

**AMENDMENT 1 TO AMENDED
DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

| | |
|---------------------------|---|
| CONDOMINIUM PROJECT NAME: | SEASCAPE CONDOMINIUM PHASES II, III AND IV |
| PROJECT ADDRESS: | Nuuanu Place, Kailua-Kona, Hawaii 96740 |
| REGISTRATION NUMBER: | 6354 |
| EFFECTIVE DATE OF REPORT: | April 9, 2013 |
| THIS AMENDMENT: | <input checked="" type="checkbox"/> Must be read together with <input type="checkbox"/> Developer's Public Report dated _____ <input checked="" type="checkbox"/> Amended Report dated <u>September 13, 2012</u> <input type="checkbox"/> Supersedes all prior amendments: Includes all prior amendment(s) and must be read together with <input type="checkbox"/> Developer's Public Report dated _____ <input type="checkbox"/> Amended Report dated _____ |
| DEVELOPER(S): | KONA SEASCAPE DEVELOPMENT LLC |

Preparation of this Amendment

The Developer prepared this amendment pursuant to the Condominium Property Act, Section 514B-56, Hawaii Revised Statutes (HRS), as amended from time to time. Section 514B-56, HRS, requires that after the Commission has issued an effective date for the Developer's Public Report, if there are any changes, either material or pertinent changes, or both, regarding the information contained in or omitted from the Developer's Public Report, or if the developer desires to update or change the information set forth in the Developer's Public Report, the developer shall immediately submit to the Commission an amendment to the Developer's Public Report or an amended Developer's Public Report clearly reflecting the change, together with such supporting information as may be required by the Commission, to update the information contained in the Developer's Public Report.

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

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

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

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

This Amendment 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 amendment to the Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts, material changes, or pertinent changes about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

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

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

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

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

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Summary of Changes from Earlier Developer's Public Report:

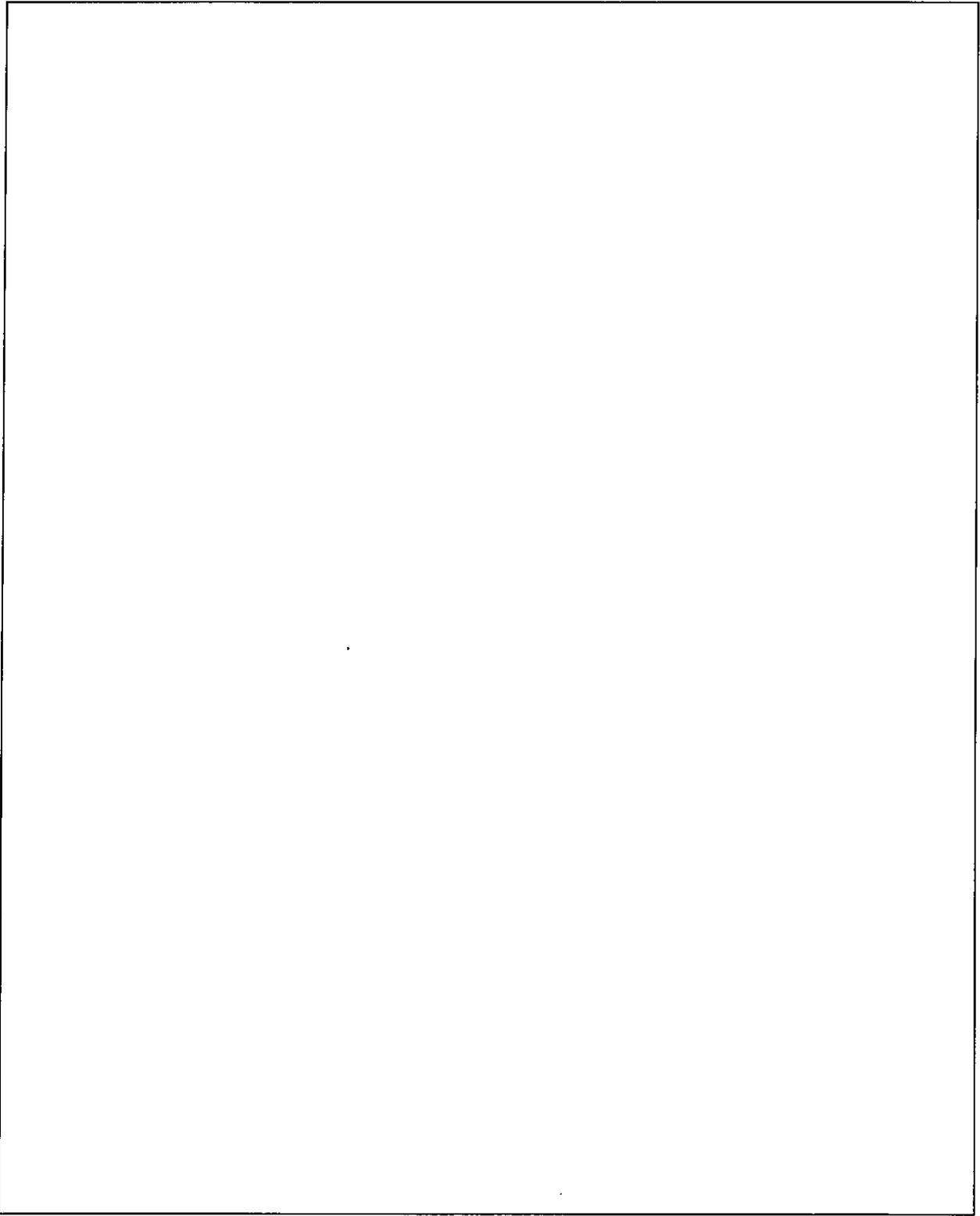
This summary contains a general description of the changes, if any, made by the developer since the last Developer's Public Report was issued an effective date. It is not necessarily all inclusive. Prospective purchasers and purchasers must read this amendment together with the last Developer's Public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

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

1. Section 1.12 on page 5. The title report was updated on February 22, 2013. The updated encumbrances against title are noted on Exhibit E.
2. Section 2.4 on page 9. This section was updated to show the new general contractor for Phase IV of the Project.

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Changes continued:



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1.8 Common Elements

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

Described in Exhibit C

Described as follows:

| Common Element | Number |
|----------------|----------------|
| Elevators | None |
| Stairways | 2 per building |
| Trash Chutes | None |

1.9 Limited Common Elements

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

Described in Exhibit C

Described as follows:

1.10 Special Use Restrictions

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

| | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Pets: See Exhibit D |
| <input checked="" type="checkbox"/> | Number of Occupants: See Exhibit D |
| <input checked="" type="checkbox"/> | Other: See Exhibit D, Declaration Section 7; Bylaws Article 6, Section 10; and House Rules |
| <input type="checkbox"/> | There are no special use restrictions. |

1.11 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

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

Date of the title report: February 22, 2013

Company that issued the title report: Title Guaranty of Hawaii, Inc.

2. PERSONS CONNECTED WITH THE PROJECT

| | |
|---|--|
| <p>2.1 Developer</p> | <p>Name: Kona Seascape Development LLC</p> <p>Business Address: 2549-B Eastbluff Drive, #475 Newport Beach, California 92660</p> <p>Business Phone Number: (949) 729-1660 E-mail Address: gbaker@mkacap.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 style="text-align: center;">George Baker, Manager</p> |
| <p>2.2 Real Estate Broker</p> | <p>Name: MacArthur & Company Sotheby's International Realty Business Address: 78-6831 Alii Drive, Suite 163 Kailua-Kona, Hawaii 96740</p> <p>Business Phone Number: (808) 331-3131</p> |
| <p>2.3 Escrow Depository</p> | <p>Name: Title Guaranty Escrow Services, Inc. Business Address: 75-170 Hualalai Road, Suite C-210 Kailua-Kona, Hawaii 96740</p> <p>Business Phone Number: (808) 327-3220</p> |
| <p>2.4 General Contractor</p> | <p>Name: Avalon Hawaii Construction* Business Address: P.O. Box 685 Kailua-Kona, Hawaii 96745</p> <p>Business Phone Number: (808) 329-6063</p> <hr/> <p>Name: Ray Gonzalez** Business Address: 75-5626 Kuakini Highway #2 Kailua-Kona, Hawaii 96740</p> <p>Business Phone Number: (808) 747-1142</p> |
| <p>2.5 Condominium Managing Agent</p> | <p>Name: Certified Management Business Address: 75-170 Hualalai Road, #A-200 Kailua-Kona, Hawaii 96740</p> <p>Business Phone Number: (808) 329-2818</p> |
| <p>2.6 Attorney for Developer</p> | <p>Name: Imanaka Asato LLLC Business Address: 745 Fort Street, Suite 1700 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-9500</p> |

* Avalon Hawaii Construction acted as the general contractor for Original Developer in connection with the construction of Phases I, II and III of the Project.

** Ray Gonzalez is the general contractor for Phase IV of the Project.

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.

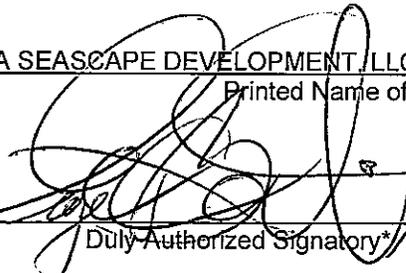
For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified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

KONA SEASCAPE DEVELOPMENT, LLC, a Nevada limited liability company

Printed Name of Developer

By:


Duly Authorized Signatory*

MANAGER

Date

MARCH 12, 2013

George Baker, Manager

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, _____ County of Hawaii _____

Planning Department, _____ County of Hawaii _____

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

EXHIBIT E

PERMITTED ENCUMBRANCES

The following now encumber title to the land, will remain as encumbrances on the title to a Unit conveyed to the Buyer, and together with such other encumbrances as may be placed on the title that do not materially and adversely affect the use or value of a Unit, are sometimes called the “**Permitted Encumbrances.**”

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. Designation of Archeological Site Buffers, as shown on Subdivision Map of Lokahi Ka’u, prepared by Peter H. Souza, Jr., Licensed Professional Surveyor, Certificate No. 9279, revised March 16, 2005.

3. The terms and provisions contained in the following:

INSTRUMENT : AGREEMENT RE AFFORDABLE HOUSING
DATED: March 7, 2006
RECORDED: Document No. 2006-049941
PARTIES: SEASCAPE DEVELOPMENT, LLC, a Hawaii limited liability
 company, and the COUNTY OF HAWAII
RE: construction and sale of affordable housing units

RELEASE OF SALE RESTRICTIONS dated December 12, 2007, recorded as Document No. 2008-000226.

4. The terms and provisions contained in the following:

INSTRUMENT: DECLARATION FOR JOINT OWNERSHIP AND USE OF PRIVATE
 WASTEWATER TREATMENT FACILITY
DATED: January 25, 2007
RECORDED: Document No. 2007-030438

5. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
 SEASCAPE CONDOMINIUM AND TO CREATE PHASE I
DATED: February 16, 2007
RECORDED: Document No. 2007-035079
MAP: 4401 and any amendments thereto

Said Declaration was amended by instruments dated May 14, 2007, recorded as Document No. 2007-089526 (re: creation of Phase II of the Seascape Condominium), as corrected by instrument dated June 26, 2007, recorded as Document No. 2007-115331, dated May 14, 2007, recorded as Document No. 2007-089527 (re: creation of Phase III of the Seascape Condominium), dated May --, 2007, recorded as Document No. 2007-089528 (re: creation of Phase IV of the Seascape Condominium), as corrected by instrument dated June 26, 2007, recorded as Document No. 2007-115331, dated July 10, 2007, recorded as Document No. 2007-123790, dated October 29, 2007, recorded as Document No. 2007-193713 (re: amendments Phase II of the Seascape Condominium), and dated August 29, 2008, recorded as Document No. 2008-139221.

EXHIBIT E

6. The terms and provisions contained in the following:

INSTRUMENT: BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS OF
SEASCAPE CONDOMINIUM
DATED: February 16, 2007
RECORDED: Document No. 2007-035080

7. GRANT OF EASEMENT in favor of the WATER BOARD OF THE COUNTY OF HAWAII, dated May 16, 2007, recorded as Document No. 2007-117240, granting the right in the nature of a perpetual easement for utility purposes, over and across Easement "W-1".

END OF EXHIBIT E