feminine or the neuter, and vice versa, and shall include any corporation, and shall be held to mean and include "Declarant", his heirs, devisees, executors, administrators, personal representatives, successors, and assigns;

5. That the Declaration shall become fully effective on the effective date of the zoning ordinance approving the change of zoning for the Property as described in the preamble of this instrument and this Declaration shall be recorded in the Bureau of Conveyances or Land Court of the State of Hawaii, as the case may be;

6. That Declarant agrees to develop said Property in conformance with the conditions set forth in Exhibit "2", which is attached hereto and made a part hereof and which shall be made a part of the zoning ordinance; and

7. Said conditions are (a) necessary to protect the public health, safety, convenience and welfare, and (b) reasonably conceived to mitigate impacts emanating from the Declarant's proposed land uses and to meet the criteria set forth in Maui County Code Section 19.510.050;

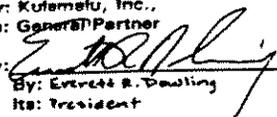
AND IT IS EXPRESSLY UNDERSTOOD AND AGREED that the conditions imposed in this Declaration shall run with the land identified hereinabove and shall bind and constitute notice to all subsequent lessees, grantees, assignees, mortgagees, lienors and any other persons who claim an interest in the said land, and the County of Maui shall have the right to enforce this Declaration by appropriate action at law or suit in equity against all such persons, provided that Declarant or its successor and assigns may at any time file a petition for the removal of the conditions and terminate this Unilateral Agreement, such petition to be processed in the same manner as petitions for change in zoning.

IN WITNESS WHEREOF, the undersigned has executed this Declaration the day and year first above written.

APPROVED AS TO FORM:


Thomas D. Welch, Jr.
Attorney for Declarant

DECLARANT:

KULAMALU LIMITED PARTNERSHIP
By: Kufemelu, Inc.,
Its: General Partner
By: 
By: Everett R. Dowling
Its: President

APPROVED AS TO FORM & LEGALITY:

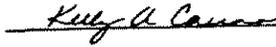

Deputy Corporation Counsel
County of Maui

Exhibit 1
KULAMALU SUBDIVISION

Portion of Lot 4
Change in Zoning
From R-2 Residential District to A-1 Apartment District

All of that certain parcel of land being a portion of Lot 4 of
Kulamalu Subdivision, being also a portion of Grant 1829,
Apana 1 to Keawe and Grant 1167 to Aui.

Situated at Kohoilo, Kula, Maui, Hawaii

Beginning at the East corner of this parcel of land and on the
Southwesterly side of Kula Highway (F.A.P. BF-037-1 (1)), the
coordinates of said point of beginning referred to Government
Survey Triangulation Station "PUU-O-KOHA" being 232.96 feet South
and 13,271.50 feet East and running by true azimuths measured
clockwise from South:

1. 68° 58' 40" 37.06 feet along the remainder of Lot 4 of
Kulamalu Subdivision;
Thence along the same on a curve to
the right with a radius of 920.00
feet, the chord azimuth and distance
being;
2. 85° 14' 20" 515.23 feet;
3. 101° 30' 191.20 feet along the remainder of Lot 4 of
Kulamalu Subdivision;
4. 192° 00' 487.16 feet along same;
5. 299° 43' 132.97 feet along Government Land and along
the top of Haakakai Gulch;
6. 290° 38' 91.00 feet along same;
7. 313° 35' 216.58 feet along same;
8. 317° 43' 127.00 feet along same;
9. 301° 40' 115.50 feet along same;
10. 285° 00' 82.00 feet along same;



AUSTIN, TSUTSUMI & ASSOCIATES, INC

CIVIL ENGINEERS - SURVEYORS

201 SUMNER STREET, SUITE 221
HONOLULU HAWAII 96817-3021

1671 WU'PA LOOP, SUITE A
WAILUKU MAUI, HAWAII 96793

830 PILANI STREET, SUITE 102
HOLE, HAWAII 96720

11. 338° 58' 40" 38.00 feet along the Southwesterly side of Kula Highway (F.A.P. BF-037-1 (1) to the point of beginning and containing an area of 4.88 acres, more or less.

Note:

This description is being prepared as part of a Change of Zone application submitted to the County of Maui and as such it describes an area for which a Change of Zone is being requested and it does not describe a legally subdivided parcel.



Austin, Tsutsumi & Associates, Inc.

Description prepared by:

Martina W. Jale

MARTINA W. JALE
Licensed Professional Land Surveyor
Certificate No. 9311

Wailuku, Hawaii
October 29, 1997

TMK: 2nd Division
2-3-08: portion 40



AUSTIN, TSUTSUMI & ASSOCIATES, INC.

CIVIL ENGINEERS - SURVEYORS

820 PILANI STREET SUITE 102
HILO HAWAII 98720

501 SUMNER STREET SUITE 211
HONOLULU HAWAII 96817-9021

1271 WAI PA LOOP SUITE 4
WAILUKU MAUI HAWAII 98783

1. The applicant shall submit a landscaping plan for the review and approval of the Arborist Committee.
2. The applicant shall contribute its pro-rata share to the design and construction of highway and traffic improvements on Kula Highway, including but not limited to storage lanes, acceleration and deceleration lanes, traffic signal(s), crosswalks and sidewalks, as required by the State Department of Transportation.
3. The applicant shall submit a drainage master plan for the review and approval of the Department of Public Works and Waste Management and the Natural Resources Conservation Service, United States Department of Agriculture.
4. The applicant shall provide building set-backs of at least one hundred (100) feet from the mauka property line(s) bordering Kula Highway.
5. As represented by the applicant, the applicant shall develop the subject parcel for elderly housing. Elderly housing means: housing in a multi-unit facility under a declaration of covenants which assures that the primary occupants of a minimum of eighty percent (80%) of the units be over fifty-five (55) years of age.

EXHIBIT "2"

10:11:02-A1:mnc

EXHIBIT V

Letter to Department of Housing and Human Concerns, Housing Division, County of Maui dated December 19, 2005, regarding December 15, 2005 Agreement Concerning Elderly Housing

Nov. 21. 2006 11:57AM



DEPARTMENT OF
HOUSING AND HUMAN CONCERNS
HOUSING DIVISION
COUNTY OF MAUI

ALAN M. ARAKAWA
Mayor
ALICE L. LEE
Director
HERMAN T. ANDAYA
Deputy Director

86 W. KAMBHAMEHA AVENUE • KAHULULU, HAWAII 96732-2259 • PHONE (808) 270-7351 • FAX (808) 270-6284

December 19, 2005

RECEIVED
DEC 21 2005

Dowling Company, Inc.

Mr. Don Fujimoto
Vice President
Dowling Company, Inc.
2005 Main Street
Wailuku, Hawaii 96793

Dear Don:

Subject: Kulamalu Project

Attached for your use is a fully executed copy of the December 15, 2005 Agreement Concerning Elderly Housing for the Kulamalu Project by and between Kulamalu LLC and the County of Maui.

Please call me at 270-7355 if you have any questions.

Very truly yours,

EDWIN T. OKUBO
Housing Administrator

ETO:hs

Attachment

c: Alice L. Lee
Deputy Corporation Counsel Edward Kushi, Jr.

AGREEMENT CONCERNING ELDERLY HOUSING
KULAMALU

This Agreement is dated this 15th day of DECEMBER, 2005 and is executed by and between KULAMALU LLC, a Hawaii limited liability company, of 2005 Main Street, Wailuku, Hawaii 96793 ("Kulamalu") and the COUNTY OF MAUI, 200 South High Street, Wailuku, Hawaii 96793 (the "County").

RECITALS: The purpose of this Agreement is to document the agreed method and procedures for implementing Condition No. 5 of Ordinance No. 2618, Bill 82, 1997, as set forth in the Unilateral Agreement and Declaration For Conditional Zoning dated November 19, 1997, recorded in the State of Hawaii Bureau of Conveyances as Document No. 97-170957 (hereinafter referred to as the "Elderly Housing Condition").

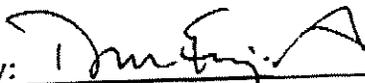
This Agreement pertains to the proposed development of a multi-family condominium unit complex, to be established pursuant to Hawaii Revised Statutes Chapter 514-A, on Parcel 4-A-4, 6.487 acres, at Kulamalu, approximately 4.88 acres of which are zoned "A-1" and governed by the Elderly Housing Condition, all in accordance with the requirements of the Elderly Housing Condition (the "Project").

AGREEMENT: The parties hereby agree that if Kulamalu develops the Project as individual condominium units for sale to buyers, the Elderly Housing Condition will be satisfied if (a) Kulamalu develops the Project subject to the "Declaration of Restrictive Covenants Concerning Age of Occupants For Kulamalu Residence" in the form attached hereto as Exhibit "A", which Kulamalu shall execute and record against the title to the property prior to the sale and transfer of the first unit to be sold; and (b) Kulamalu market and sell each unit in accordance with all of the terms and conditions of said Declaration.

KULAMALU, LLC

By: Maui Quest LLC, its Managing Member

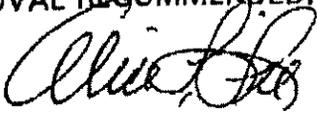
By: Dowling Company, Inc., its Member

By: 
Don Fujimoto
Its: Vice President

COUNTY OF MAUI

By: 
Alan M. Arakawa
Its: Mayor

APPROVAL RECOMMENDED:


Alice L. Lee, Director
Department of Housing and Human
Concerns

APPROVED AS TO FORM AND LEGALITY:


Edward Kushi, Jr.
Deputy Corporation Counsel
County of Maui

Bureau of Conveyances as Document No. 97-170957 (the "Unilateral Agreement").

The Unilateral Agreement provides that the Project shall be made subject to a Declaration of Covenants which "assures that the primary occupants of a minimum of 80% of the units be over fifty-five (55) years of age". This Declaration of Covenants is being executed and recorded in the State of Hawaii, Bureau of Conveyances in order to implement said Unilateral Agreement.

The purpose of this Declaration is to establish certain rules, restrictions and procedures intended to assure, to the extent possible, the ownership and occupancy of the individual units in the Project by persons who are 55 years of age or older, including couples, at least one member of which is over said age. For purposes of this Declaration, individuals and couples meeting said age description are herein referred to as the "Age Qualified".

DECLARATION:

1. Declaration of Purpose. The Project, its individual units, and the arrangement and layouts of units and common areas have been designed to incorporate certain conveniences and amenities which are tailored to use and enjoyment by the Age Qualified.

It is recognized that a simple prohibition on occupancy by persons who are not Age Qualified is difficult to enforce and administer, in many cases unfair, and may have a materially adverse affect on (a) the sale or resale value of individual units and (b) the ability of owners and purchasers of any age to finance or refinance acquisition or ownership of the units. Therefore, this Declaration seeks to encourage primary occupancy by the Age Qualified within the constraints of appropriate legal, practical and marketing considerations.

It is Kulamalu's intent that the initial occupants of 80% or more of the units shall be Age Qualified, based on both the design and layout of the Project and the units and based upon the covenants, standards and procedures set forth in this Declaration.

2. Initial Sales Program. In its initial sales of units in the Project, Kulamalu shall advertise and offer all of the units for sale only to the Age Qualified as owner-occupants, for a marketing period determined by Kulamalu but which shall not be less than ninety (90) days from the date of commencement of Kulamalu's sales program, pursuant to a Public Report approved by the Real Estate Branch of the State of Hawaii, Department of Commerce and Consumer Affairs pursuant to Hawaii Revised Statutes, Chapter 514-A. Any units remaining unsold

after said initial marketing period are herein referred to collectively as the "Remaining Units".

At the end of said initial marketing period, Kulamalu may sell the Remaining Units to persons who are not Age Qualified; provided that if Kulamalu receives acceptable purchase offers from multiple buyers for any Remaining Unit which shall include both Age Qualified and non-Age Qualified buyers, Kulamalu shall use all commercially reasonable efforts to give preference to the Age Qualified.

3. Resales. Resales by initial purchasers of units shall not be restricted to the Age Qualified.

4. Rental. If Kulamalu shall operate the Project as a rental project and not as condominium units for sale, Kulamalu agrees, for itself and its successors in interest, that at least 80% of the units in the Project shall be rented to persons who are Age Qualified.

Executed the day and year first above written.

KULAMALU, LLC

By: Maui Quest LLC, its Managing Member

By: Dowling Company, Inc., its Member

By: _____

Its: _____

STATE OF HAWAII)
)
 COUNTY OF MAUI)

SS.

On this _____ day of _____, 2004, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

 Notary Public, State of Hawaii
 Printed Name: _____
 My Commission Expires: _____

EXHIBIT W

Declaration of Restrictive Covenants Concerning Age of Occupants
for The Cottages at Kulamalu

THE ORIGINAL OF THE DOCUMENT
RECORDED AS FOLLOWS:
STATE OF HAWAII

BUREAU OF CONVEYANCES

Doc 2007-087780
MAY 15, 2007 12:00 PM

LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail () Pickup (X) To:

Case Lombardi & Pettit (DML)
737 Bishop Street, Suite 2600
Honolulu, HI 96813

TMK (2) 2-3-008:044

Total No. of Pages: 6

**DECLARATION OF RESTRICTIVE COVENANTS
CONCERNING AGE OF OCCUPANTS FOR
THE COTTAGES AT KULAMALU RESIDENCES**

This Declaration is executed this 15th day of May, 2007, by D.R. HORTON – SCHULER HOMES, LLC, a Delaware limited liability company, dba D.R. Horton-Schuler Division (“Declarant”), the address of which is 828 Fort Street Mall, 4th Floor, Honolulu, Hawaii 96813.

RECITALS: Declarant is the owner and developer of Lot 4-A-4 of the Kulamalu Subdivision, described in Exhibit “1” attached hereto and made a part hereof (the “Property”). Declarant is developing the Property as a condominium complex containing approximately 40 units, to be establish pursuant to Hawaii Revised Statutes, Chapter 514-B (the “Project”).

The Project is subject to a Unilateral Agreement and Declaration for Conditional Zoning dated November 19, 1997 recorded in the State of Hawaii, Bureau of Conveyances as Document No. 97-170957 (the “Unilateral Agreement”).

The Unilateral Agreement provides that the Project shall be made subject to a Declaration of Covenants which “assures that the primary occupants of a minimum of 80% of the units be over fifty-five (55) years of age”. This Declaration of Covenants is being executed and recorded in the State of Hawaii, Bureau of Conveyances in order to implement said Unilateral Agreement.

The purpose of this Declaration is to establish certain rules, restrictions and procedures intended to assure, to the extent possible, the ownership and occupancy of the individual units in the Project by persons who are 55 years of age or older, including couples, at least one member of which is over said age. For purposes of this Declaration, individuals and couples meeting said age description are herein referred to as the "Age Qualified".

DECLARATION:

1. Declaration of Purpose. The Project, its individual units, and the arrangement and layouts of units and common areas have been designed to incorporate certain conveniences and amenities which are tailored to use and enjoyment by the Age Qualified.

It is recognized that a simple prohibition on occupancy by persons who are not Age Qualified is difficult to enforce and administer, in many cases unfair, and may have a materially adverse affect on (a) the sale or resale value of individual units and (b) the ability of owners and purchasers of any age to finance or refinance acquisition or ownership of the units. Therefore, this Declaration seeks to encourage primary occupancy by the Age Qualified within the constraints of appropriate legal, practical and marketing considerations.

It is Declarant's intent that the initial occupants of 80% or more of the units shall be Age Qualified, based on both the design and layout of the Project and the units and based upon the covenants, standards and procedures set forth in this Declaration.

2. Initial Sales Program. In its initial sales of units in the Project, Declarant shall advertise and offer all of the units for sale only to the Age Qualified as owner-occupants, for a marketing period determined by Declarant but which shall not be less than ninety (90) days from the date of commencement of Declarant's sales program, pursuant to a Public Report approved by the Real Estate Branch of the State of Hawaii, Department of Commerce and Consumer Affairs pursuant to Hawaii Revised Statutes, Chapter 514-A. Any units remaining unsold after said initial marketing period are herein referred to collectively as the "Remaining Units".

At the end of said initial marketing period, Declarant may sell Remaining Units to persons who are not Age Qualified; provided that if Declarant receives acceptable purchase offers from multiple buyers for any Remaining Unit which shall include both Age Qualified and non-Age Qualified buyers, Declarant shall use all commercially reasonable efforts to give preference to the Age Qualified.

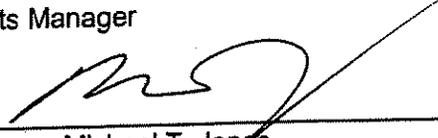
3. Resales. Resales by initial purchasers of units shall not be restricted to the Age Qualified.

4. Rental. If Declarant shall operate the Project as a rental project and not as condominium units for sale, Declarant agrees, for itself and its successors in interest, that at least 80% of the units in the Project shall be rented to person who are Age Qualified.

Executed the day and year first above written.

D.R. HORTON – SCHULER HOMES, LLC
a Delaware limited liability company,
dba D.R. Horton-Schuler Division

By Vertical Construction Corporation,
a Delaware corporation
Its Manager

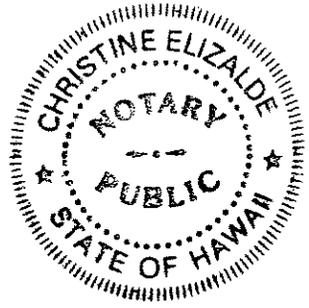
By 

Name: Michael T. Jones

Title: Division President of the Hawaii Division

STATE OF HAWAII)
CITY AND COUNTY OF HONOLULU) SS:

On MAY 15 2007, 2007, before me personally appeared **MICHAEL T. JONES**, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.



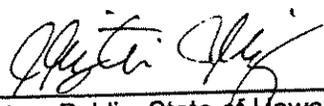

Notary Public, State of Hawaii
Type or print name: Christine Elizalde
My commission expires: AUG 23 2009

Exhibit "1"
(Description of the Property)

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Grant Number 1829, Apana 1 to Keawe and Royal Patent Grant Number 1167 to Aui) situate, lying and being at Aapueo-nui, Kohoilo, Makaehu, Kula, Island and County of Maui, State of Hawaii, being LOT 4-A-4 of the "KULAMALU SUBDIVISION", same being a portion of Lot 4-A of the Kulamalu Subdivision, and thus bounded and described:

Beginning at the easterly corner of this piece of land, being also a corner on the westerly side of Kula Highway (F.A.P. BF-037-1(1)), the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU-O-KOHA", being 232.96 feet north and 13,271.50 feet east and running by azimuths measured clockwise from true South:

1. 248° 58' 40" 50.00 feet along Kula Highway (F.A.P. BF-037-1 (1));
2. 338° 58' 40" 50.00 feet along Lot 5-B (A'apueo Parkway) of Kulamalu Subdivision;

Thence along the same on a curve to the right with a radius of 30.00 feet, the chord azimuth and distance being:

3. 23° 58' 40" 42.43 feet;
4. 68° 58' 40" 57.05 feet along same;

Thence along the same on a curve to the right with a radius of 1000.00 feet, the chord azimuth and distance being:

5. 85° 14' 20" 560.03 feet along same;
6. 101° 30' 191.91 feet along same;
7. 192° 00' 567.17 feet along Lot 4-A-3 of the Kulamalu Subdivision;
8. 299° 43' 132.97 feet along Government land and along the top of Haakakai Gulch;
9. 290° 38' 91.00 feet along same;
10. 313° 35' 216.58 feet along same;
11. 317° 43' 127.00 feet along same;
12. 301° 40' 115.50 feet along same;
13. 285° 00' 82.00 feet along same;
14. 338° 58' 40" 38.00 feet along Kula Highway (F.A.P. BF-037-1(1)) to the point of beginning and containing an area of 6.387 acres, more or less.

Together with the following:

1. A nonexclusive easement for access and utility purposes over and across Lot 5-B of the Kulamalu Subdivision, which easement shall terminate automatically upon dedication of Lot 5-B to the County of Maui, being more particularly described in instrument dated June 30, 2000, recorded as Document No. 2000-091304, and subject to the terms and provisions contained therein;

2. A nonexclusive easement for the installation, operation, maintenance, repair and replacement of a sewer line over and under Easements S-2, S-3, and S-4. These easements shall automatically terminate upon the grant of these easements to Pukalani STP Co., Ltd, or its successors in interest as the provider of sewer services, more particularly described in instrument dated June 30, 2000, recorded as Document No. 2000-091304, and subject to the terms and provisions contained therein.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR:	KULAMALU VISTA LLC, a Delaware limited liability company
GRANTEE:	D.R. HORTON – SCHULER HOMES, LLC, a Delaware limited liability company, dba D.R. HORTON-SCHULER DIVISION
DATED:	December 29, 2006
RECORDED:	Document No. 2006-239344

SUBJECT, HOWEVER, to all encumbrances of record.

END OF EXHIBIT "A"

EXHIBIT X

Signage Easement and Agreement dated December 29, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-239343

This is a copy of Bureau of Conveyances
Document No. 2006-291343, and / or
Land Court Document No. _____
affecting Certificate of Title No. _____
recorded on 12/29/06 at 8:21 o'clock AM.
TITLE GUARANTY OF HAWAII, INCORPORATED

Return by mail () pick-up (X)

②

tdw 99480.2 .wd

Tax Map Key No.: (2) 2-3-8:44

Total Pages _____

SIGNAGE EASEMENT AND AGREEMENT

This SIGNAGE EASEMENT AND AGREEMENT (this "Agreement") is dated this 29th day of December, 2006, and is executed by KULAMALU VISTA LLC, a Delaware limited liability company, whose address is 2005 Main Street, Wailuku, Maui, Hawaii 96793 (the "Declarant").

RECITALS:

- A. Declarant is the owner of Lot 4-A-4 of the Kulamalu Subdivision, described in Exhibit A attached hereto and made a part hereof (the "Property").
- B. Declarant is selling and transferring to D.R. HORTON-SCHULER HOMES, LLC or an affiliate, the Property on or about the date hereof.
- C. The purpose of this Declaration is to establish an agreement an easement which shall be binding upon the Property and the owner's thereof and shall run with the land.

DECLARATION:

Declarant hereby declares and establishes a perpetual, irrevocable and exclusive easement over, across and under Easement L-1, described on Exhibit B attached hereto and made a part hereof (the "Easement Area"), for the following purposes and subject to following terms and conditions:

1. Declarant and Declarant's designee's (which may include Kamehameha Schools/Bishop Estate), to erect and maintain one or more signs of a type and form as reflected on Exhibit C attached hereto and made a part hereof, identifying Kulamalu Town Center, Kamehameha Schools and any commercial or other occupants of Kulamalu Town Center and which may include landscaping and lighting.

2. All landscaping and improvements installed by Declarant or Declarant's designee using the Easement Area shall be kept trimmed in good order and repair.

3. The Easement Area and all uses of it shall be subject to the terms and conditions set forth on Exhibit D attached hereto and made a part hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Declarant has executed this Agreement as of the day and year first above written.

KULAMALU VISTA LLC,
a Delaware limited liability company

By 

Don Fujimoto
Its Authorized Signatory

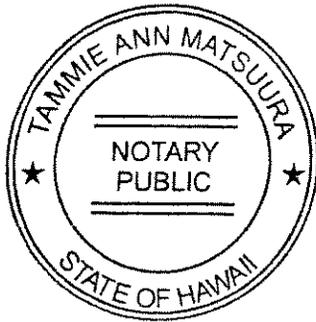
DECLARANT

STATE OF HAWAII

)
) SS
)

COUNTY OF MAUI

On this 21st day of December, 2006, personally appeared Don Fujimoto, to me personally known, who, being by me duly sworn or affirmed did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.



Tammie Ann Matsuura
Type or print name: **TAMMIE ANN MATSUURA**
Notary Public, State of Hawaii
My commission expires: 4/9/2008

EXHIBIT "A"

(To Exhibit X)

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Grant Number 1829, Apana 1 to Keawe and Royal Patent Grant Number 1167 to Aui) situate, lying and being at Aapueo-nui, Kohoilo, Makaehu, Kula, Island and County of Maui, State of Hawaii, being LOT 4-A-4 of the "KULAMALU SUBDIVISION", same being a portion of Lot 4-A of the Kulamalu Subdivision, and thus bounded and described:

Beginning at the easterly corner of this piece of land, being also a corner on the westerly side of Kula Highway (F.A.P. BF-037-1(1)), the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU-O-KOHA", being 232.96 feet north and 13,271.50 feet east and running by azimuths measured clockwise from true South:

- | | | | | | |
|----|------|-----|-----|-------|---|
| 1. | 248° | 58' | 40" | 50.00 | feet along Kula Highway (F.A.P. BF-037-1 (1)); |
| 2. | 338° | 58' | 40" | 50.00 | feet along Lot 5-B (A'apueo Parkway) of Kulamalu Subdivision; |

Thence along the same on a curve to the right with a radius of 30.00 feet, the chord azimuth and distance being:

- | | | | | | |
|----|-----|-----|-----|-------|------------------|
| 3. | 23° | 58' | 40" | 42.43 | feet; |
| 4. | 68° | 58' | 40" | 57.05 | feet along same; |

Thence along the same on a curve to the right with a radius of 1000.00 feet, the chord azimuth and distance being:

- | | | | | | |
|-----|------|-----|-----|--------|---|
| 5. | 85° | 14' | 20" | 560.03 | feet along same; |
| 6. | 101° | 30' | | 191.91 | feet along same; |
| 7. | 192° | 00' | | 567.17 | feet along Lot 4-A-3 of the Kulamalu Subdivision; |
| 8. | 299° | 43' | | 132.97 | feet along Government land and along the top of Haakakai Gulch; |
| 9. | 290° | 38' | | 91.00 | feet along same; |
| 10. | 313° | 35' | | 216.58 | feet along same; |

11.	317°	43'		127.00	feet along same;
12.	301°	40'		115.50	feet along same;
13.	285°	00'		82.00	feet along same;
14.	338°	58'	40"	38.00	feet along Kula Highway (F.A.P. BF-037-1(1)) to the point of beginning and containing an area of 6.387 acres, more or less.

Together with the following:

1. A nonexclusive easement for access and utility purposes over and across Lot 5-B of the Kulamalu Subdivision, which easement shall terminate automatically upon dedication of Lot 5-B to the County of Maui, being more particularly described in instrument dated June 30, 2000, recorded as Document No. 2000-091304, and subject to the terms and provisions contained therein;

2. A nonexclusive easement for the installation, operation, maintenance, repair and replacement of a sewer line over and under Easements S-2, S-3, and S-4. These easements shall automatically terminate upon the grant of these easements to Pukalani STP Co., Ltd, or its successors in interest as the provider of sewer services, more particularly described in instrument dated June 30, 2000, recorded as Document No. 2000-091304, and subject to the terms and provisions contained therein.

BEING THE PREMISES ACQUIRED BY LIMITED WARRANTY DEED

GRANTOR: KULAMALU LLC, a Hawaii limited liability company

GRANTEE: KULAMALU VISTA LLC, a Delaware limited liability company

DATED: June 23, 2006

RECORDED: Document No. 2006-121390

EXHIBIT "B"
(To Exhibit X)
KULAMALU SUBDIVISION

EASEMENT L-1

(FOR LANDSCAPE PURPOSES)

Affecting Lot 4-A-4 of the Kulamalu Subdivision, being also a Portion of Royal Patent Grant 1167 to Aui. Situate at A'apueo-Nui, Kohoilo, Kula, Maui, Hawaii.

Beginning at the Southwest corner of this easement, being also an azimuth and distance of 68° 58' 40" 57.05 feet from the Southeast corner of Lot 4-A-4 of the Kulamalu Subdivision, on the North side of A'apueo Parkway, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KOHA", being 155.31 feet North and 13,292.47 feet East and running by azimuths measured clockwise from true South:

1. 203° 58' 40" 68.28 feet along the remainder of Lot 4-A-4 of the Kulamalu Subdivision;

2. 338° 58' 40" 18.28 feet along the same;

Thence along the same on a curve to the right with a radius of 30.00 feet, the chord azimuth and distance being:

3. 23° 58' 40" 42.43 feet;

4. 68° 58' 40" 18.28 feet along the North side of A'apueo Parkway to the point of beginning and containing an area of 972 square feet.



Description Prepared By:

AUSTIN, TSUTSUMI & ASSOCIATES, INC.

Erik S. Kaneshiro By: 1/10

ERIK S. KANESHIRO
Licensed Professional Land Surveyor
Certificate No. 9826

Wailuku, Hawaii
November 3, 2006
TMK: (2) 2-3-008: 044 (Portion)



AUSTIN, TSUTSUMI & ASSOCIATES, INC.

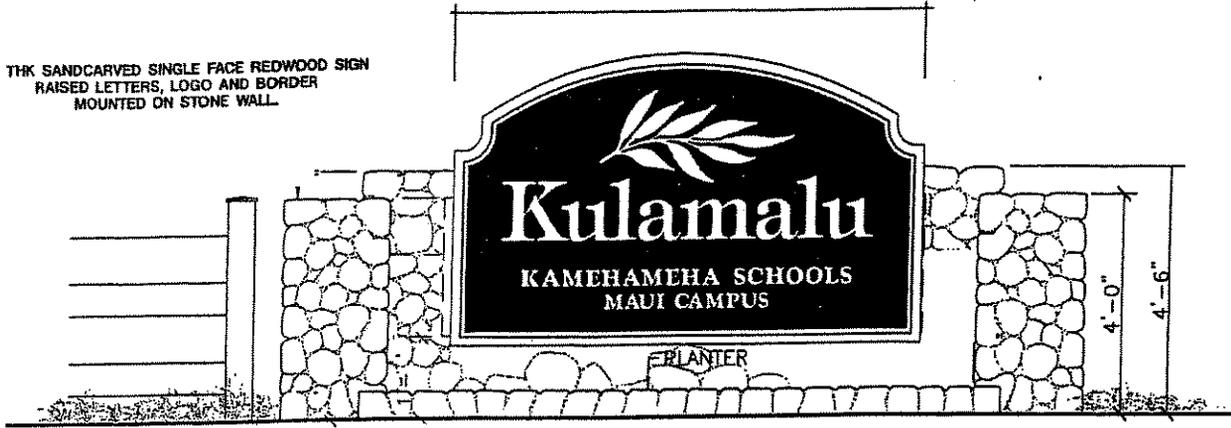
CIVIL ENGINEERS - SURVEYORS

301 SUMNER STREET, SUITE 821
HONOLULU, HAWAII 96817-5031

1871 WILIPA LOOP, SUITE A
WAILUKU, MAUI, HAWAII 96793

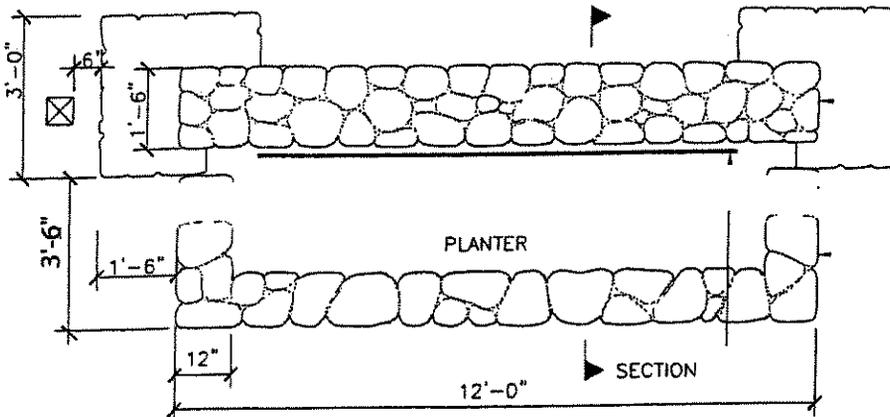
EXHIBIT "C" (To Exhibit X)
7'-3"

1 1/2" THK SANDCARVED SINGLE FACE REDWOOD SIGN
RAISED LETTERS, LOGO AND BORDER
MOUNTED ON STONE WALL.

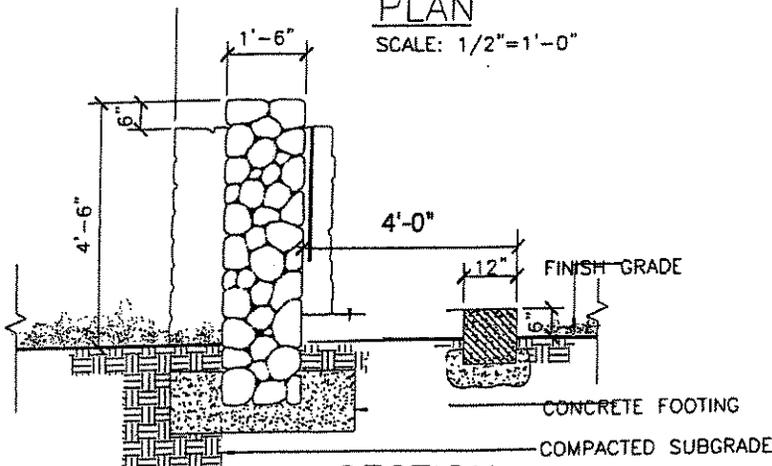


ELEVATION
SCALE: 1/2"=1'-0"

SIGN IS 7'-3" X 4'-4"
TOP IS 5'-10"



PLAN
SCALE: 1/2"=1'-0"



SECTION
SCALE: 1/2"=1'-0"

CREATIVE DESIGN SIGNS COMPLETE SIGN SERVICE CREATIVEDESIGNSIGNS.COM	PO BOX 1210 MAKAWAO, MAUI HI 96708	PHONE 808-572-6525 FAX 808-572-4780 CDSIGNS@VERIZON.NET	JOB	SHT# OF
			DATE	

EXHIBIT "D"

(To Exhibit X)

The following are the terms and conditions that apply to the Easement established by this document. Declarant and any assignor of Declarant is herein referred to as the "easement holder." The improvements constructed or installed with Easement Area by the easement holder pursuant to the easement holder's easement rights are herein called "facilities". The owner of the Property described in Exhibit A or the association of unit owners of any condominium property regime that may be established on the Property is herein referred to as the "burdened owner."

The following terms and conditions shall apply to this easement:

1. Insurance. Each easement holder shall name the burdened owner as an additional insured on the easement holder's general commercial liability insurance policy and said policy shall be maintained in full force and effect as long as these easements shall be effective. The easement holder shall provide a certificate of insurance or other reasonable proof of such coverage to the burdened owner, from time to time at the burdened owner's request.

2. Expenses. All costs and expenses related to the construction, operation, maintenance, repair and replacement of all facilities shall be borne by the easement holder at not expense to the burdened owner. Without limitation of the foregoing, the easement holder shall pay, or reimburse to the burdened owner, (i) all real estate taxes assessed with respect to the facilities, provided that the burdened owner shall pay all taxes assessed with respect to the land itself and (ii) to the extent not separately metered, all costs of utilities, including, without limitation, water and electrical costs.

3. Conditions of Exercise. The easement holder's exercise of easement rights shall be subject to the conditions that the easement holder and the easement holder's agents and licensees shall (a) observe and perform all laws, ordinances, rules and regulations now or hereafter imposed by any governmental authority which are applicable to the easement area, (b) complete the construction of all facilities free and clear of all liens, and (c) promptly upon the completion of the facilities restore the surface of the easement area to even grade and good and orderly condition.

4. Status. The designated easement shall be exclusive, perpetual and irrevocable.

5. Binding Effect. The easement shall inure to the benefit of and be binding upon the easement holder and burdened owner and their respective successors in interest and shall run with the land.

6. Governing Law. The designated easement shall be governed by and construed under the laws of the State of Hawaii.

7. Enforcement. In the event of any litigation arising out of or concerning this designated easement or the enforcement thereof, the prevailing party in such litigation shall be entitled to recover from the non-prevailing party all costs, expenses and reasonable attorney's fees incurred by the prevailing party.

8. "As Is" The easement holder accepts the designated easement and the easement area in "as is" condition without any representations or warranties expressed or implied by the burdened owner as to the physical condition thereof or the suitability of the easement area for the purposes of the designated easement or the facilities.

END OF EXHIBIT "D"