

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

CONDOMINIUM PROJECT NAME	59-595 KE IKI ROAD
Project Address	59-595 Ke Iki Road, Haleiwa, Hawaii 96712
Registration Number	6524 (Conversion)
Effective Date of Report	April 1, 2008
Developer(s)	KE IKI PROPERTIES LLC., a Hawaii limited liability company

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

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

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

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

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

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

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

SPECIAL ATTENTION

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

SPECIAL NOTICE

There are county restrictions on the number of residential dwelling units, or other structures, which may be built upon the property. Therefore, unless the purchaser is purchasing an existing residential dwelling, there is no assurance that the purchaser will be able to build a residential dwelling unit on the property. There also is no assurance that the purchaser will be able to convert an existing non-residential structure to a residential use. The purchaser should consult with the appropriate county agencies to determine whether the purchaser may build a residential dwelling unit, or any other type of structure, upon the property.

This is a condominium project, not a subdivision, and the project does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a limited common element and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

Facilities and improvements normally associated with county approved subdivisions may not necessarily be provided for and services such as county street maintenance and trash collection may not be available for interior roads.

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

**THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW
THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR
FURTHER INFORMATION WITH REGARD TO THE FOREGOING.**

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner		
Address of Project	59-595 Ke Iki Road, Haleiwa, Hawaii 96712	
Address of Project is expected to change because		
Tax Map Key (TMK)	(1) 5-9-003-023	
Tax Map Key is expected to change because	Each Unit will be assigned a new Tax Key Number	
Land Area	36,065 sq. ft.	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)		

1.2 Buildings and Other Improvements

Number of Buildings	4 of which 1 is a duplex and 1 shed
Floors Per Building	1
Number of New Building(s)	0
Number of Converted Building(s)	4
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	

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
Unit 1	1	1/1	590	47.5	stairs and deck	637.5 sq. ft.
Unit 2	1	1/1	536	72.5	stairs and deck	608.5 sq. ft.
Unit 3	1	0	0	64	shed	64 sq. ft.
Unit 4	1	1/1	723	177	deck	900 sq. ft.
Unit 5	1	2/1	750	97	deck	847 sq. ft.
See Exhibit _____						

5	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:	6
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	Unit 1 and 2: One each; Unit 4 and 5: 2 each
Attach Exhibit ____ 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.	

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit B
--

1.6 Permitted Alterations to the Units

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

1.7 Common Interest

<u>Common Interest</u> : Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit _____.
As follows: Unit 1 - 12% Unit 4 - 26% Unit 2 - 12% Unit 5 - 30% Unit 3 - 20%

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

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

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 <u>D</u> .</p>	
<p>Described as follows:</p>	
Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

<p><u>Limited Common Elements:</u> A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.</p>
<p>Described in Exhibit <u>E</u> .</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 type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Exhibit F
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).</p>
<p>Exhibit <u>G</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: December 6, 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	4	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-5
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other(specify) : Shed	1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-5
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.					

1.14 Other Zoning Compliance Matters

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

	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p>
--

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units: Subject to normal wear and tear commensurate with its age, each of the buildings appear to be in fair to good structural condition consistent with their age; Subject to normal wear and tear, the electrical and plumbing systems are operable and in fair working order.</p>	
<p>Developer's statement of the expected useful life of each item reported above: Subject to normal wear and tear commensurate with its age, each of the buildings appear to be in relatively good structural condition consistent with their age.</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</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>H</u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable: (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> <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: KE IKI PROPERTIES LLC., a Hawaii limited liability company</p> <p>Business Address: 3711 NE 43rd Street, Seattle, WA 98105</p> <p>Business Phone Number: 425-268-2277 E-mail Address: michael@carsley.net</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>Aguatierra LLC, a Washington limited liability company Michael Carsley, its managing member</p> <p>Manitou Holdings LLC, a Washington limited liability company Ryan Secrist, its managing member</p>
<p>2.2 Real Estate Broker</p>	<p>Name: none selected, see page 18 Business Address:</p> <p>Business Phone Number: E-mail Address:</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, 1st Floor Honolulu, Hawaii 96813</p> <p>Business Phone Number: 808-533-6261</p>
<p>2.4 General Contractor</p>	<p>Name: Business Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: self managed by the Association Business Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Jeffrey S. Grad Business Address: 841 Bishop Street, Suite 1800 Honolulu, Hawaii 96813</p> <p>Business Phone Number: 808-521-4757</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	August 30, 2007	2007-175537

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 10, 2007	2007-211232

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	August 30, 2007	2007-175538

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	4521
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 type="checkbox"/>
Developer does not plan to adopt House Rules		<input checked="" type="checkbox"/>

3.5 Changes to the Condominium Documents

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	100%
Bylaws	67%	67%

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

<input checked="" type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input 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:

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

The Initial Condominium Managing Agent for this project is (check one):

<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit 1 contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

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

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:

<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV cable
<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit I 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: August 30, 2007 Name of Escrow Company: Title Guaranty Escrow Services of Hawaii, Inc. Exhibit J contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

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

<input 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 type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

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

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgages	If the Developer defaults under the sales contract and refunds the Buyer's deposits, less escrow cancellation fees, the Buyer shall have no further interest in the Project.

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: as is
Appliances: as is

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

Status of Construction: Duplex building constructed in 1950; Unit 4 in the 1980s and Unit 5 in 1970s; Unit 3 is a shed
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:
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 type="checkbox"/>	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain 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:

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

1. Disclosure re: NON SELECTION OF REAL ESTATE BROKER

As of the effective date of this Developer's Public Report, the Developer has not executed a listing agreement for the sale of this condominium project with any duly licensed Hawaii real estate broker.

Thus, the developer cannot offer to sell or sell any units in this registered condominium project until:

- 1) the developer executes a listing agreement for the sale of this condominium project.
- 2) amends this developer's public report to reflect the new information, and
- 3) delivers this public report and amendment to the prospective purchaser.

The conditions for binding sales contract are listed on pages 16-17 paragraph 5.8.1.

2. Special Disclosure Re: EFFECT OF SITE DEVELOPMENT PLAN APPROVAL ON THE PROJECT.

The Land and all future use of the Units and the Project are subject to that certain Site Development Plan approval ("SDP") of the City and County of Honolulu, approved as of October 26, 1970, a copy of which approval (including the site map) is attached to the Declaration of Condominium Property Regime as Exhibit C. The SDP is incorporated within the Declaration.

3. Special Disclosure Re: UNIMPROVED PARKING SPACES AND DRAWINGS

The unimproved parking spaces and driveways for Units 1 and 2 are considered under the Land Use Ordinance as "nonconforming parking" since as indicated in the Department of Planning and Permitting Letter attached hereto as Exhibit H ("DPP Letter") they were considered lawful at the time they were constructed. This differs from the unimproved parking spaces and driveways for Units 4 and 5, which according to the DPP Letter attached hereto were not legally constructed, since at the time of construction all weather surfaces were required. A purchaser of either Unit 4 or Unit 5 would be required to construct all weather surfacing on its parking or driveways.

It is submitted that what DPP Letter intended was that the unimproved parking spaces and driveways for Units 4 and 5 (unlike those for Units 1 and 2) were not to be considered as being legally non conforming, since when Units 4 and 5 were constructed, there was a requirement for all weather surfacing.

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.

KE IKI PROPERTIES LLC

Printed Name of Developer

By:



Duly Authorized Signatory*

12/3/07

Date

Aguatierra LLC - MICHAEL CARSLEY, its Managing Member

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

EXHIBIT A

Unit Types and Sizes of Units

Paragraph 3.7 of the Declaration states:

Description of Units:

(a) Unit 1. Unit 1 is one of two dwelling units located within the Duplex Building. It was constructed over fifty years ago. The Unit contains one bedroom, one bathroom, living room, kitchen/dining area and utility room. The total net living area of the Unit is approximately 590 square feet. The areas of the stairs and decks are approximately 47.5 square feet.

(b) Unit 2. Unit 2 is also one of two dwelling units located within the Duplex Building. It was constructed over fifty years ago. The Unit contains one bedroom, one bathroom, living room, kitchen/dining area and utility room. The total net living area of the Unit is approximately 536 square feet. The areas of the stairs and decks are approximately 72.5 square feet.

(c) Unit 3. Unit 3 is a temporary shed that was recently placed on the Land.

(d) Unit 4. Unit 4 is a single dwelling unit within a single structure that was constructed in the 1980s. The Unit contains one bedroom, one bathroom, living room, kitchen, dining area and deck. The total net living area of the Unit is approximately 723 square feet. The areas of the deck is approximately 177 square feet.

(e) Unit 5. Unit 5 is a single dwelling unit within a single structure that was constructed in the 1970s. The Unit contains two bedrooms, one bathroom, living room, kitchen and deck. The total net living area of the Unit is approximately 750 square feet. The area of the deck is approximately 97 square feet.

END OF EXHIBIT "A"

EXHIBIT B

Boundaries of the Units

3.10 Designation and Boundaries of Units.

(a) One (1) freehold estate is hereby designated in (i) each of the five(5) Units within the Project and (ii) the common elements, as set forth in Section 4 below.

(b) With respect to Unit 1 and Unit 2 (which are located within the Duplex Building), each Unit shall include the spaces within the perimeter walls, floors and ceilings of that portion of the Duplex Building (in which such Unit is located as shown on the Condominium Map), subject to the following:

(i) 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 elements;

(ii) if any chute, flue, duct, wire, conduit, or any other fixture lies partially within and partially outside the designated boundaries of such 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 such Unit or any portion of the common elements is a part of the common elements;

(iii) subject to (ii) above, all spaces, interior non-loadbearing partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit; and (iv) any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios, and all exterior doors and windows or other fixtures designed to serve a single Unit, but are located outside the Unit's boundaries, are limited common elements appurtenant exclusively to that Unit.

(iv) With respect to Unit 3, Unit 4 and Unit 5, each such Unit consists of :(i) all footings, floors, foundations, perimeter walls and roofs of the building and all other improvements from time to time located upon the Dwelling Area appurtenant to the Unit; (ii) all of the space, fixtures, walls and other improvements located within such footings, floors, foundations, perimeter walls and roofs; (iii) all exterior surfaces and finishes of such footings, floors, foundations, perimeter walls and roofs; (iv) all decks, lanais, porches, steps, stairs or other improvements physically attached to any such building which is for the exclusive use of such Unit; and (v) all portions of any carport or garage attached to any building or located on the Dwelling Area appurtenant to the Unit and which is for the exclusive use of the Owner of such Unit. Notwithstanding the foregoing, a Unit shall not be deemed to include any pipes, wires, ducts, conduits, or other utility or service lines running through a Unit which are utilized by or which serve any other Unit.

(c) The foregoing, as initially established or as hereafter changed pursuant to Paragraph 19.1 of this Declaration, is referred to herein as a "Unit."

(d) Should the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the Condominium Map shall control. The Condominium Map, however, is intended to show only the layout, location, Unit numbers and dimensions of the Units and elevations of the buildings and is not intended and shall not be deemed to contain or make any other representation or warranty.

The approximate net living floor areas set forth in this Declaration or on the Condominium Map are based on measurements taken from the exterior surface of all perimeter walls.

End of Exhibit "B"

EXHIBIT C

Permitted Alterations to the Units

Paragraph 19. of the Declaration states:

ALTERATION OF PROJECT.

(a) Notwithstanding anything to the contrary contained in the Declaration, an Owner of Unit 3, 4 or 5, with the consent by the holder of any mortgage affecting the Owner's Unit (if required by such mortgage), shall have the right at his sole option at any time and from time to time without the consent of any other Unit Owner or other person or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make or build improvements upon the Dwelling Area appurtenant to his Unit (each of the foregoing is referred to as a "change" and collectively, they are referred to as "changes") subject to the following conditions:

(i) All building plans for any such changes shall conform with applicable City and County building, zoning laws and ordinances, including, without limitation, any LUO requirement that in order that the two dwelling units on a zoning lot be conforming dwelling units that the two residential buildings within the Project shall be physically attached; and requirements in connection with the Site Development Plan imposed on the Project.

(ii) All changes to a Unit shall be made within the Dwelling Area to which the Unit is appurtenant;

(iii) No change to a Unit will be made if the effect of such change would be to exceed the Unit's "proportionate share" of allowable development rights applicable to the Land (such to include without limitation, maximum building areas and number of dwelling units) as set forth in the LUO when the change is to be made; provided, that each Unit shall be allocated at least one dwelling unit. The "proportionate share" for each Unit for purpose hereof shall be determined for each lot area under the Site Development Plan (each called an "SDP Lot") and the sharing shall be based on a fraction having as its numerator the area of the Dwelling Area portion of the SDP Lot appurtenant to such Unit and having as its denominator the area of the SDP Lot.

(iv) All such changes shall be at the expense of the Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere (except on a temporary basis) while such change is being made with the other Owner's use of his Unit or its appurtenant Dwelling Area.

(v) During the course of any construction, the Dwelling Owner making such change will cause to be maintained at his expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any;

(vi) The Owner of the changed Unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project or otherwise materially interfere with their use by the other Owner;

(vii) If the consent to the change or joinder of the other Owner in obtaining a permit or utilities, for example, is required by the Act, a governmental entity or a utility, then each Owner shall give such consent or joinder promptly following the request of the Owner making such change, provided that all costs and expenses associated with the change shall be borne by the Unit Owner making such change.

(viii) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to each Owner the rights set forth in this paragraph.

(b) Notwithstanding anything to the contrary contained in the Declaration, the Owner of Unit 1 or the Owner of Unit 2, with the consent of each other and the consent by the holder of any mortgage affecting Unit 1 or Unit 2 (if required by such mortgage), shall have the right at his or their option at any time and from time to time without the consent of any other Unit Owner or other person or entity, to improve, renovate, remodel, make additions to, enlarge,

remove, replace or restore the improvements to or in his Unit or portions thereof or to make or build improvements upon the Dwelling Area appurtenant to his Unit or to the Duplex Building, subject to the following terms and conditions:

(i) Those conditions set forth in Subparagraph 19.1(a) above;

(ii) the Owner of Unit 1 or Unit 2 may make any alterations or additions within his Unit that are not considered "nonmaterial." For the purpose of this paragraph, the materiality of any such modification shall be determined pursuant to and in accordance with the criteria for determining materiality as set forth in Section 514B-140 of the Act, as amended from time to time.

19.2 Changes in Boundaries of Dwelling Areas. The Owners of adjoining Units (whose Dwelling Areas are contiguous) (including without limitation, Declarant) may from time to time change the common boundaries between such Dwelling Areas unless such is not permitted under Land Use Ordinance or SDP and may re-allocate portions of such Dwelling Areas between or among the Units upon the following terms and conditions:

The Unit Owners who are changing the boundaries of the Dwelling Areas shall execute and record in the Recording Office (without the necessity of the consent or joinder of the Declarant, the Association, the Board, any other Unit Owner or any other person), and promptly deliver to the Board of Directors a true and correct filed copy of an amendment to this Declaration and the Condominium Map which contains (aa) a description of the resulting Dwelling Areas that are appurtenant to each of the Units; and (bb) a drawing which shall amend the Condominium Map to accurately depict the resulting Dwelling Areas.

19.3 Right to Further Develop Unit 3 or other Unit, and its Dwelling Area.

(a) Declarant (which for purposes hereof shall mean itself or its successor as the Owner of a Unit) shall have the right without the joinder of any other Owner or any other person at any time and from time to time to further develop, construct and place buildings and other improvements on any Dwelling Area appurtenant to a Unit, subject to the provisions of Paragraph 19.1 above.

(b) In connection with the foregoing, the Declarant shall have the right without the joinder of any other Owner or any other person at any time and from time to time to obtain building permits or any other permits and agreements that may be required under County Rules, State Law or by public utilities serving the Land (the foregoing may be referred to as "Development Permits").

19.4 PRIVATE SEPTIC SYSTEM OR CESSPOOL.

(a) Definition. "Private Septic System" shall mean any private wastewater disposal or treatment and disposal system (including without limitation septic tanks and injection fields or cesspools) now or hereafter located on or under the Land or any portion thereof and which is not hooked into a public sewer or septic system.

(b) Designation of Limited Common Element. If a Private Septic System is utilized now or hereafter by more than a single Unit Owner but not all of the Unit Owners, then such System shall be considered to be a limited common element for those users. If a Private Septic System is subsequently utilized by all of the Unit Owners, it shall be considered to be a common element.

In either such event, the portion of the Dwelling Area on which the system is now or hereafter located (together with reasonable rights of access to and from the System) shall constitute a common element or limited common element, as applicable, available for use as a Private Septic System; provided, however, that except for such use as a Private Septic System of that portion of the Dwelling Area under which the System is located or across which access is required, all other uses of such affected Dwelling Area are exclusively reserved for the benefit of the Unit to which the Dwelling Area is appurtenant.

(c) Sharing of Costs. Notwithstanding Paragraph 15 of the Declaration, the costs and expenses (including any replacement thereof) relating to a Private Septic System which is a common element or limited common element shall be treated as a common expense or limited common expense, as applicable, to be shared equally by each Unit Owner utilizing such System.

(d) Future Expansion or Installation and Reserved Rights of the Declarant.

(i) As of the date hereof, each of the Units utilizes a cesspool which does not meet the current requirements for septic systems under State Laws. Such cesspool is considered to be legally nonconforming under

the State Laws and may continue to be utilized. However, if a material change is proposed with respect to a Unit which is serviced by a Private Septic System, the State Department of Health may require that an Owner seeking such change to expand the Owner's existing Private Septic System or replace an existing system by installing a new system on his or the adjoining Unit Limited Common Element.

(ii) So long as the Declarant owns at least one Unit within the Project, Declarant reserves the right to determine the number and location of the future installation of any Private Septic Systems to service the Project or any portion thereof.

(iii) Unless all of the Unit Owners who have the right to use a Private Septic System (including any System hereafter required) agree to share in the installation or expansion or sharing of future costs relating thereto, then the Owner who desires to expand the Private Septic System or install a new System ("Expanding Owner") may do so on the following terms and conditions:

(aa) All costs and expenses (including without limitation the costs of design, permitting, engineering, construction, and landscaping, and costs of any temporary treatment facility if required during such expansion) shall be paid for by the Expanding Owner;

(bb) The expansion shall be made by the Expanding Owner in such a manner as to cause minimum disruption of service of each Unit's existing Private Septic System and shall allow if practicable and desirable for the future hook-up of one of the other Units in the Project (the Owner of such other Unit or Units may be collectively referred to as "Non-Expanding Owner");

(cc) The Expanding Owner shall indemnify and hold the Non-Expanding Owner harmless against any loss, liability, damage or expense incurred or suffered by the Non-Expanding Owner on account of such enlargement or installation of the Private Septic System;

(dd) The expansion or installation shall be in compliance with all applicable County Rules, and shall be performed by licensed professionals;

(ee) The Expanding Owner shall return the Limited Common Element in which the current Private Septic System is located to the same condition (including landscaping) as it was in prior to such expansion or installation;

(ff) The Expanding Owner shall provide reasonable assurance to the Non-Expanding Owner that the Expanding Owner has the financial ability to pay for all costs and expenses relating to such expansion or installation;

(gg) Any installation of a new Private Septic System shall be on and under the same Limited Common Element where the prior system being replaced or expanded was located.

(hh) If after the Expanding Owner expands the Private Septic System or installs a new septic system and pays the cost and expense of such expansion or installation, a Non-Expanding Owner wishes to make a change to his Unit which would require an expansion of the current Private Septic System or installation of a new System, then if the Expanding Owner shall have provided for the future hook-up of such other Unit, the Non-Expanding Owner shall have the right to hook into and utilize the expanded or newly installed Private Septic System made by the Expanding Owner (subject to any legal restrictions imposed on such System by the County or State), provided the Non-Expanding Owner shall reimburse the Expanding Owner for the Non-Expanding Owner's proportionate share of such costs of original expansion or installation made by the Expanding Owner; and provided, further, that the Expanding Owner shall not otherwise be affected in his use of his Unit and Unit Dwelling Area.

(e) Cooperation. The Owner of each Unit shall cooperate with the Owners of the other Units with respect to the changes to a Unit and with respect to the expansion, installation and hooking into a Private Septic System.

(f) Termination if Public Sewer System. In the event that a governmental entity or public utility makes available to the Unit Owners the right to hook into a county or other public entity's common septic system ("Public Sewer System") which could replace the Private Septic System, then at the request of a majority of the Unit Owners, the Owners of the Units shall hook up to the Public Common Sewer Facility and shall abandon the Private Septic System. All costs and expenses associated with the hook up to the Public Common Sewer Facility shall be allocated in a reasonable and fair manner, and the costs associated with the abandonment and removal of the Private Septic System shall be shared according to the sharing of other common expenses.

19.5 Division of Apartment Unit.

(a) A Unit Owner shall have the right without the joinder of any other Unit Owner or any other person at any time and from time to time, to divide the Owner's Unit ("Original Apartment") into as many apartment units as such Owner may decide up to a maximum of the greater of (i) number of dwelling units that are permitted under the LUO with respect to the Dwelling Area appurtenant to such Owner's Unit (ii) the number of permitted dwelling units that are allocated under this Declaration to such Owner's Dwelling Area (the "Resulting Apartments"). Each of the Resulting Apartments shall be allocated a share of the percentage common interest allocable to the Original Apartment, in the manner hereinafter set forth.

(b) Should a Unit Owner elect to divide his Unit, then such Unit Owner shall execute and file in the Recording Office (without the necessity of the consent or joinder of any other Unit Owner or any other person), and promptly deliver to the Board a true and correct filed copy of (i) an amendment to the Condominium Map which accurately depicts the layout, location, apartment numbers and dimensions of the Resulting Apartments and the limited common elements appurtenant to such Apartments and (ii) an amendment to the Declaration.

(c) An Amendment to the Declaration which shall contain the following:

(i) A description of the layout, location, dimensions and apartment number of each of the Resulting Apartments (provided that a Resulting Apartment shall not be assigned an apartment number which is the same as the apartment number of any other Apartment in the Project;

(ii) A description of the limited common elements appurtenant to each of the Resulting Apartments (which shall be a portion of the Limited Common Element appurtenant to the Original Apartment),

(iii) The percentage of the common interest appurtenant to each Resulting Apartment in accordance with Paragraph 6 of the Declaration, and any limited common interests assigned to, each Resulting Apartment, and

(iv) Upon the completion of any construction in connection with the addition of an additional Unit or Units, the Owner shall file in the Recording Office, and promptly deliver to the Board of Directors a true and correct filed copy of, a statement of a registered architect or engineer, certifying that the amendment described above accurately depicts the Resulting Apartment(s), as built.

19.6 Changes to Other Than Units. Except as to changes to a Unit permitted under Paragraphs 19.1 through 19.5 inclusive, changes to the Project different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association of Unit Owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to vote of all the Unit Owners and accompanied by the written consent of the holders of all liens affecting any of the Units, and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file such amendment in said Office, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

19.7 General Provisions applicable to Section 19. The following provisions shall apply to each of the paragraphs within Section 19 unless the context and usage would clearly indicate to the contrary:

(a) The rights set forth in each of the Paragraphs within Section 19 for the benefit of a Unit Owner (including without limitation, the Declarant as long as he is an Owner) (who may be referred to as "Benefitted Owner") may not be amended without the consent of such Benefitted Owner.

(b) In furtherance of the rights granted under Paragraphs 19.1, the Benefitted Owner shall have the right, without being required to obtain the consent or joinder of any person, including any other Unit Owner or any lien holder, or any other person who may have any interest in the Property or the Land (i) to execute and deliver (on behalf of all of the Unit Owners and their respective mortgagees, if necessary) applications, petitions, agreements and other instruments which such Benefitted Owner deems necessary or desirable (including without limitation, documents to be filed or recorded with the Department of Planning and Permitting of the City and County of Honolulu, the Recording Office, other governmental agencies, public utility companies or private parties); (ii) to deliver documents and to take such actions in connection therewith as shall be in the sole and absolute discretion of Benefitted Owner, and his delivery of such instrument or the taking of such action shall be sufficient determination; and (iii) to amend the Declaration and the Condominium Map to reflect rights of Benefitted Owner set forth in such Paragraphs.

(c) If notwithstanding that a paragraph within this Section 19 does not require the consent or joinder of an Owner, lien holder or other person having any interest in the Project ("Third Party") to the action or change by the Benefitted Owner, but the Act, County Rules, State Laws, title companies, permitting entities or public utility companies nonetheless do require the consent or joinder by the Third Party, then upon the request of the Benefitted Owner, each such Third Party hereby consents in advance to such action or change being made by the benefitted Owner and agrees to consent to and join in, as aforesaid, and to execute all instruments or documents necessary or desirable so that the Benefitted Owner may effectuate his change or otherwise do as permitted under the respective paragraph within this Section 19.

If the Third Party fails to provide such requested written joinder, consent, or take such action, as the case may be, such shall be accomplished by signature of the Benefitted Owner acting under an irrevocable power-of-attorney in favor of Benefitted Owner from each of the other Owners and Third Parties, the acquiring or acceptance of ownership in a Unit or of a lien covering a Unit or of any other interest in the Project being a grant of such power, and the grant being coupled with an interest, being irrevocable.

(d) The rights of a Benefitted Owner granted under each of the Paragraphs within Section 19 may be assigned, mortgaged or otherwise be transferred by such benefitted Owner only in connection with the assignment, mortgage or other transfer of the Unit owned by Benefitted Owner.

(e) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of each of the Paragraphs within Section 19 and any lease of a Dwelling Area shall reserve to each Owner the rights set forth in each of these paragraphs.

End of Exhibit "C"

EXHIBIT D

Common Elements

Paragraph 4. of the Declaration states:

COMMON ELEMENTS.

One freehold estate is hereby also designated in all the portions of the Project other than the Units. Such are referred to herein as "common elements".

The common elements include, but are not limited to:

4.1 The Land in fee simple;

4.2 With respect to the Duplex Building, the foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, exterior skylights, stairways, walkways, corridors, ramps, fences (if any), trellises, store rooms (which are not within any Unit or made specifically appurtenant to such Unit);

4.3 Any pipes, wires, ducts, conduits or other utility or service lines, drainage ditches or appurtenant drainage structures and retaining walls (if any), which are located outside the Units and which are utilized for or serve more than a single Unit.

End of Exhibit "D"

EXHIBIT E

Limited Common Elements

Paragraph 5 of the Declaration states:

5.1 Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of certain of the Units, and each Unit shall have appurtenant thereto exclusive easements for the use of all such limited common elements set aside and reserved for such Unit's exclusive use.

Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne by the Owner(s) of the Unit or Units to which such limited common element is appurtenant.

5.2 The limited common elements so set aside and reserved for the exclusive use of Unit 1 and Unit 2 are as follows:

(a) The site on which the Duplex Building is located, consisting of the land area beneath and immediately adjacent to Unit 1 and Unit 2, as shown and delineated on the Condominium Map as 8796 square feet (including the airspace above such site) is for the exclusive benefit of Unit 1 and Unit 2 (which may be referred to as "Dwelling Area 1 and 2"); and

(b) A mailbox designated by Declarant for the use of Unit 1 and for the use of Unit 2.

(c) With respect to the Duplex Building, the foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, exterior skylights, stairways, walkways, corridors, ramps, fences (if any), trellises, store rooms (which are not within any apartment or made specifically appurtenant to such apartment);

5.3 The limited common elements so set aside and reserved for the exclusive use of Unit 3 are as follows:

(a) The site on which Unit 3 is located, consisting of the land beneath and immediately adjacent to Unit 3, as shown and delineated on the Condominium Map as 7000 square feet (including the airspace above such site) is for the exclusive benefit of Unit 3 (which may be referred to as "Dwelling Area 3"); and

(b) A mailbox designated by Declarant for the use of Unit 3.

5.4 The limited common elements so set aside and reserved for the exclusive use of Unit 4 are as follows:

(a) The site on which Unit 4 is located, consisting of the land beneath and immediately adjacent to Unit 4, as shown and delineated on the Condominium Map as 9524 square feet (including the airspace above such site) is for the exclusive benefit of Unit 4 (which may be referred to as "Dwelling Area 4"); and

(b) A mailbox designated by Declarant for the use of Unit 4.

5.5 The limited common elements so set aside and reserved for the exclusive use of Unit 5 are as follows:

(a) The site on which Unit 5 is located, consisting of the land beneath and immediately adjacent to Unit 5, as shown and delineated on the Condominium Map as 10,745 square feet (including the airspace above such site) is for the exclusive benefit of Unit 5 (which may be referred to as "Dwelling Area 5"); and

(b) A mailbox designated by Declarant for the use of Unit 5.

5.6 Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit to which it is rationally related.

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

End of Exhibit "E"

EXHIBIT F

Special Use Restrictions

Section 9 of the Declaration relating to "PERMITTED AND PROHIBITED USES" provides as follows:

9.1 Permitted Uses. Each Unit shall be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guests and for any other purpose permitted by the Land Use Ordinance for the City and County of Honolulu ("LUO") then in effect.

9.2 Rental Use. The Owner of a Unit shall have the absolute right to lease his Unit, provided that any such lease shall be expressly made subject to the covenants and restrictions contained in this Declaration and the Bylaws.

9.3 Care and Disturbance. No Owner will suffer anything to be done or kept in a Unit or elsewhere in the Project which would jeopardize the soundness of the Project, or which will interfere with or unreasonably disturb the rights of other Unit Owners, or which will increase the rate of the hazard insurance on the Project or the Units.

9.4 Use of Common Elements. The common elements shall be used only for the purposes for which they are designed and intended.

9.5 Maintenance and Paint Colors. Every Unit Owner and occupant shall at all times keep his Unit and the limited common elements appurtenant thereto in a strictly clean and sanitary fashion. Such shall include repainting the exterior of each building constituting his Unit, as such becomes reasonably necessary. To the extent practicable, the paint colors of each of the Units shall be as the apartment owners shall agree and if they fail to agree, then the paint colors of each Unit shall be substantially similar to the colors of the Unit at the time of the purchase of his Unit by the then Unit Owner.

9.6 Site Development Plan. The Land and all future use of the Units and the Project are subject to that certain **Site Development Plan** approval ("SDP") of the City and County of Honolulu, approved as of October 26, 1970, a copy of which approval (including the site map) is attached hereto as Exhibit C, and which SDP is incorporated herein.

(i) Among other things, the SDP has the effect of creating three zoning lots of 5000 square feet, 10,000 square feet (inclusive of drainage easement) and 21,065 square feet, respectively. Each such lot is treated by the City and County as though it was a separate lot to which is applicable the development standards and requirements under the Land Use Ordinance of the City and County. Such requirements for each lot include, for example, setbacks areas, allowable number of dwelling units and lot coverage.

(ii) Notwithstanding any provision to the contrary, Declarant reserves the right at its sole cost and expense, at any time and from time to time to apply to amend the SDP without the consent, approval or joinder by any Unit Owner, lien holder or any other person.

END OF EXHIBIT "F"

EXHIBIT G

Encumbrances Against Title

1. GRANT TO CITY AND COUNTY OF HONOLULU DATED MAY 2, 1930,
RECORDED : LIBER 1071, PAGE 91
GRANTING : A PERPETUAL RIGHT AND EASEMENT FOR DRAINAGE PURPOSES THROUGH, UNDER,
OVER, ACROSS OR UPON A STRIP OF LAND TEN (10) FEET WIDE, MORE PARTICULARLY DESCRIBED AS
FOLLOWS:

BEGINNING AT THE EAST CORNER OF THIS PIECE OF LAND, WHICH IS BY TRUE AZIMUTH
AND DISTANCE 117° 33' 75.78 FEET FROM THE EAST CORNER OF LOT 9 OF THE PUPUKEA-PAUMALU
BEACH LOTS, AS SHOWN ON REGISTERED MAP NO. 2556, AND RUNNING BY TRUE AZIMUTHS:

1. 28° 00' 100.00 FEET TO THE NORTH SIDE OF LOT 8 OF SAID PUPUKEA-PAUMALU BEACH LOTS;
2. 117° 33' 10.00 FEET ALONG THE NORTH SIDE OF SAID LOT 8;
3. 208° 00' 100.00 FEET TO THE SOUTH SIDE OF 20-FOOT ROAD;
4. 297° 33' 10.00 FEET TO THE POINT OF BEGINNING AND CONTAINING AN AREA OF 1,000 SQUARE
FEET, MORE OR LESS.

2. ENCROACHMENT(S) AS SHOWN ON THE SURVEY SKETCH MAP PREPARED BY GIL P.
BUMANGLAG, LAND SURVEYOR, WITH GIL SURVEYING SERVICES, INC., DATED DECEMBER 17, 2003.

3. ENCROACHMENTS OR ANY OTHER MATTERS WHICH A SURVEY PREPARED AFTER DECEMBER
13, 2001 WOULD DISCLOSE.

4. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT:
MORTGAGOR : KE IKI FAMILY INVESTMENT GROUP, LLC, A HAWAII LIMITED LIABILITY COMPANY
MORTGAGEE : R.E. LOANS LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
DATED : JULY 13, 2004
RECORDED : DOCUMENT NO. 2004-151011

5. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT:
MORTGAGOR : KE IKI FAMILY INVESTMENT GROUP, LLC, A HAWAII LIMITED LIABILITY COMPANY
MORTGAGEE : BAR K, INC., A CALIFORNIA CORPORATION
DATED : JULY 13, 2004
RECORDED : DOCUMENT NO. 2004-151012

ABOVE MORTGAGE ASSIGNED
TO : PENSICO TRUST CO., CUSTODIAL FBO BARNEY NG

DATED : AUGUST 5, 2004
RECORDED : DOCUMENT NO. 2004-198237

6. MORTGAGE

MORTGAGOR : KE IKI PROPERTIES, LLC, A HAWAII LIMITED LIABILITY COMPANY
MORTGAGEE : KE IKI FAMILY INVESTMENT GROUP, LLC, A HAWAII LIMITED LIABILITY COMPANY
DATED : FEBRUARY 24, 2007
RECORDED : DOCUMENT NO. 2007-038199

7. MATTERS AS SHOWN ON CONDOMINIUM MAP NO. 4521, RECORDED IN THE BUREAU OF
CONVEYANCES OF THE STATE OF HAWAII.

8. COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, AGREEMENTS, OBLIGATIONS,
PROVISIONS AND EASEMENTS, BUT OMITTING ANY COVENANTS OR RESTRICTIONS IF ANY, BASED UPON
RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN UNLESS AND ONLY
TO THE EXTENT THAT SAID COVENANT (A) IS EXEMPT UNDER CHAPTER 42, SECTION 3607 OF THE

UNITED STATES CODE OR (B) RELATES TO HANDICAP BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS, AS SET FORTH IN THE DECLARATION OF CONDOMINIUM PROPERTY REGIME DATED AUGUST 30, 2007, RECORDED AS DOCUMENT NO. 2007 - 175537 .

9. BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "59-595 KE IKI ROAD" DATED AUGUST 30 , 2007, RECORDED AS DOCUMENT NO. 2007 - 175538 .

10. ANY AND ALL EASEMENTS ENCUMBERING THE APARTMENT HEREIN MENTIONED, AND/OR THE COMMON INTEREST APPURTENANT THERETO, AS CREATED BY OR MENTIONED IN SAID DECLARATION, AND/OR SAID APARTMENT DEED, AND/OR AS DELINEATED ON SAID CONDOMINIUM MAP.

11. REAL PROPERTY TAXES DUE AND PAYABLE. FOR MORE INFORMATION PLEASE CONTACT THE DIRECTOR OF FINANCE, CITY AND COUNTY OF HONOLULU.

END OF EXHIBIT "G"

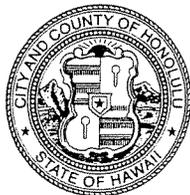
EXHIBIT H

Letter from the City and County fo Honolulu Department of Planning and Permitting

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8000 • FAX: (808) 527-6743
INTERNET: www.honolulu.gov • DEPT. WEB SITE: www.honoluludpp.org

MUFI HANNEMANN
MAYOR



HENRY ENG, FAICP
DIRECTOR

DAVID K. TANQUE
DEPUTY DIRECTOR

2007/ELOG-1261(RLK)

November 16, 2007

Jeffrey S. Grad, Esq.
Attorney at Law
A Law Corporation
Davies Pacific Center, Suite 1800
841 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Condominium Conversion Project
59-595 Ke Iki Road
Tax Map Key (TMK): 5-9-003: 023

This is in response to your letter dated May 2, 2007, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the one-story two-family detached dwelling and the two (2) one-story single-family detached dwellings with eight (8) unimproved off-street parking spaces and driveways were constructed in approximately 1942 (two-family dwelling), 1970 (left rear dwelling) and 1987 (right rear dwelling) on this 36,065-square-foot R-5 Residential District zoned lot.

Investigation also revealed the following:

1. On October 22, 1970, favorable consideration was given to the proposed site development plan (File No. 70/SDD-277) of Lot 9 of Pupukea-Paumalu Beach Lots being Parcel 23 of TMK: 5-9-003 at Pupukea into three (3) lots with areas of 5,000 square-feet, 10,000 square-feet (including a drainage easement area approximately 3,800 square-feet) and 21,065 square-feet.
2. The four (4) unimproved off-street parking spaces and the unimproved driveway for the two-family detached dwelling are considered nonconforming.

Jeffrey S. Grad, Esq.
November 16, 2007
Page 2

3. The two (2) one-story single-family detached dwellings lack the required all-weather-surface off-street parking spaces [two (2) per dwelling unit] and the required all-weather-surface driveway. The unimproved parking spaces and driveway are not considered nonconforming because all-weather surfaces were required when these two (2) dwellings were constructed in 1970 and 1987.

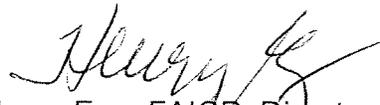
For your information, the Department of Planning and Permitting cannot determine all other legal nonconforming uses or structures, as a result of the adoption or amendment of any ordinance or code.

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

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

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-Family Code Enforcement Branch at 768-8151.

Very truly yours,



Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:ft

doc580596

EXHIBIT "I"

Summary of Sale Contract Provisions

The Sales Contract consists of two documents: a Hawaii Association of Realtors Standard form "Deposit Receipt Offer and Acceptance" ("DROA") and a document attached to the DROA which is entitled "Special CPR Provisions to the DROA" ("Special Provisions.")

The Special Provisions are intended to amend the DROA, and unless the context would indicate clearly to the contrary, then in the event of any conflict between a provision contained in the Special Provisions and a provision contained in the DROA, the provision contained in the Special Provisions will prevail.

1. Description of the Property to be Conveyed: Fee simple title to the Apartment, together with the furnishings and appliances, if any, and the undivided interest in the common elements set forth in the DROA.. Title will be conveyed subject to the encumbrances of record.
2. Purchase Price and Terms. The purchase price for the Apartment is set forth on page 2 of the DROA is to be paid in the method and at the times set forth in the DROA. This may include payment of (a). An initial deposit; (b). An additional cash deposit, if set forth in the DROA ; and (c) the balance of the purchase price is to be paid to escrow by purchaser on or before closing.
3. Financing of Purchase. Paragraph C-24 of the DROA Form (if elected) provides if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application, then either Seller or Buyer may cancel the Sales Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.
4. Closing Costs. Closing costs and escrow fees are to be shared in accordance with the DROA, except that Seller does have the option to require two months' advance payment of Association maintenance fees and a start up expense for the Association of Apartment Owners equal to two months' of Association maintenance fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of closing.
5. Closing. Seller has agreed to cause the Apartment to be sold to the Buyer within the time period set forth on page 3 of the DROA .
6. No Present Transfer and Subordination to Construction Loan.
 - (a) The Sales Contract may be subject to existing and future blanket loans, and any security interest now or hereafter obtained by a lender of Seller is or will be prior and senior to any rights of the Buyer arising under the Sales Contract. This obligation to subordinate the purchaser's right under the Sales Contract to loans now or hereafter made by the Seller is set forth in Paragraph 4 of the Special Provisions.
 - (b) Seller may also assign by way of security all of its interest in the Sales Contract, as collateral for the repayment of the loan and if the Lender acquires the Seller's interest in the Sales Contract, then the Buyer is obligated to perform the Sales Contract, and to attorn to and recognize the Lender as the seller under the Sales Contract.
 - (c) Notwithstanding that the Sales Contract may be subordinate to a blanket lien, if the Buyer performs his obligations under the Sales Contract, then Seller is required to convey the Apartment to Buyer at closing free and clear of any blanket lien.
7. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (if Paragraph C-24 of the DROA is selected); (b) Buyer defaults under the Sales Contract (paragraph 6(b) of the Special Provisions); (c) Buyer dies prior to Closing Date (paragraph 6(a) of the Special Provisions) or (d) the Final Public Report shall not have been issued and Buyer shall not have waived his right to cancel (called the "Effective Date"). Pursuant to Paragraph 6(b) of the Special Provisions, if Buyer fails to close as required, then in the case only of non-monetary default after ten (10) days following Seller's notice of Buyer's

default or otherwise without notice as to monetary defaults, the Seller may cancel the Sales Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Agreement.

8. Rights of Buyer to Cancel the Sales Contract. The Buyer has the right to cancel the Sales Contract under the following conditions:

(a) At any time within thirty (30) days following the date the Public Report is delivered to Buyer. If Buyer so cancels, Buyer will be entitled to receive refund of any deposits. If Buyer does not act within the thirty (30) day period, or if the Apartment is conveyed to the Buyer, Buyer will be deemed to have executed the receipt for the Public Report and to have waived his right to cancel (paragraphs 6.1 and 6.3 of the Special Provisions).

(b) The Buyer may cancel his purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Buyer's Apartment or the amenities available for the Buyer's use (paragraph 7 of the Special Provisions). If so, Buyer will be entitled to received refunds of any deposits, less escrow cancellation fees and other costs up to \$250.

(c) Buyer fails to qualify for permanent financing if Paragraph C-24 of the DROA has been selected.

9. Paragraph 11 of the Special Provisions provides that the Buyer acknowledges Buyer having received (a) a true copy of the Developer's Public Report including all amendments with an effective date issued by the Real Estate Commission, and that the Developer's Public Report includes the report itself, the Project's recorded declaration and bylaws, house rules if any, a letter-sized condominium project map, and all amendments. (Provided, that where it is impractical to include a letter-sized condominium project map, the prospective purchaser or purchaser shall have an opportunity to examine the map.) and (b) a notice of the buyer's thirty-day cancellation right on a form prescribed by the Real Estate Commission.

Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee.

10. Paragraph 12 provides that Because of the age of the Property, Seller shall convey the Property (including the common elements) in "as is" condition. This means that: (i) Buyer is assuming all risks as to the condition of the Property and the Project, including the land; (ii) Seller will not be obligated to correct any defects in the Property or the Project (including the land) or anything installed or contained therein if such defects are later discovered, and (iii) Buyer shall not have the right to file any lawsuit for damages against Seller for any defects later discovered.

The Summary contained in this Exhibit is merely a summary and is not intended to be a substitute for the Buyer's careful review of the Sales Contract.

END OF EXHIBIT "I"

EXHIBIT "J"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT.

Summary of the Condominium Escrow Agreement between the Developer and Old Republic Title and Escrow of Hawaii.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase a Unit shall be turned over to the Escrow Agent. Any interest earned on funds deposited in escrow shall accrue to the credit of the Developer; except that, if Escrow is requested to establish a separate account for a purchaser, the purchaser shall pay Escrow a fee of \$25.00 for each such separate account and shall furnish Escrow the purchaser's social security or federal identification number, and any interest earned on funds deposited in such account shall accrue to the credit of the purchaser.

2. . Conditions to be Met Prior to Disbursement. No disbursements of funds held in escrow with respect to a sales contract shall be made unless and until the following conditions have been fulfilled:

(a) The Real Estate Commission shall have issued an effective date of the Developer's Public Report on the Project;

(b) The purchaser shall have been given and shall have acknowledged receipt of (i) a copy of said Public Report and (ii) notice of purchaser's thirty-day cancellation right upon a form prescribed by the Real Estate Commission; and

(c) The purchaser shall have waived the right to cancel or be deemed to have the right to cancel, in accordance with Section 514B-86 of the Act; and

(d) The Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

At the request of Escrow, Developer's attorney shall delivered a written opinion to Escrow that the foregoing conditions shall have been complied with and the purchaser's sales contract has become effective.

3. Return of Funds and Documents. A purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of any option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) A purchaser shall have exercised his thirty-day cancellation right to rescind the sales contract pursuant to Section 514B-86 of the Act; or

(d) In the event of a material change in the Project, a purchaser shall have exercised his thirty-day cancellation right to rescind the contract pursuant to Section 514B-87 of the Act.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

(e) If the purchaser indicated the purchaser's intention to be an owner-occupant of a Unit under Section 514B-95 et. seq. of the Act by signing a document entitled "Affidavit of Intent to Purchase and Reside in an Owner-Occupant Designated Condominium Residential Unit," and if the purchaser and the Developer so request in writing, Escrow will refund the purchaser's deposits upon the occurrence of any of the following events:

(i) No sales contract has been offered to the purchaser (A) within six (6) months of the issuance of an effective date for the Project's first condominium public report (if the "chronological system" defined in section 514B-95 of the Act has been used to establish a final reservation list), or (B) within six (6) months of the public lottery (if the "lottery system" described in section 514B-95 of the Act has been used to establish a final reservation list). In this case only, no cancellation fees will be subtracted from the refund; or

(ii) Before signing a sales contract, the purchaser requests that his name be removed from the Developer's final reservation list; or

(iii) The purchaser chooses not to sign a sales contract; or

(iv) The purchaser is unable to obtain a loan (or a commitment for a loan) for sufficient funds to purchase the Unit by the time the sales contract allows the purchaser to obtain a loan or a commitment for a loan, and either the purchaser or the Developer chooses to cancel the sales contract. The Act requires that the purchaser shall have at least fifty (50) calendar days from the day the Developer signs and accepts the sales contract to obtain a loan or a commitment for a loan; or

(v) The purchaser is required by the Act to rescind the sales contract because the purchaser will not or cannot reaffirm at closing the purchaser's intention to be an owner-occupant of the Unit. In this case, Escrow will refund only what remains (if anything) of purchaser's deposits after Escrow pays the Developer the greater of five percent (5%) of the purchaser's deposits or a sum equal to the Developer's actual damages caused by the purchaser's rescission of the sales contract.

Except for cancellations under subparagraph (e) (i) above, Escrow may deduct from any such refund made to a purchaser a cancellation fee as set forth above.

4. Purchaser's Default. Developer shall give notice in writing to Escrow of the occurrence of each event which initiates an obligation of a purchaser to make a payment to Escrow pursuant to the sales contract as well as notice of the amount and due date of such payment. Escrow shall thereupon promptly give the purchaser notice of the amount and due date of such payment. If the purchaser fails to make such payment to Escrow on or before the due date thereof or if the purchaser fails to perform in any matter which is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the purchaser. If Developer subsequently certifies in writing to Escrow that Developer has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Developer and not as funds of the purchaser. Thereafter, such funds shall be free of the escrow established by Developer. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer the sales contract of such purchase and any other documents theretofore delivered by Developer to Escrow, and shall return other documents theretofore delivered to Escrow in connection with the purchase of the unit to the person from whom, or entity from which, such documents were received; and, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

End of Exhibit "J"

EXHIBIT " K "

ESTIMATE OF THE INITIAL MAINTENANCE FEES

PROJECT: **59-595 KE IKI ROAD**
59-595 Ke Iki Road
Haleiwa, Oahu, Hawaii 96712

The Developer of the Project hereby certifies:

- (A) The estimated maintenance fee for each unit are more fully described on the following attached page.
- (B) The estimate is based on generally accepted accounting principles.

Note: Developers disclose that no reserve study was done in accordance with Chapter 514B-148 HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.
- (C) OBLIGATION TO PAY COMMON EXPENSES. A Unit Owner shall become obligated to start paying the Unit Owner's share of common expenses thirty days after receiving written notice from the Developer or their successor.

KE IKI PROPERTIES LLC
a Hawaii limited liability company

By: AGUATIERRA LLC, a Washington
limited liability company
Its Managing Member



MICHAEL CARSLEY
Its Managing Member

"Developer"

EXHIBIT "1"
ESTIMATED INITIAL OPERATING EXPENSES
For Period September 1, 2007 to August 31, 2008
As Prepared by Developer

Estimated Annual Expenses

Ground Maintenance	
* Water/Sewer	\$-0-
* Electricity:	\$-0-
**Fire/Liability Insurance:	\$-0-
Management Fee:	\$-0-
Miscellaneous:	\$-0-
TOTAL ANNUAL EXPENSES	\$-0-

Estimated Monthly Expenses \$-0-

Estimated Monthly Maintenance Fee
for Each Apartment: \$-0-

- Note: * All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.
- ** Fire and Liability insurance is intended to be obtained by each Unit owner for his Unit and share of the common elements.