

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

CONDOMINIUM PROJECT NAME	WAIKALUA BAYSIDE
Project Address	45-079 West Waikalua Road Kaneohe, Hawaii 96744
Registration Number	6535
Effective Date of Report	March 19, 2008
Developer(s)	Waikalua Bayside 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.]

The Waikalua Bayside project is a CONDOMINIUM PROJECT, NOT a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT appurtenant to the unit and is NOT a legally subdivided lot. The boundaries of each limited common element land area, as shown on the Condominium Map, are for illustrative purposes and should not be construed to be the property lines of legally subdivided lots.

The documents which will create the condominium project described in this Developer's Public Report, which are the Declaration of Condominium Property Regime of Waikalua Bayside, the Bylaws of the Association of Unit Owners of Waikalua Bayside and the Condominium Map, have not yet been recorded in the Record Office. When these documents have been recorded, this Developer's Public Report will be amended. No sales contract will be binding upon a purchaser until the condominium documents have been recorded, a copy of the amended report and all documents required by law have been delivered to the purchaser and the notice of the purchaser's 30-day right to cancel the sales contract has also been delivered to the purchaser.

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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	45-079 West Waikalua Road Kaneohe, Hawaii 96744	
Address of Project is expected to change because		
Tax Map Key (TMK)	(1) 4 - 5 - 005 - 059	
Tax Map Key is expected to change because		
Land Area	3.28774 acres (143, 214 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	17
Floors Per Building	Unit #12 has 3 floors, all other units have 2 floors
Number of New Building(s)	17
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood, glass, vinyl and composition materials

1.3 Unit Types and Sizes of Units

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

20	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:	46
Number of Guest Stalls in the Project:	6
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit <u>B</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. Developer has the right to readjust and/or redesignate any Limited Common Element (including parking stalls), provided that a substantially equivalent Limited Common Element is substituted therefore.	

1.5 Boundaries of the Units

Boundaries of the unit:

Each Unit consists of the spaces within the perimeter and party walls, windows, doors, floors and ceiling of the respective Units as shown on the Condominium Map.

1.6 Permitted Alterations to the Units

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

See Exhibit C.

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:

Described in Exhibit B.

As follows:

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

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

1.9 Common Elements

<p>Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.</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>Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.</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 checked="" type="checkbox"/>	Pets: limit of 2 household pets (see House Rules)
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).</p>
<p>Exhibit <u>F</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: December 11, 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	20	<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 type="checkbox"/>	Other(specify)		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
Variances to zoning code have been granted.			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No		
Describe any variances that have been granted to zoning code.			Shore line setback variance to construct rock wall revetment			

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

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer(s)</p>	<p>Name: Waikalua Bayside, LLC, a Hawaii limited liability company</p> <p>Business Address: P.O. Box 309 Severance, CO 80546</p> <p>Business Phone Number: (970) 218-7742 E-mail Address: matt@kai-terra.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Kai Terra Group, LLC (managing member) Ronna Deal Matt Deal Kenneth Noe Jillene Toth</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Patricia Choi Realty, Inc. dba Choi International Business Address: 1215 Hunakai Street, Suite 200, Honolulu, Hawaii 96816</p> <p>Business Phone Number: 734-7711 E-mail Address:</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street Honolulu, Hawaii 96813</p> <p>Business Phone Number: 521-0211</p>
<p>2.4 General Contractor</p>	<p>Name: Kensco Homes Limited Liability Company Business Address: 1107 Lunaai Street Kailua, Hawaii 96734</p> <p>Business Phone Number: 295-6128</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Hawaiian Properties, Ltd. Business Address: 1165 Bethel Street Honolulu, Hawaii 96813</p> <p>Business Phone Number: 539-9777</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Yamamoto & Settle LLLC, Attn: Dean T. Yamamoto & Business Address: Lauren M. Imada, 700 Bishop Street, Suite 200, Honolulu, Hawaii 96813</p> <p>Business Phone Number: 526-4730</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

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

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

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

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.		
Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

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

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

4.2 Estimate of the Initial Maintenance Fees

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

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

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:

<input checked="" type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV cable
<input checked="" type="checkbox"/>	Other (specify) irrigation water

4.4 Utilities to be Separately Billed to Unit Owner

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

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>I</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: September 18, 2007 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>J</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

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

<input checked="" type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input checked="" type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit <u>L</u> .
<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
Mortgage	If either Lender forecloses on either mortgage, the purchaser will receive a full refund of all deposits, less escrow cancellation fee.
Second Mortgage	

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: See Exhibit K.
Appliances: See Exhibit K.

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

Status of Construction: Not yet started
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: Two (2) years from date sales contract is accepted by Developer, provided that such 2 year period be extended for any period of delay due to matters beyond Developer's control. If this covenant is breached, purchaser has the right to sue for specific performance, damages, and/or other equitable and legal relief.
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input 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 checked="" 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 checked="" 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: Limited Warranty for Waikalua Bayside

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

Developer discloses that no reserve study was done in accordance with Hawaii Revised Statutes, Section 514B-148, and the replacement reserve rules, Hawaii Administrative Rules, Title 16, Chapter 107, Subchapter 6, as amended.

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.

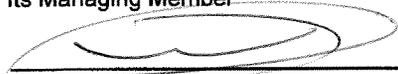
The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information 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.

Waikalua Bayside, LLC, a Hawaii limited liability company

Printed Name of Developer

By: Kai Terra Group, LLC, a Hawaii limited liability company
Its Managing Member

By:


Duly Authorized Signatory*

1-22-08
Date

Matt Deal, 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

Units Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area (sq. ft.)	Net Other Areas (sq. ft.)	Other Areas (lanai, garage, etc.)	Total Area
A	3	3/2.5	2488 or 2541	217 478 or 500	Lanai & Porch Garage	3236, 3258 or 3183
B	1	3/2.5	3054	520 501	Lanai & Porch Garage	4075
Br	2	3/2.5	3054	534 501	Lanai & Porch Garage	4089
C	5	3/2.5	2097	227 468 or 534	Lanai Garage	2858 or 2792
Cr	3	3/2.5	2097	227 468 or 534	Lanai Garage	2858 or 2792
D	3	3/2.5	2686 or 2704	658, 394 or 373 471	Lanai & Porch Garage	3833, 3530 or 3569
Dr	1	3/2.5	2704	394 471	Lanai & Porch Garage	3569
E	1	3/2.5	2783 (including a net basement area of approx 784 sq. ft.)	261 505	Lanai & Porch Garage	3549
Er	1	3/2.5	2095	261 505	Lanai & Porch Garage	2861

End of Exhibit A

EXHIBIT B

PARKING STALLS AND COMMON INTEREST

UNIT NUMBERS	PARKING STALLS	COMMON INTEREST
1	1-A, 1-B (both regular, covered)	5%
2	2-A, 2-B (both regular, covered)	5%
3	3-A, 3-B (both regular, covered)	5%
4	4-A, 4-B (both regular, covered)	5%
5	5-A, 5-B (both regular, covered)	5%
6	6-A, 6-B (both regular, covered)	5%
7	7-A, 7-B (both regular, covered)	5%
8	8-A, 8-B (both regular, covered)	5%
9	9-A, 9-B (both regular, covered)	5%
10	10-A, 10-B (both regular, covered)	5%
11	11-A, 11-B (both regular, covered)	5%
12	12-A, 12-B (both regular, covered)	5%
13	13-A, 13-B (both regular, covered)	5%
14	14-A, 14-B (both regular, covered)	5%
15	15-A, 15-B (both regular, covered)	5%
16	16-A, 16-B (both regular, covered)	5%
17	17-A, 17-B (both regular, covered)	5%
18	18-A, 18-B (both regular, covered)	5%
19	19-A, 19-B (both regular, covered)	5%
20	20-A, 20-B (both regular, covered)	5%

End of Exhibit B

EXHIBIT C

PERMITTED ALTERATIONS TO THE UNITS

Section 20.1 of the Declaration permits alterations to Units in the Project as follows:

"20.1 Changes to Units. Unless otherwise provided in this Declaration, each Unit Owner shall have the right at his sole option at any time and from time to time without the consent of anyone other than the holders of all mortgage liens affecting his Unit, 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 additional improvements upon the Dwelling Area appurtenant to the Unit (the foregoing are referred to collectively as "Changes" and singly, as a "Change") subject to the following conditions:

(a) Building plans for any Change shall be prepared by a licensed architect or professional engineer and all construction shall be undertaken in accordance with such plans and shall comply with all Development Laws.

(b) Building plans for any Change shall comply in all respects to the Design Guidelines. No Change shall be commenced prior to approval of the building plans for such change by the Board as to compliance with the Design Guidelines.

(c) If required by the Development Laws, the Owner making the change shall first obtain any requisite building permit.

(d) Any Change to a Unit cannot extend beyond the building envelope of the Dwelling Area which is appurtenant to the Unit, as set forth in the Cluster Permit.

(e) No Change to a Unit will be made if the Change is not in compliance with the provisions of the Development Laws and the Cluster Permit.

(f) Any Change shall be at the expense of the Unit Owner making the Change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Unit Owners' use or enjoyment of their Units and appurtenant Limited Common Elements and the Common Elements. The Unit Owner making the changes shall pay for all fees and costs of amending and recording the Declaration and Condominium Map to reflect the changes.

(g) During the entire course of such construction, the Unit Owner making a 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. At the request of the Association, the Association shall be named as an additional insured and, evidence of such insurance shall be deposited with the Association.

(h) The Unit Owner making the Change shall not relocate or realign existing utility installations for the Unit.

(i) If the consent or joinder of another Unit Owner to any Change, including obtaining building permits, is required by the Act notwithstanding the provisions of the first paragraph of this Section 20.1 above, then each Unit Owner hereby consents in advance to give such consent or join any such application for such Change, provided that all such expenses relating to the change shall be borne by the Owner making the Change.

(j) 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 Section 20 and any lease of a Dwelling Area shall reserve to all Owners the rights set forth in this Section 20.

(k) The right of the Board to disapprove a Change if it reasonably determines that the

Change could jeopardize the soundness, safety, value or aesthetics of the Project or any other Unit, impair any easement or interfere with or deprive any objecting Owner of the use or enjoyment of any part of the Project.

(l) No Change may be made by a Unit Owner prior to the final conveyance of all the Units by Declarant without the express prior written consent of Declarant, which may be withheld for any reason whatsoever, in its sole discretion.

(m) The Board may, in its sole discretion, impose reasonable work hours and rules for all Changes.”

End of Exhibit C

EXHIBIT D

COMMON ELEMENTS

Section 4 of the Declaration describes the Common Elements as follows:

"4. COMMON ELEMENTS.

One freehold estate is hereby also designated in all the remaining portions of the Project, herein called "Common Elements", including specifically but not limited to:

- 1.1 The Land in fee simple;
- 1.2 All roads, driveways (except such driveways located within a Dwelling Area, as shown on the Condominium Map), access lanes, paved areas, ramps and loading areas including the roadway area depicted on the Condominium Map as "Roadway";
- 1.3 All parking stalls and parking areas, including Guest Parking Stalls #1, #2, #3, #4, #5 and #6 as depicted on the Condominium Map, except for the parking garages which comprise a portion of the Units and driveways;
- 1.4 All yards, grounds, trees, gardens, walkways, walkway railings, water features, gates, landscaping and refuse facilities not located within a Unit;
- 1.5 The park recreation area depicted on the Condominium Map as "Park";
- 1.6 The shoreline setback and recreation area depicted on the Condominium Map as "Bayfront Recreation Area";
- 1.7 All foundations, floor slabs, columns, girders, beams, supports, perimeter, party and load-bearing walls and partitions (excluding the cladding and the finishes thereon), roofs and stairways (excluding any private stairway located within and serving only one Unit);
- 1.8 All vents, shafts, sewer lines, water lines, pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations on, above, over, under and across the Project to the point of their respective connections to Improvements comprising a part of the Units or the Limited Common Elements appurtenant thereto, including, without limitation, those providing electricity, light, gas (if any), water, air conditioning, sewer, refuse, drainage, irrigation, telephone, and radio and television signal distribution (if any) to more than one Unit;
- 1.9 All mailboxes;
- 1.10 The Perimeter Fence as shown and delineated on the Condominium Map;
- 1.11 The Interceptor Ditch as shown and delineated on the Condominium Map;
- 1.12 All retaining walls constructed by Declarant and shown and delineated on the Condominium Map, including those within Dwelling Areas; and

1.13 All other portions of the Land and Improvements, other than the Units, that are intended for common use, including designated common parking stalls (being those which are not located on the driveways to individual Unit garages or otherwise assigned to specific Units and are Limited Common Elements appurtenant thereto), and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

The Common Elements shall be used for the purposes for which they are designated”

End of Exhibit D

EXHIBIT E

LIMITED COMMON ELEMENTS

Section 5 of the Declaration describes the Limited Common Elements of the Project as follows:

"5. LIMITED COMMON ELEMENTS.

Certain parts of the Common Elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of each Unit, and each Unit shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements. Unless otherwise specified, all costs of every kind pertaining to each Limited Common Elements, (excluding the costs of landscaping and irrigation of any Dwelling Areas, the maintenance and expense of which shall be a Common Expense), including all costs of maintenance, repair, replacement and improvement, shall be borne by the Unit to which it is appurtenant. The Limited Common Elements so set aside and reserved are as follows:

1.1 The site on which a specific Unit is located, consisting of the land beneath and immediately adjacent to such Unit, as shown and delineated on the Condominium Map as "Dwelling Area" for a specific Unit (including the airspace above such site), is for the exclusive use and benefit of such Unit. Each Dwelling Area shall be numbered to match the number of the Unit to which it is appurtenant and located thereon.

1.2 The following utility lines which are for the exclusive use (except as noted below) of the Units to which they are appurtenant, all of which shall be maintained, improved, repaired, and replaced by and at the expense of the Association:

(a) Each Unit shall have a separate water line running from the Unit to a water sub-meter as a Limited Common Element for the exclusive use and benefit of such Unit, with the water sub-meters belonging to the Association and the common water meter for the Project ("Main Meter") belonging to the Board of Water Supply and the main water line under the Project maintained by the Board of Water Supply. The Board of Water Supply shall bill for water supplied to the Project as recorded by the Main Meter. The water usage of each Unit shall be determined by a sub-meter which shall be read monthly by the Association or the Managing Agent, which shall then bill each Unit for its water usage at the same rates as the Main Meter is billed by the Board of Water Supply. The difference between usage by the Units and the usage recorded by the Main Meter shall be a Common Expense.

(b) Each Unit shall have a separate sewer line lateral as a Limited Common Element for the exclusive use and benefit of such Unit, with the main sewer line under the Project owned and maintained by the City and County of Honolulu.

(c) Each Unit shall have a separately metered electrical line from the Unit pull box to the Unit electrical meter as a Limited Common Element for the exclusive use and benefit of such Unit. The main electric lines under the Project shall be owned and maintained by the Hawaiian Electric Company, Inc.

(d) Each Unit shall have a separate cable TV line running from the cable TV pull box on the street to the Unit as a Limited Common Element for the exclusive use and benefit of such Unit, with the pull box and main cable line under the Project owned and maintained by the cable TV company.

(e) Each Unit may have a telephone line running from the telephone pedestal to and including the network interface device ("NID") mounted on such Unit as a Limited Common Element for the exclusive use and benefit of such Unit with telephone utility owning and maintaining the line under the Project.

1.3 The following Improvements which are for the exclusive use of the Units to which they are appurtenant:

(a) Each Unit shall have a concrete driveway from the boundary of the common driveway to the garage of the Unit as a Limited Common Element for the exclusive use and benefit of such Unit. Each of Units 8, 9 and 10 shall have an easement appurtenant thereto over the driveways appurtenant to the others of such Units for access and driveway purposes; provided, that the Owners of such Units shall use such easement in a manner that minimizes interference with other Owners and shall not obstruct or block access to any of Units 8, 9 or 10.

(b) Each Unit shall have a covered entry porch and/or a covered or uncovered lanai for the exclusive use and benefit of such Unit.”

End of Exhibit E

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

(Per Title Report prepared by Title Guaranty of Hawaii, Inc. dated as of December 11, 2007)

1. -AS TO PARCELS FIFTH, SIXTH, SEVENTH, EIGHTH, NINTH AND TENTH:-
Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. -AS TO PARCEL FIRST:-
 - (A) Reservations as set forth by Land Court Order No. 6925, filed July 1, 1946.
 - (B) Designation of Easement "B" for access and utility purposes, as shown on Map 5, as set forth by Land Court Order No. 169693, filed March 7, 2007.
 - (C) Grant dated effective as of March 8, 2007, to HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation, recorded in the Bureau as Document No. 2007-042430, and filed in the Land Court as Document No. 3570744, granting a perpetual right and easement to construct, reconstruct, etc. underground wire lines, etc. over said Easement "B"
3. -AS TO PARCEL SECOND:-
 - (A) Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land described herein.
 - (B) Reservations as set forth by Land Court Order No. 6925, filed July 1, 1946.
 - (C) Designation of Easement "C" for access and utility purposes, as shown on Map 5, as set forth by Land Court Order No. 169693, filed March 7, 2007.
 - (D) Designation of Easement "D" for access and utility purposes, as shown on Map 5, as set forth by Land Court Order No. 169693, filed March 7, 2007.
 - (E) Designation of Easement "E" for access and utility purposes, as shown on Map 5, as set forth by Land Court Order No. 169693, filed March 7, 2007.
 - (F) Designation of Easement "F" for access for the maintenance of drainage way, as shown on Map 5, as set forth by Land Court Order No. 169693, filed March 7, 2007.
 - (G) Grant dated October 24, 2006, to HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation, filed in the Land Court as Document No. 3570743, granting a perpetual right and easement to construct, reconstruct, etc. underground wire lines, etc., more particularly shown on the map attached thereto.
 - (H) Grant dated effective as of March 8, 2007, to HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation, recorded in the Bureau as Document No. 2007-042430, and filed in the Land Court as Document No. 3570744, granting a perpetual right and easement to construct, reconstruct, etc. underground wire lines, etc. over said Easement "C", "D" and "E".
4. The terms and provisions contained in the DECLARATION OF RESTRICTIVE COVENANTS

(Private Park) dated November 3, 1995, recorded in the Bureau as Document No. 97-147157, and filed in the Land Court as Document No. 2272236.

5. -AS TO PARCELS THIRD AND FIFTH:-
 - (A) Designation of Easement "4" for access and utility purposes, as shown on Map 5, as set forth by Land Court Order No. 169692, filed March 7, 2007.
 - (B) Grant dated effective as of March 8, 2007, to HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation, recorded in the Bureau as Document No. 2007-042430, and filed in the Land Court as Document No. 3570744, granting a perpetual right and easement to construct, reconstruct, etc. underground wire lines, etc. over said Easement "4".
6. -AS TO PARCEL FOURTH:-
 - (A) Designation of Easement "2" for access and utility purposes, as shown on Map 5, as set forth by Land Court Order No. 169691, filed March 7, 2007.
 - (B) Designation of Easement "3" for access and utility purposes, as shown on Map 5, as set forth by Land Court Order No. 169691, filed March 7, 2007.
 - (C) Grant dated effective as of March 8, 2007, to HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation, recorded in the Bureau as Document No. 2007-042430, and filed in the Land Court as Document No. 3570744, granting a perpetual right and easement to construct, reconstruct, etc. underground wire lines, etc. over said Easements "2" and "3".
7. -AS TO PARCELS EIGHTH AND NINTH:-
 - (A) Designation of Easement "A" for access and utility purposes, as shown on map dated January 12, 2000, prepared by Russell Figueiroa, Land Surveyor, filed in the Department of Planning and Permitting, City and County of Honolulu, State of Hawaii, under File No. 1999/SUB-106 and approved on June 22, 2000.
 - (B) Grant dated effective March 8, 2007, to HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and HAWAIIAN TELCOM, INC., a Hawaii corporation, recorded in the Bureau as Document No. 2007-042430, and filed in the Land Court as Document No. 3570744, granting a perpetual right and easement to construct, reconstruct, etc. underground wire lines, etc. over said Easement "A".
8. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.
9. The terms and provisions contained in LIMITED WARRANTY DEED dated June 1, 2007, recorded in the Bureau as Document No. 2007-108116, and filed in the Land Court as Document No. 3615694.
10. That certain REAL PROPERTY MORTGAGE; SECURITY AGREEMENT; ASSIGNMENT OF RENTS; FIXTURE FILING; AND FINANCING STATEMENT dated June 8, 2007, by and between WAIKALUA BAYSIDE, LLC, a Hawaii limited liability company, as Mortgagor, and CENTRAL PACIFIC BANK, a Hawaii corporation, as Mortgagee, recorded in the Bureau as Document No. 2007-108117, and filed in the Land Court as Document No. 3615695, in the amount of \$3,065,000.00.
11. That certain SECOND MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

dated June 8, 2007, by and between WAIKALUA BAYSIDE, LLC, a Hawaii limited liability company, as Mortgagor, and MKA REAL ESTATE QUALIFIED FUND I, LLC, a California limited liability company, as Mortgagee, recorded in the Bureau as Document No. 2007-108118, and filed in the Land Court as Document No. 3615696, the aggregate principal amount not to exceed \$6,729,292.00.

That certain SUBORDINATION AND INTERCREDITOR AGREEMENT dated June 8, 2007, recorded in the Bureau as Document No. 2007-108120, and filed in the Land Court as Document No. 3615697, subordinates said above Mortgage to the lien of that certain Mortgage recorded in the Bureau as Document No. 2007-108117, and filed in the Land Court as Document No. 3615695.

12. That certain FINANCING STATEMENT dated June 15, 2007, by and between WAIKALUA BAYSIDE, LLC, a Hawaii limited liability company, as Debtor, and CENTRAL PACIFIC BANK, as Secured Party, recorded in the Bureau as Document No. 2007-108119.
13. Any unrecorded leases and matters arising from or affecting the same.
14. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.

End of Exhibit F

EXHIBIT G

DEVELOPER'S RESERVATIONS

Sections 8, 9 and 21 of the Declaration reserve the Developer's rights to further develop the Project as follows:

"8. DECLARANT'S RESERVATIONS AND EASEMENTS

8.1 Declarant, its agents, employees, contractors, licensees, successors and assigns shall have an easement over, under and upon any portion of the Project, including the Common Elements, Limited Common Elements and any Unit, as may be reasonably necessary for the completion of any improvements and correction or repairs to the Common Elements, Limited Common Elements or any Unit, including, specifically, the right to enter a Unit, at any reasonable time and upon reasonable notice, to complete construction, punchlist items or warranty items. A Unit Owner or occupant may not refuse entry for the purpose of correction or repair and then claim loss or damages resulting from the defect.

8.2 Declarant reserves the right to conduct extensive sales activities on and at the Project, including the use of model Units, sales and management offices, parking stalls and extensive sales displays and activities until the earlier to occur of: (i) thirty-six (36) months from the date of the filing in the Recording Office of the first Unit deed conveying a Unit in the Project, or (ii) the closing of the sale of the last unsold Unit in the Project. In the event that Declarant is unable to sell all of the Units within such thirty-six (36) month period, Declarant shall, nevertheless, continue to have the right to conduct sales activities on and at the Project until the closing of the sale of the last unsold Unit in the Project, provided that such sales activities are conducted in an unobtrusive manner which will not unreasonably interfere with the use, possession and aesthetic enjoyment of the Project by the other Unit Owners. Notwithstanding the foregoing, in the event that Declarant's mortgage lender or any successor to or assignee of Declarant's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or by an assignment or sale in lieu of foreclosure, such mortgage lender and its successors and assigns shall have the right to conduct such extensive sales activities on and at the Project until at least ninety-five percent (95%) of all of the Units in the Project have been sold and such sales have been closed.

8.3 Declarant shall have the authority to adopt the initial Design Guidelines and the initial Rules and Regulations for the Project. Declarant may, and shall have sole authority to, amend or otherwise change the Design Guidelines and/or the Rules and Regulations so long as any Unit shall remain unconveyed from Declarant to a buyer. Any modifications made to a Unit or any Common Element of the Project by Declarant shall be conclusively presumed to be in compliance with the Design Guidelines.

8.4 Declarant shall have the reserved right, to and until December 31, 2017, to effect such modifications to Units and Common Elements in the Project and/or to execute, record and deliver any amendments to this Declaration, the Condominium Map, the By-Laws, Design Guidelines and House Rules promulgated hereunder, as may be necessary or required to effect compliance by the Project, the Association or Declarant with any Development Laws.

8.5 Declarant shall have the reserved right to and until December 31, 2022 to correct construction defects in accordance with the provisions of Section 28 herein.

8.6 Declarant shall have the reserved right, but not the obligation, to develop the Project in two or more phases, which may constitute separate projects for marketing and sales purposes to and until December 31, 2022. Declarant shall be under no obligation to construct any Unit or buildings in the Project unless such Unit is registered under a Condominium Public Report. Declarant shall have the right to amend the description of any Unit or buildings described in this Declaration at any time until such time as a Unit Deed covering such Unit has been filed in the Recording Office. Declarant may, but

is under no obligation to, file separate Condominium Public Reports for any phase of the Project with the Real Estate Commission of the State of Hawaii or of any other state.

In the event that Declarant develops the Project in phases, each Unit's share of the Common Expenses shall be calculated from time to time based on the number of Units which have then been constructed. Each Unit's share of the Common Expenses shall be calculated based on a fraction, the numerator of which shall be one (1) and the denominator of which shall be all Units for which a Certificate of Occupancy has been issued. As Certificates of Occupancy are issued for additional Units in the Project, the shares of Common Expenses for the foregoing Units will be adjusted to reflect the additional Units. Declarant reserves the right to state any Common Interest appurtenant to any Unit as either a percentage or the equivalent fraction.

8.7 All Improvements in the Project may not be constructed at the same time; provided, however that Declarant reserves the right at any time and from time to time prior to December 31, 2022 to complete construction of all Improvements in the Project. Nothing in this Declaration shall be construed as a representation or warranty by Declarant that all Improvements will be developed and built, nor shall anything herein require Declarant to develop and build all of the Improvements described in the Condominium Map.

8.8 Declarant, its contractors and subcontractors, and their respective employees and agents, shall have the right and an easement in favor of Declarant and its successors and permitted assigns to enter upon the Project and use the Project and any Common Elements, and do all things reasonably necessary, desirable or useful for designing, developing and constructing or completing any Improvements, connecting the same to the utility installations of the Project as then constituted and selling any Units created in any building upon and subject to the following terms and conditions:

(a) All buildings shall be constructed in accordance with plans and specifications prepared under the supervision of a licensed architect and shall be consistent with or superior to the improvements existing in the Project in terms of quality of construction; provided, however, that such plans and specifications shall not require the alteration or demolition of any existing Units in the Project as then constituted. Declarant reserves the right to modify any existing plans for the buildings and may change the area, layout, locations, types or numbers of Units constituting any building, and may further modify, delete and/or add types of Common Elements in connection with the development of any building in accordance with the Cluster Permit.

(b) Declarant shall have the right to add, delete, relocate, realign, reserve, grant and receive all easements and rights-of-ways and to otherwise make alterations in and use the Common Elements for such development and construction, and to designate Limited Common Elements over, under and on the Common Elements, necessary or desirable with any building, including but not limited to, easements and rights of way for utilities (including, without limitation, electrical lines, cable television, telephone lines and water lines), septic tanks, cesspools, sanitary and storm sewers, refuse disposal, driveways, parking areas and roadways; provided that such easements and rights-of-ways and Limited Common Elements shall not be located on or within any existing building of the Project as then constituted, and, upon completion, shall not unreasonably and materially impair the use of any existing Unit or Limited Common Element appurtenant thereto; provided that Declarant shall have the right, in the exercise of its rights hereunder, to eliminate, delete, reconfigure, readjust and/or redesignate any Limited Common Element appurtenant to a Unit provided that a substantially equivalent Limited Common Element is substituted therefore.

(c) Declarant, its contractors and subcontractors, and their respective employees and agents, shall not, in their pursuit of the development of any building, cause any interruption other than a temporary interruption in the service of utilities to the Project as then constituted, and shall use reasonable efforts without additional costs to Declarant and consistent with maintaining the progress of the design, development, construction, completion and sale, to minimize interference with the Unit Owners' use and enjoyment of the Project as then constituted.

(d) In the event that Declarant chooses not to exercise its reserved right to construct all buildings prior to December 31, 2022, Declarant may forfeit and abandon its undivided fractional interest in and to the Common Elements of the Project, at which time such interest shall be automatically vested in and allocated among the then physically-existing Units of the Project, and such physically-existing Units' undivided fractional interests in the Common Elements of the Project shall be increased proportionately in accordance with the ratio that their respective interests bear to the total Common Interest attributable to all physically-existing Units in the Project, in order to absorb the Common Interest previously attributed to Units not built. If necessary, Declarant shall quitclaim the Common Interests appurtenant to Units in any of the not built to the owners of the physically-existing Units to effect the reversion of Common Interests in the then physically-existing Units, and the Owners shall accept such deed of Common Interests.

8.9 Declarant shall have the reserved right, to and until December 31, 2022, to maintain and construct privacy fences (if any), driveways or mailbox structures anywhere within the Project, including without limitation, within any Limited Common Element area of the Project; provided that the construction of such privacy fences (if any), driveways, or mailbox structures shall not adversely impact or impair the square footage of any Unit of the Project.

8.10 Declarant shall have the reserved right, to and until December 31, 2022, to reduce or increase the number of Units in the Project notwithstanding anything provided to the contrary, and except as otherwise provided by law. Any such alteration to the number of Units in the Project shall be effective provided that:

(a) Declarant shall file or cause to be filed an amendment to this Declaration describing (a) the revised description of Units that comprise the Project; and (b) the undivided fractional Common Interest appurtenant to the Units as a result of the reduction or increase in the total number of Units. The Common Interest appurtenant to each Unit shall be calculated in accordance with the ratio that their respective interests bear to the total Common Interest attributable to all physically-existing Units in the Project, in order to absorb the Common Interest previously attributed to Units not built; provided, however, that Declarant shall have the right, in its sole and absolute discretion, to round the result of such calculations so that the sum of the fractional interests equals one (1) or the percentages equals exactly one hundred percent (100%);

(b) Declarant shall file or cause to be filed an amendment to the Condominium Map to reflect the revised layout incorporating the change in the number of Units and/or buildings, together with a verified statement of registered architect or professional engineer, in the manner required by Section 514B-34 of the Act, as amended, certifying that the Condominium Map, as so amended, is an accurate copy of portions of the plans of the altered Unit(s) as filed with the City and County of Honolulu officer having jurisdiction over the issuance of permits for the completion of buildings; and

(c) Any such alteration shall comply in all respects with all applicable governmental codes, statutes, ordinances and rules and regulations, or with all variances granted therefrom.

8.11 Declarant and its agents, employees, contractors, consultants and suppliers reserve the right to create noise and dust, to use Common Areas for storage or parking, and to create other construction annoyances during the construction of the Units. Declarant shall comply with all ordinances pertaining to same; construction shall be limited generally to normally accepted construction days and hours; however Declarant reserves the right to work on week-ends if it deems necessary."

"9. CONSENT TO DECLARANT'S RESERVED RIGHTS; APPOINTMENT OF DECLARANT AND ASSOCIATION AS ATTORNEY-IN-FACT.

9.1 Each and every party acquiring an interest in the Project, by such acquisition,

consents to all of the rights reserved unto Declarant as set forth in this Declaration and to the execution thereof by Declarant including, but not limited to those rights as set forth in Articles 7 and 8 above, and to the filing of any and all documents necessary to effect the same in the Recording Office; agrees to execute, deliver and file such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints Declarant and its assigns his attorney-in-fact with full power of substitution to execute, deliver and file such documents and instruments and to do such things on his behalf, and to receive or send any legal notices required by Hawaii Revised Statutes, Chapters 501 or 502, or the Act, and to receive service of process (legal papers) as to legal proceedings in the Recording Office, which grant of such power, being coupled with an interest, is irrevocable for the term of such reserved rights, and shall not be affected by the disability of such party or parties and which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Unit or any interest therein, whether by deed, mortgage, lease or any other instrument of conveyance. Without limitation to the generality of the rights reserved unto Declarant hereunder, Declarant will have the right to execute, deliver and file any amendment to this Declaration and/or to the Condominium Map, By-Laws, Design Guidelines and/or House Rules, any easement instrument, any deed, any amendment to a unit deed, certificate of merger, assignment of rights or interest, any necessary land court petitions with the Recording Office to note any recalculated common interest appurtenant to any Unit, or such other document or instrument that may be necessary or appropriate to permit Declarant to exercise its rights pursuant to the provisions of this Declaration.

Each and every party acquiring an interest in the Project, by such acquisition, also appoints the Association as such party's attorney-in-fact with full power of substitution to receive and accept on such party's behalf any and all legal notices required by or pursuant to Hawaii Revised Statutes, Chapters 501 or 502, or the Act, and to receive service of process in connection with any Land Court petitions or other legal proceedings in the Recording Office.

9.2 Notwithstanding anything stated herein to the contrary, the rights reserved to Declarant in this Declaration shall be fully assignable by Declarant in whole or in part, and every Owner of a Unit in the Project and all holders of liens affecting any of the Units and each and every other party acquiring an interest in the Project or in the Land, or any part thereof, by acquiring such Unit, lien or other interest, consents to any such assignment by Declarant, and, to the extent designated by Declarant, agrees to recognize any assignee as the "Declarant" under this Declaration."

"21. RESERVATIONS BY DECLARANT.

21.1 Notwithstanding anything to the contrary set forth in this Declaration, Declarant hereby reserves and shall have the right, without the joinder of any Unit Owner, the Association, the Board, any lien holder or any other person at any time to construct a residential dwelling or anything else permitted under the Development Laws and the Cluster Permit then in effect, to locate it within the footprint shown on the Condominium Map and the Cluster Permit, to build and further develop a Unit's Dwelling Area for a residential dwelling or anything else permitted under the Development Laws and the Cluster Permit. Declarant further reserves the right to subject this Project to any Declaration of Restrictive Covenants or any other conditions required by the City and County of Honolulu or any governmental or quasi governmental agency to further develop a Unit or a Unit's Dwelling Area.

21.2 In connection therewith, Declarant, without the consent or joinder of any Owner, the Association, the Board, any lien holder, or any other person, may execute and deliver on behalf of all of the Unit Owners and their respective mortgagees, if necessary, all applications, petitions and amendments to this Declaration, deeds and other instruments which Declarant 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 or quasi governmental agencies or private parties. Declarant shall have the right also without the consent or joinder of any other person to take such actions in connection therewith if Declarant deems such necessary or desirable. The form and content of such instruments or the taking of such actions shall be in the sole and absolute discretion of Declarant, and his delivery of such instrument or the taking of such

action shall be sufficient determination.

21.3 In connection therewith, Declarant shall have the right, without being required to obtain the consent or joinder of any Owner, any lien holder, the Association, the Board or any other person who may have any interest in the Property or the Project (i) to amend this Declaration and the Condominium Map to describe and depict the Land and Project as modified by effectuating any of the rights reserved by Declarant, to create additional Common Elements, and Limited Common Elements and easements as appurtenances to the Units in the Project, to determine, describe and change the Common Interest and percentage of Common Expenses effective upon such addition, deletion or modification and to set forth such other matters necessary or desirable to effect any such alteration in the Project; (ii) to amend any prior instrument of conveyance of a Unit and undivided interest so as to conform the same to the Declaration, as so amended; and (iii) to cause a conveyance by deed or other instrument from the Owners to Declarant, or to whom Declarant may designate, which instrument shall convey rights of access for utility purposes through the Land or portions thereof which Declarant deems reasonable or necessary.

21.4 Declarant shall have the right to assign, mortgage or otherwise transfer or encumber its rights granted under this Section 21 and any assignee or transferee shall have the rights of Declarant. Any income or other financial benefit from the rights under this Section 21 shall accrue solely to the benefit of Declarant or its assignee or transferee.

21.5 To the extent that joinder of any Owner, the Association or lien holder or other person who may have any interest in the Property or the Project may be required in order to validate any amendment of this Declaration or the Condominium Map or any such instrument of conveyance for the purposes set forth in this Section 21, such Owner, lien holder, the Association, the Board or other person shall execute such joinder or instrument of conveyance, and if such person fails to do so, such person shall be liable for any loss or damage incurred or suffered by Declarant on account thereof, and the execution of the joinder or instrument of conveyance may be accomplished by power-of-attorney in favor of Declarant from each of the Owners, lien holders, the Association or such other 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 or Land subject to this Declaration shall be deemed a grant of such power of attorney, and the grant being coupled with an interest, shall be irrevocable.

21.6 By accepting or acquiring any right, title or interest in the Project or the Land subject to this Declaration, each Owner, lien holder, the Association, the Board or other person having any interest in the Project or Land agrees that he shall, if required by law or by Declarant, join in, consent to, or execute all instruments or documents necessary or desirable to effect any of the rights reserved to Declarant in this Declaration, any amendments of the Declaration and Condominium Map as provided for in herein and to effect any conveyance to Declarant or its assignee or transferee."

End of Exhibit G

I, BILL SPOTTS, as agent for/and/or employed by Hawaiian Properties, Ltd., a Hawaii corporation, the property management agent for the Waikalua Bayside condominium project, hereby certify that the estimates of initial maintenance fee assessments on the previous page were prepared in accordance with generally accepted accounting principles.

HAWAIIAN PROPERTIES, LTD., a Hawaii corporation

By: 
Name: BILL SPOTTS
Title: U.P. BUSINESS DEVELOPER
HAWAIIAN PROPERTIES LTD.
AGENT WAIKALUA BAYSIDE

Unit Owners will become obligated to start paying the Unit Owner's share of common expenses on the date when fifty percent (50%) of the Unit sales have closed.

End of Exhibit H

EXHIBIT H

ESTIMATE OF INITIAL MAINTENANCE FEES

As Prepared by Hawaiian Properties, Ltd.

	Monthly (for entire Project)	Annual (for entire Project)	Per Unit per Month	Per Unit per Year
Property Manager Fee	\$500	\$6,000	\$25	\$300
Irrigation Water, Site Lighting	\$1,000	\$12,000	\$50	\$600
Meter Reading	\$50	\$600	\$3	\$30
Insurance	\$3,515	\$42,197	\$176	\$2,110
Reserve Fund	\$3,000	\$36,000	\$150	\$1,800
Yard Care	\$2,500	\$30,000	\$125	\$1,500
Coco Palm Trimming	\$75	\$900	\$4	\$45
Sprinkler Repairs	\$50	\$600	\$3	\$30
Powerwash Exteriors	\$700	\$8,400	\$35	\$420
Gate Repairs	\$100	\$1,200	\$5	\$60
Misc Repairs	\$300	\$3,600	\$15	\$180
Office Supplies	\$25	\$300	\$1	\$15
Postage, Copies	\$50	\$600	\$3	\$30
Audit/CPA	\$50	\$600	\$3	\$30
Legal	\$100	\$1,200	\$5	\$60
Totals	\$12,015	\$144,197	\$603	\$7,210

* All stated amounts are rounded to the nearest whole number.

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EXHIBIT I

SPECIMEN SALES CONTRACT

The following is a summary of the pertinent provisions of the sales contract, which consists of the Waikalua Bayside Reservation and Purchase Agreement and attached Schedule A and Exhibits A through D (the "Purchase Agreement"):

1. Description of the Property to be conveyed. Fee simple title to the unit, together with all rights and easements appurtenant to the Unit, including but not limited to, an exclusive right to use any of the Limited Common Elements appurtenant to the Unit, an undivided percentage of common interest in the Common Elements of the Project, and the furnishings, fixtures and appliances located in the Unit.

2. Purchase Price and Terms. The purchase price set forth at Section 3.4 of the Purchase Agreement is to be paid as follows:

- a. An initial deposit;
- b. An additional cash deposit, if any;
- c. The balance of the purchase price is to be paid to escrow by purchase prior to closing.

3. Financing of Purchase. Section 7.4(a) of the Purchase Agreement provides that if purchaser desires financing, a loan application must be made within a certain number of days and if Purchaser's application is not approved within a certain number of days after the application, then Seller may cancel the Purchase Agreement. Upon such cancellation, Purchaser's deposits will be refunded by escrow without interest, less any cancellation fees, prepaid option monies, and costs incurred by Seller, escrow, or any lending institution in processing the Purchase Agreement or any loan application.

4. Seller's Right to Cancel Purchase Agreement. Seller may cancel the Purchase Agreement with the Purchaser if: (i) Seller determines, in its sole discretion, that the Purchaser's mortgage lender will not be capable of funding its portion of the purchase price and other closing costs by the closing date (Section 7.4(f)); (ii) Purchaser's loan pre-qualification letter is subject to any contingency whatsoever and it appears (as reasonably determined by Seller in its sole discretion) that Purchaser will not be able to satisfy such contingency on or before the closing date (Section 7.4(c)); (iii) there are any material changes in Purchaser's financial condition (Section 7.4(c)); (iv) Purchaser fails to perform any of the terms, conditions, and agreements contained in the loan pre-qualification letter (Section 7.4(c)); (v) any material discrepancies are discovered between the financial information furnished and Purchaser's actual financial status (Section 7.4(c)); (vi) Purchaser dies before the closing date; or (vii) Purchaser defaults under the Purchase Agreement (Section 15.1). Pursuant to Section 15.1 of the Purchase Agreement, if Purchaser fails to make any payment when it is due or fails to keep any of the other promises or agreements of Purchaser set forth in the Purchase Agreement, and Seller gives Purchaser written notice of such failure, and Purchaser does not cure such default or failure within ten (10) calendar days after Seller sends such notice, Seller may cancel the Purchase Agreement and keep all sums deposited by Purchaser, including any and all interest accrued thereon as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorneys' fees, which may be incurred by Seller because of Purchaser's default.

5. Rights of Purchaser to Cancel the Purchase Agreement. The Purchaser has the right to cancel the Purchase Agreement under the following conditions:

a. Until midnight on the thirtieth day after the developer has delivered to Purchaser the Developer's Public Report with an effective date issued by the Real Estate Commission. In Purchaser so cancels, Purchaser will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to \$250. If Purchaser does not cancel the Purchase Agreement within such thirty (30) day period, or if Purchaser closes the purchase of the unit within such thirty (30) day period, Purchaser will be deemed to have waived its right to cancel. Purchaser may waive Purchaser's right to cancel by checking the waiver box on the Option form attached to the document entitled "Notice of Right to Rescind Sales Contract and Purchaser's Receipt", signing and dating the Option form and returning it to the Developer.

b. If Seller fails to keep and of Seller's promises or agreements contained in the Purchase Agreement, and Purchase gives Seller written notice of such failure, and Seller does not cure such default or failure within ten (10) calendar days after Purchaser sends such notice.

End of Exhibit I

EXHIBIT J

SUMMARY OF PERTINENT PROVISIONS OF THE ESCROW AGREEMENT

The following is a summary of the Condominium Escrow Agreement between the Declarant and Title Guaranty Escrow Services, Inc. ("Escrow"):

1. All Deposits Will be Paid to Escrow. All payments received by Declarant from Purchasers under sales contracts covering units in the Project will be paid over to Escrow, along with a copy of the relevant sales contract. Any interest earned on funds deposited in Escrow will accrue as specified in the sales contract.

2. Conditions to Disbursement of Fund by Escrow. Escrow will not disburse any funds until the following conditions have been fulfilled:
 - a. Seller shall have delivered to the Purchaser and to Escrow a true copy of the Public Report, including all amendments, with effective date(s) issued by the Real Estate Commission.

 - b. Purchaser shall have waived the right to cancel or shall be deemed to have waived the right to cancel the sales contract, in accordance with Hawaii Revised Statutes ("HRS"), Section 514B-86(c).

 - c. Seller shall have provided to Escrow evidence that the Purchaser received a true copy of the Public Report and all amendments thereto and the notice of the thirty-day right of cancellation.

 - d. Seller shall affirm to Escrow that there has been no material change in the Project after the sales contract became binding (or in the event of a material change in the Project after the sales contract became binding, Seller shall affirm that Seller has delivered to the Purchaser a description of the material change on a form prescribed by the Real Estate Commission).

 - e. Seller's attorney shall have given a written opinion to Escrow stating that all of the requirements of Hawaii Revised Statutes, Sections 514B-82 to -93 have been satisfied, that all conditions of the Escrow Agreement that must be met prior to the disbursement of Purchaser's fund have been satisfied, and that all sales contracts delivered to Escrow are binding upon the Purchasers.

 - f. Seller or Seller's attorney shall have delivered a certificate from Seller's architect that the Project is in compliance with the Federal Fair Housing Amendments Act of 1988, if applicable.

 - g. Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

3. Return of Purchaser's Funds and Documents. A Purchaser will be entitled to a return of such Purchaser's funds, unless otherwise provided in the Escrow Agreement, together with any interest which may have accrued to the credit of the Purchaser upon the occurrence of any of the following:
 - a. Seller and Purchaser have given Escrow a written request to return funds held by Escrow to the Purchaser.

 - b. Seller has notified Escrow of its exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Seller.

 - c. Purchaser has notified Escrow of Purchaser's exercise of Purchaser's right to rescind the sales contract pursuant to HRS, Section 514B-86, or if applicable, HRS, Section 514B-89.

d. Purchaser has notified Escrow of Purchaser's exercise of Purchaser's right to rescind the sales contract pursuant to HRS, Section 514B-87.

4. Purchaser's Default. If Purchaser fails to make payments to Escrow on or before the due date thereof, or if Purchaser fails to perform in any matter that is being handled by Escrow, Escrow shall promptly notify Seller of any such failure on the part of Purchaser. If Seller subsequently certifies in writing to Escrow that Seller has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to Purchaser, Escrow shall thereafter treat all funds of Purchaser paid on account of such Purchaser's sales contract as funds of Seller and not as funds of Purchaser. Thereafter, such funds shall be free of the escrow established by the Escrow Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller, less any escrow cancellation fee. Escrow shall thereupon be released from any further duties or liability thereunder with respect to such funds and such Purchaser.

End of Exhibit J

EXHIBIT K

CONSTRUCTION WARRANTIES

LIMITED WARRANTY
for
WAIKALUA BAYSIDE

1. THE BENEFICIARIES

[Insert name(s) of Buyer(s)**]**

2. THE COVERED PROPERTY

This Limited Warranty extends to and covers only that Unit located at the following address:

Unit No. _____
Kaneohe, Hawaii 96744

3. THE WARRANTOR

Waikalua Bayside, LLC, a Hawaii limited liability company ("WAIKALUA"), is the Warrantor of the Unit specified in Section 2 hereinabove.

4. DEFINITIONS

"Appliances" shall mean the range, cook top, range hood, microwave oven, oven, dishwasher, garbage disposer, trash compactor, washer, dryer, refrigerator, freezer and refrigerator/freezer, but only so long as each shall have been provided under the original Purchase Agreement by WAIKALUA to Buyer.

"Association" shall mean the Association of Unit Owners of Waikalua Bayside.

"Buyer" shall mean that certain person, or those certain persons, named in Section 1 hereof as beneficiaries of this Warranty.

"Closing" shall mean the date upon which ownership of the Unit transfers from WAIKALUA to Buyer.

"Closing Statement" shall mean the statement prepared by the escrow agent, closing agent or title company which accounts the financial transaction represented by the Purchase Agreement.

"Defect" shall mean a flaw or failure in a material, component or the workmanship which causes that material or component to (i) fail, (ii) perform to less than its intended performance, or (iii) not meet industry standards of appearance or execution. Defect does NOT mean normal wear and tear, minor concrete cracking (as defined in Section 9.c.5 below), failure or deterioration due to negligence or lack of maintenance by Buyer or Association, as applicable.

"Electrical System" shall mean the underground service feed from the electric utility pull box (but not any installation owned or maintained by the electric utility), the service panel (but not the electric meter), the interior wiring of the Unit including electrical wires, telephone wires and data, television wires, switches and outlets (but not cover plates), but only if installed by WAIKALUA. Electrical fixtures are covered for one (1) year only, and only if provided and installed by WAIKALUA. Fixtures supplied or installed by Buyer or others are excluded.

"Equipment" shall mean the garage door opener, but only so long as it shall have been provided under the original Purchase Agreement by WAIKALUA to Buyer.

"HVAC" or "heating, ventilation and air conditioning system" shall mean the ductwork, heat pump or exchanger, air conditioner and thermostat, but only so long as each shall have been provided under the original Purchase Agreement by WAIKALUA to the original Buyer.

"Major Structural Defect" shall mean actual physical damage to the load-bearing components of the Unit caused by the failure of any such component, to the extent the Unit becomes unsafe or untenantable. The load-bearing components are (i) the foundation footings and walls, (ii) beams, girders, floor joists and lintels, (iii) columns, (iv) walls which support floors, roofs or other structural members, and (v) roof framing systems to the extent that each of these items is integral to the structural frame or foundation of the Unit.

"Parties" or "Party" shall mean WAIKALUA and Buyer either collectively or individually.

"Plumbing" shall mean the water pipes, waste lines, connections, toilets, sinks, manufactured tubs, showers and tub/showers, shower pans, faucets, valves, water heater, humidifier, hose bibs, clean-outs and backflow preventer, but only so long as each shall have been provided under the original Purchase Agreement by WAIKALUA to the original Buyer, and excludes the water meter, which is owned by the water utility.

"Punchlist" shall mean that report of defects made pursuant to a joint walk-through of the Unit after completion, but prior to Closing, by Buyer and WAIKALUA, as further defined in **Section 22(a)** of the Purchase Agreement.

"Purchase Agreement" shall mean the Purchase Agreement made between WAIKALUA and Buyer for purchase of the Unit.

"Purchase Price" shall mean the total amount of money to be paid by Buyer to WAIKALUA for the purchase of the Unit as provided for in the Purchase Agreement.

"Unit" shall mean the condominium unit described in Section 2 of the Purchase Agreement and Section 2 of this Warranty, and the appurtenances and utility services to it.

"Warranty" or "Limited Warranty" shall mean this express Limited Warranty only and no other document or warranty, express or implied.

"Warranty Limit" shall mean the total value of repairs, or payments to the Buyer in lieu of repairs, which may be claimed by Buyer, and shall be that amount equal to, but not greater than, the original Purchase Price of the Unit when it was sold by WAIKALUA to the original Buyer. (See Section 6.B.)

"Warranty Term" shall mean the terms of the warranties given herein, as set forth in Section 5.

"You" or "Your" shall mean Buyer, as defined hereinabove.

5. TERM AND COVERAGE

- A. WAIKALUA warrants its materials and workmanship to be of good quality for the ordinary and reasonable use of residential habitation for the period of exactly ONE (1) YEAR, commencing on the day of Closing.

- B. WAIKALUA warrants that the plumbing, electrical system, and the heating, ventilation and air conditioning system will be free from installation, workmanship or operating defects for a period of exactly TWO (2) YEARS, commencing on the day of Closing.
- C. WAIKALUA warrants that the Unit will be free from a Major Structural Defect for a period of exactly FIVE (5) YEARS (or such longer period as may be required in the case of a VA or FHA guaranteed loan), commencing on the day of Closing. In the case of a Unit originally purchased with VA/FHA insured financing, the roof sheathing is also warranted.
- D. Damages to the Unit directly resulting from the defect or failure of, or the repair of a defective or failed item covered by the Warranty as provided for in this Section, shall also be deemed to be covered by this Warranty.
- E. No repair, replacement or payment by WAIKALUA will serve to extend the Warranty Term.

6. **CONDITIONS OF THE WARRANTY**

- A. The warranties provided in this Warranty are personal to Buyer and may not and shall not be transferred or assigned by Buyer to subsequent owners of the Unit.
- B. WAIKALUA's total liability is limited, in aggregate, to the amount equal to the Purchase Price paid by the original Buyer of the Unit, as stated in the Closing Statement. This amount is the Warranty Limit.
- C. When the Warranty Limit has been paid, Buyer's rights pursuant to this Warranty are extinguished. All payments and costs, including attorneys' fees and costs, incurred by WAIKALUA to fulfill its obligations under this Warranty shall be counted towards the Warranty Limit. The Warranty Limit for a multi-family building shall be reduced pro-rata for each unit in said building, regardless if the expenditure charged against the Warranty Limit shall have been directly related to your Unit or not.
- D. In the event the Unit is part of a multi-family building, structural coverage under the Warranty shall begin on the date the first Unit in the building is closed; surfaces and systems coverage shall begin on the day of Closing.
- E. This Limited Warranty is the only warranty offered by WAIKALUA. To the fullest extent possible under the laws of the State of Hawaii, all other warranties, express or implied, including, but not limited to any implied warranty of habitability, are hereby disclaimed.

BUYER UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT ANY AND ALL OTHER REPRESENTATIONS AND WARRANTIES, OF ANY NATURE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THOSE OF WORKMANLIKE CONSTRUCTION, HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR USE, DESIGN, CONDITION, QUALITY OR OTHERWISE AS TO THE UNIT, THE PROPERTY, THE COMMON ELEMENTS AND OTHER IMPROVEMENTS CONSTRUCTED OR INSTALLED THEREON OR THEREIN, ARE EXPRESSLY DISCLAIMED BY WAIKALUA AND WAIVED BY BUYER.

- F. This Warranty is not an insurance policy of any kind, including, but not limited to, homeowner's, comprehensive or general liability insurance.
- G. Buyer agrees to allow WAIKALUA, its contractors, subcontractors, inspectors, architects and agents, access to the Unit in order to assess any claim or to plan or prepare for any repair covered under this Warranty. Failure to do so, after reasonable notice, will be grounds to deny coverage of the applicable claim, as well as any collateral damage or claim. Repeated

failure to allow access will be cause for WAIKALUA to void this Warranty, upon thirty (30) days written notice, at its sole discretion.

- H. This Warranty is separate from your Purchase Agreement, any subsequent re-sale contract or any other document pertaining to the Unit. Nothing in the Purchase Agreement, any amendment thereto, any other document or agreement made between WAIKALUA and Buyer, or any representation made by WAIKALUA's broker, agents, subcontractors or representatives may modify the terms, covenants and conditions of this Warranty. No sales contract, agreement or representation by Buyer to subsequent buyer(s) may condition, expand or modify this Warranty.
- I. Except for the warranties provided herein, Buyer assumes the risk of any and all damage to the Unit or the ground upon which it is situated from and after Closing, regardless of the cause thereof. Buyer's assumption of this risk is partially in consideration of the amount of the Purchase Price which is lower than it would be if WAIKALUA were to be held responsible for such risks by virtue of any express or implied representations or warranties.
- J. The terms, covenants and conditions of this Warranty shall be deemed automatically amended to conform with the requirements of any VAFHA loan, provided such loan shall have been the first loan (as recorded in the Closing Statement) made for the purchase of the Unit by the original Buyer from WAIKALUA.
- K. The structural foundation and the Unit may experience some movement due to natural settling, expansion and contraction of materials, moisture and humidity levels and other factors.
- L. Repairs made after one (1) year are subject to depreciation of certain components, including, but not limited to, flooring materials, painting, roofing and other finished surfaces.
- M. After one (1) year, WAIKALUA shall not be obligated to exactly match carpet dye lots, exterior paint, roofing, or other pre-finished material. WAIKALUA shall be obligated only to match any replacement as closely as reasonably possible, and shall not be required to spend substantially more than the inflation-adjusted original price rate for any replacement material, regardless if, by spending more, a discontinued material could be more closely matched.

7. BUYER'S OBLIGATIONS

- A. Buyer is obligated to properly maintain the Unit. In the case of multi-family buildings, the Association shall be responsible for repairs and maintenance. It shall be solely the responsibility and obligation of Buyer to make notice to and demand upon the Association for the performance of necessary repairs and maintenance. Proper maintenance shall include, but not be limited to:
 - 1) Maintaining proper drainage away from the foundation, which includes, at a minimum, (a) maintaining the grades established by WAIKALUA, (b) maintaining gutters, downspouts and extenders in operable condition, (c) keeping downspout extenders in the down and extended position, and (d) not installing irrigation systems adjacent to the foundation;
 - 2) Not overloading electrical outlets; and
 - 3) Regular servicing of air conditioners and regular replacement of dryer filters.
- B. Buyer shall take all prudent actions to prevent the worsening of any defect or damage.
- C. Concrete is expected to crack. Buyer shall immediately seal all cracks in concrete, whether vertical or flat, with an expansive waterproof caulking designed for that purpose. Failure to so

maintain concrete shall void any warranty elsewhere in this Warranty, whether express or implied, to repair damaged concrete.

- D. Caulking, both interior and exterior, is subject to drying, shrinking and cracking. WAIKALUA offers NO warranty on caulking. It is the Buyer's responsibility to regularly inspect and maintain caulking. Failure to do so may void any claim for water infiltration damage or loss.

8. **WARRANTY CLAIMS**

- A. In the event Buyer desires to assert a claim under this Limited Warranty, Buyer shall first so notify WAIKALUA in writing at the address provided below. Said notice shall provide Buyer's name, the address of the Unit, the date purchased from WAIKALUA and the nature of the claim.
- B. WAIKALUA is not obligated for any cost incurred by Buyer prior to WAIKALUA's receipt of such notice, except for emergency repairs or protective measures taken to lessen the extent of any damage or loss.
- C. Buyer shall promptly notify WAIKALUA of any damage, defect or claim. Failure to do so in a timely manner may be cause for WAIKALUA to deny the claim.
- D. Buyer may contact WAIKALUA by telephone, and must do so in emergency situations.
- E. WAIKALUA, or its agent, representative, employee or subcontractor will contact Buyer to schedule an inspection and, if necessary, for the corrective action to be taken. Buyer shall make the Unit and limited common elements available during reasonable hours, which shall be between 7:00 AM and 5:00 PM, Monday through Friday, and 7:00 AM and 12:00 noon on Saturdays for inspection and repair. Waikalua shall not be responsible or liable to any Owner where such Owner fails to make his Unit available during the foregoing hours or otherwise prevents Waikalua from performing inspections or repairs.
- F. If, following the inspection of the Unit, WAIKALUA determines that a valid warranty claim exists, WAIKALUA shall repair or replace, at its option, the defect or damage and any collateral damage caused by either the defect or the corrective actions.
- G. WAIKALUA shall proceed with due diligence to complete any repair or corrective action, provided, however, that any delay caused by strikes, labor disputes, boycotts, shortages of labor or materials, governmental action or inaction, weather, acts of God, or any other fact or circumstance beyond the reasonable control of WAIKALUA shall not be a basis for a claim of lack of diligence on the part of WAIKALUA.
- H. WAIKALUA is not obligated to make any repair not required under this Warranty or to take any action in response to a claim which is not covered by this Warranty. Any repair or action WAIKALUA may take pursuant to any claim, request or damage outside the scope of this Warranty shall not cause any expansion, extension or modification of this Warranty, either express or implied, regardless of any representation or statement made by any party representing, employed by or engaged by WAIKALUA.

9. **EXCLUSIONS**

The following are excluded from coverage under this Warranty:

- A. Appliances, fixtures and equipment which are covered by manufacturers' warranties or homeowner's insurance. WAIKALUA hereby assigns all rights it might have under such warranties to Buyer. Damage or loss caused by the failure of the primary warrantor of any appliance, fixture or equipment, to perform under the terms of that warranty, or due to the

failure of anyone other than WAIKALUA, to comply with the warranty requirements of the manufacturer of any appliance, fixture or equipment is also excluded.

- B. Anything not constructed by WAIKALUA, including, but not limited to:
- 1) Outbuildings or any offsite improvements;
 - 2) Fences, walls, bulkheads, retaining walls (except those constructed by WAIKALUA which are necessary to the integrity of the foundation system of the Unit); and
 - 3) Landscaping or sprinklers, whether installed by WAIKALUA or not.
- C. Concrete and Foundations:
- 1) After a period of one (1) year commencing as of Closing, the concrete floors of basements and garages so long as such concrete floors are separated from structural components by isolation joints or other means.
 - 2) Movement and settling of foundation systems, so long as such movement or settling does not materially affect the integrity or structural performance of the Unit.
 - 3) Any damage to the Unit to the extent it is caused or made worse by subsidence or soil movement which was not reasonably predictable through reasonable soils testing at the time of the construction of the Unit.
 - 4) Separation of isolated concrete floors or flatwork from adjacent surfaces.
 - 5) Cracks in concrete, either structural or flatwork, which are under one-eighth (1/8) of an inch in width or vertical separation.
 - 6) Surface deterioration of exterior concrete.
- D. Expansion and contraction of the Unit, including, but not limited to, squeaks; drying or separation of caulk; minor deflection of structural elements, doors or cabinet doors.
- E. Weather caused damage including, but not limited to, the following:
- 1) Erosion, unless caused by defects in drainage systems installed by WAIKALUA;
 - 2) Condensation on windows;
 - 3) Wind-driven water or dust penetration;
 - 4) Loss of roofing due to winds in excess of the manufacturer's rating;
 - 5) Broken glass or damage to exterior cladding;
 - 6) Failure of garage door due to winds in excess of manufacturer's rating.
- F. Loss caused by fire, storm, accidents, acts of God, vandalism or which is covered by Buyer's homeowner's insurance policy.
- G. Loss which would have been covered under homeowner's insurance policy as such policies are commonly written, but for the fact that Buyer failed to obtain and/or maintain such a policy, or waived such coverage;

- H. Any damage or defect to or of anything which was not part of the Unit as the Unit existed when it was transferred from WAIKALUA to Buyer (which condition shall be definitively determined by the plans, Purchase Agreement and Option Sheet); or included in the price paid for the Unit.
- I. Any damage which is caused or made worse by the improper or non-residential use of the Unit or the ground upon which it is situated by the Buyer, Buyer's family, agents or invitees, or by the negligence or abuse thereof by Buyer or any third parties, whether under Buyer's control or not, including, without limiting the generality of the foregoing, the failure to comply with manufacturer's warranties or the failure to give notice of defects within a reasonable period of time, whether or not that notice occurs within the Warranty Term.
- J. Changes made to the Unit by Buyer or any agent, employee or person acting in Buyer's stead, whether with or without Buyer's permission.
- K. Damage collateral to any covered defect or damage if such damage was not reported to WAIKALUA in a timely manner.
- L. Normal wear and tear, including, but not limited to:
 - 1) Gapping of drywall from windows; small contractions and gapping of wood trim or wood flooring and shrinkage of exterior caulk after one year.
 - 2) Fading of carpet or paint; fading or discoloration of stained wood surfaces; and fading of roofing.
- M. Marks, scratches or holes on or in any surface (including, but not limited to, glass, mirrors, tubs, sinks, toilets, countertops, cabinets or any other finished surface); damage to drywall, including nail pops (except those resulting from defects or damage covered elsewhere in this Warranty); and separation of caulking from adjoining surfaces.
- N. Damage to or failure of the Electrical System caused by overloading.
- O. Damage to or failure of the Plumbing due to stopped up fixtures, drains, pipes or sewers except as that stoppage is due to a construction defect.
- P. Visible seams at certain styles of carpet.
- Q. Loss caused by soil movements or underground water. Loss caused by Buyer's alteration of grades, swales and drainage patterns; failure to maintain rain gutters, downspouts and diverters; watering adjacent the foundation; planting adjacent the foundation. Loss in this instance shall include dampness or accumulation of water in any crawlspace or basement or the accumulation of condensed water within the Unit.
- R. Insect damage; mold, mildew or fungus.
- S. The presence of radon gas, formaldehyde or any other pollutants, contaminants or hazardous materials, whether pre-existing or not.
- T. Loss caused by abnormal loading on floors or decks by Buyer, Buyer's family, tenants, agents, employees or invitees which exceeds design loads as mandated by the local building ordinance. This may include, but is not limited to, water beds or hot tubs.
- U. Any defect, damage or loss, whether covered or not and whether it occurred within the Warranty Term or not, if said defect, damage or loss is not reported to WAIKALUA, in writing, within the applicable Warranty Term.

- V. The cost of any repair of defect or damage made by Buyer or Buyer's agents which has not been reported in writing, or which Buyer has not given WAIKALUA the opportunity to inspect.
- W. Consequential damages, including, but not limited to, loss of use, loss of opportunity, loss of market value, loss of rental value, cost of alternative housing, cost of storage or cost of moving, arising out of any defect, or resulting from the discontinuation of any finish, flooring, appliance, fixture, equipment or furnishing, whether covered by the Limited Warranty or not, are expressly excluded. WAIKALUA's obligation hereunder is limited only defects for which it shall have received notice, as provided for herein, within the time periods set forth in Sections 5.
- X. Cost of emergency repairs not authorized by WAIKALUA, except in the instance WAIKALUA could not be reached.
- Y. Any bodily injury or loss of personal property.

10. **DISPUTE**

In the event of a dispute, the Parties hereto agree to resolve same as provided for in the Purchase Agreement between WAIKALUA and the original Buyer of the Unit.

11. **THIS DOCUMENT CONSTITUTES THE LIMITED WARRANTY IN ITS ENTIRETY.**

A. IT IS HEREBY EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES HERETO THAT, EXCEPT FOR THIS LIMITED WARRANTY, WAIKALUA IS NOT FURNISHING ANY OTHER WARRANTIES. BUYER UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT ANY AND ALL OTHER REPRESENTATIONS AND WARRANTIES, OF ANY NATURE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THOSE OF WORKMANLIKE CONSTRUCTION, HABITABILITY, DESIGN, CONDITION, QUALITY OR OTHERWISE, AS TO THE PROPERTY AND THE UNIT AND OTHER IMPROVEMENTS CONSTRUCTED THEREON, ARE EXPRESSLY DISCLAIMED BY WAIKALUA AND WAIVED BY BUYER.

B. EXCEPT FOR THIS LIMITED WARRANTY, BUYER IS PURCHASING THE UNIT "AS IS" AND ASSUMES THE RISK OF ANY AND ALL DAMAGE OCCURRING IN OR APPEARING ON THE PROPERTY OR THE UNIT AND OTHER IMPROVEMENTS CONSTRUCTED THEREON FROM AND AFTER THE DATE OF CLOSING, REGARDLESS OF THE CAUSE THEREOF. BUYER'S ASSUMPTION OF THIS RISK IS PARTIALLY IN CONSIDERATION OF THE AMOUNT OF THE PURCHASE PRICE STATED HEREIN, WHICH IS LOWER THAN IT WOULD BE IF WAIKALUA WERE TO BE HELD RESPONSIBLE FOR ANY SUCH RISKS BY VIRTUE OF ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES.

C. THIS DOCUMENT CONSTITUTES THE LIMITED WARRANTY IN ITS ENTIRETY.

12. **SEVERABILITY**

Should any provision of this Warranty be deemed by a court of competent jurisdiction to be unenforceable, that determination will not affect the enforceability of the remaining provisions.

13. **NOT TRANSFERABLE**

This Warranty is personal to Buyer and is not transferable or assignable by Buyer.

EXHIBIT L

Units Designated for sale to Owner-Occupants

The Units designated for sale to Owner-Occupants are:

Unit 1

Unit 2

Unit 3

Unit 4

Unit 5

Unit 6

Unit 7

Unit 8

Unit 9; and

Unit 10.

End of Exhibit L