

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

CONDOMINIUM PROJECT NAME	WALUA PROFESSIONAL CENTER
Project Address	75-5905 Walua Road, Kailua-Kona, Hawaii 96740
Registration Number	6586
Effective Date of Report	<b>June 9, 2008</b>
Developer(s)	WALUA COMMERCIAL VENTURE, LLC

**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.

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*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.]

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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	75-5905 Wai'alea Road, Kailua-Kona, Hawaii 96740	
Address of Project is expected to change because	N/A	
Tax Map Key (TMK)	(3) 7-5-018-094	
Tax Map Key is expected to change because	N/A	
Land Area	44,926 square feet, more or less	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A	

**1.2 Buildings and Other Improvements**

Number of Buildings	1
Floors Per Building	2
Number of New Building(s)	1
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	wood, steel, glass

**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 .

10	<b>Total Number of Units</b>
----	------------------------------

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:	58
Number of Guest Stalls in the Project:	58
Number of Parking Stalls Assigned to Each Unit:	0
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

**1.5 Boundaries of the Units**

Boundaries of the unit:  
See attached page 4(a)

**1.6 Permitted Alterations to the Units**

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

**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 C \_\_\_\_\_  
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 type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): Elevator, Men's & Women's Restrooms on each floor

Continued from Page 4, **1.5 Boundaries of the Units:**

Each unit includes all walls, columns and partitions which are not load-bearing within the unit's perimeter walls, the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames and window frames along the perimeters, all windows along the perimeters, the air space within the perimeter, all fixtures originally installed in the unit, and all pipes, plumbing, wires, conduits and other utility or service lines and facilities located within the unit's perimeter walls and servicing only the unit. The units shall not include the undecorated or unfinished surfaces of the perimeter party or non-party walls, the undecorated or unfinished surfaces of the doors, door frames and window frames along the perimeters, the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each unit, or any pipes, shafts, wires, conduits or other utility or service lines running through a unit which are utilized for or serve more than one unit, all of which are deemed common elements as provided in the Act and this Declaration. If any chute, flue, duct, wire, conduit, or any other fixture lies partially within and partially outside the designated boundaries of a unit, any portion thereof serving only that unit is a limited common element appurtenant solely to that unit, and any portion thereof serving more than one unit or any portion of the common elements is a part of the common elements. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios, and all exterior doors and windows or other fixtures designated to serve a single unit, but which are located outside the unit's boundaries, are limited common elements appurtenant exclusively to that unit.

**1.9 Common Elements**

<u>Common Elements:</u> Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.	
Described in Exhibit <u>D</u> .	
Described as follows:	
<b>Common Element</b>	<b>Number</b>
Elevators	1
Stairways	2
Trash Chutes	0

**1.10 Limited Common Elements**

<u>Limited Common Elements:</u> A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.
Described in Exhibit <u>C</u> .
Described as follows:

**1.11 Special Use Restrictions**

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: The units may only be occupied and used for business & commercial purposes.
<input type="checkbox"/>	There are no special use restrictions.

**1.12 Encumbrances Against Title**

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).
Exhibit <u>E</u> describes the encumbrances against title contained in the title report described below.
Date of the title report: <u>May 15, 2008</u>
Company that issued the title report: <u>Title Guaranty of Hawaii, Inc.</u>

**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 type="checkbox"/>	Residential		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Commercial		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	CV-10
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Other(specify)		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Describe any variances that have been granted to zoning code.					

**1.14 Other Zoning Compliance Matters**

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

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

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

<p><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input type="checkbox"/> <b>Applicable</b></p> <p><input checked="" type="checkbox"/> <b>Not Applicable</b></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><b>Verified Statement from a County Official</b></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"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(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</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <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><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b>  <b>If answer is "Yes", provide information below.</b></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><b>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS?</b>  <b>If answer is "Yes", complete information below.</b></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><b>2.1 Developer(s)</b></p>	<p>Name: WALUA COMMERCIAL VENTURE, LLC</p> <p>Business Address: P.O. Box 2007, Kailua-Kona, HI 96745</p> <p>Business Phone Number: (808) 331-8200 E-mail Address:</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>EDWARD J. RAPOZA, Manager</p>
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: ISLAND LAND COMPANY, INC. Business Address: P.O. Box 2077, Kailua-Kona, HI 96745</p> <p>Business Phone Number: (808) 329-7170 E-mail Address:</p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: TITLE GUARANTY ESCROW SERVICES, INC. Business Address: 75-150 Hualalai Road, Suite C-201 Kailua-Kona, Hawaii 96740</p> <p>Business Phone Number: (808) 329-6666</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: TINGUELY DEVELOPMENT, INC. Business Address: P.O. Box 9013, Kailua-Kona, HI 96745</p> <p>Business Phone Number: (808) 320-8775</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Self-managed by AOAO Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Matthew G. Jewell, Jewell &amp; Krueger Business Address: 75-5722 Kuakini Highway, Suite 208, Kailua-Kona, Hawaii 96740</p> <p>Business Phone Number: (808) 326-7654</p>

### 3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

#### 3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	March 8, 2007	2007-045295

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	May 15, 2007	2007-088542
Bureau of Conveyances	February 12, 2008	2008-031216

#### 3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	March 8, 2007	2007-045296

#### Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	June 26, 2007	2007-116314
Bureau of Conveyances	May 9, 2008	2008-078394

#### 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	4411
Dates of Recordation of Amendments to the Condominium Map: May 16, 2007; February 29, 2008	

**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		
Have Been Adopted and Date of Adoption		✓ February 28, 2008
Developer does not plan to adopt House Rules		

**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"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>See Exhibit F</p>

## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

<p><b>Management of the Common Elements:</b> The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.</p>	
<p>The Initial Condominium Managing Agent for this project is (check one):</p>	
<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

### 4.2 Estimate of the Initial Maintenance Fees

<p><b>Estimate of the Initial Maintenance Fees:</b> 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.</p>
<p>Exhibit G contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.</p>

### 4.3 Utility Charges to be Included in the Maintenance Fee

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

### 4.4 Utilities to be Separately Billed to Unit Owner

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

## 5. SALES DOCUMENTS

### 5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit H 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: March 13, 2008 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit I contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

### 5.2 Sales to Owner-Occupants

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

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

### 5.3 Blanket Liens

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

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage effective 9/25/06, Doc. # 2006-177128, as amended, & UCC-1, Doc. # 2006-177129	Purchaser's contract will be subject to cancellation & Purchaser may not be able to purchase the unit, but all deposits made by Purchaser will be refunded, less escrow cancellation fee

### 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: None
Appliances: None

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

Status of Construction: Completed in August, 2007
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:  N/A
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:  N/A

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

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

**5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance**

<input type="checkbox"/>	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.
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**5.6.2 Purchaser Deposits Will Be Disbursed Before Closing**

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

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

<p><b>Box A</b> <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><b><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.</b></p>
<p><b>Box B</b> <input type="checkbox"/></p>	<p>The Developer has <b>not</b> 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 <b><u>Important Notice Regarding Your Deposits</u></b> 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, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (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 <b><u>Important Notice Regarding Your Deposits</u></b> 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.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other:

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://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 30<sup>th</sup> 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**

Pursuant to Sections 16-99-3(g) and 16-99-11(d) Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that Edward J. Rapoza is the manager and a member of the Developer WALUA COMMERCIAL VENTURE, LLC, and is also the principal broker and an officer, director and shareholder of the project real estate broker ISLAND LAND COMPANY, INC. Edward J. Rapoza is married to Rhondall K. Rapoza, who is also a member of WALUA COMMERCIAL VENTURE, LLC and an agent, officer and shareholder with ISLAND LAND COMPANY, INC.

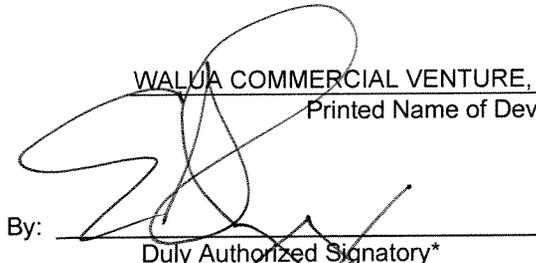
Pursuant to Section 16-99-11(c), HAR, "no licensee shall be allowed to advertise "For Sale by Owner", "For Rent by Owner", "For Lease by Owner", or "For Exchange by Owner"."

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.

WALUA COMMERCIAL VENTURE, LLC  
Printed Name of Developer

By:  \_\_\_\_\_  
Duly Authorized Signatory\*

February 28, 2008  
Date

EDWARD J. RAPOZA, Manager  
Printed Name & Title of Person Signing Above

Distribution:  
Department of Finance, County of Hawaii  
Planning Department, County of Hawaii

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

## EXHIBIT A

### DESCRIPTION OF UNITS AND BUILDINGS:

The condominium project consists of a single two-story building containing ten (10) units of varying sizes, numbered 1 through 10, as depicted on the Condominium Map, as follows:

<u>Unit</u>	<u>Story</u>	<u>Net Floor Area*</u>
1	1 <sup>st</sup>	853 sq. ft.
2	1 <sup>st</sup>	907 sq. ft.
3	1 <sup>st</sup>	986 sq. ft.
4	1 <sup>st</sup>	2,294 sq. ft.
5	1 <sup>st</sup>	1,856 sq. ft.
6	1 <sup>st</sup>	1,420 sq. ft.
7	2 <sup>nd</sup>	1,302 sq. ft.
8	2 <sup>nd</sup>	630 sq. ft.
9	2 <sup>nd</sup>	1,570 sq. ft.
10	2 <sup>nd</sup>	2,393 sq. ft.

**NOTE:** The approximate net floor area of each unit as set forth above is measured from the interior surface of the unit perimeter walls and includes all of the walls and partitions within its perimeter walls, whether load-bearing or non-load-bearing. THE FLOOR AREAS SHOWN ARE APPROXIMATE ONLY. DECLARANT MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER AS TO THE FLOOR AREA OF ANY PARTICULAR UNIT.

### ACCESS TO COMMON ELEMENTS:

Each unit in the project has immediate access to the common elements of the project.

**EXHIBIT B**

**ALTERATIONS TO UNITS**

Section L of the condominium declaration provides as follows:

1. Repair, reconstruction, restoration, replacement of the project or any building or other structure or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map shall be undertaken by the association or any unit owners only pursuant to an amendment of this Declaration. Except as expressly provided otherwise in this Declaration, any such amendment shall be duly executed by or pursuant to the affirmative vote of seventy-five percent of the unit owners, and in accordance with complete plans and specifications therefor first approved in writing by the board. Promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration or addition, the association shall duly record such amendment together with a complete set of floor plans of the project as so altered, certified as-built by a licensed architect, engineer or surveyor.

2. Any alterations or additions solely within a unit or within a limited common element appurtenant to and for the exclusive use of a unit or more than one unit, shall require only the written approval thereof, including the plans thereof, by the owner of such unit, by the holders of first mortgage liens affecting such unit (if the lienholders require such approval), by the appropriate agencies of the State of Hawaii and the County of Hawaii if such agencies so require, and by the board (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other owners thereby directly affected (as determined in a reasonable manner by the board). Upon completion of such alterations or additions, the unit owner directly affected shall duly record an amendment to this Declaration together with the approved plans showing only such alterations or additions within a unit or within a limited common element as aforesaid. Such amendment to this Declaration need only be executed by the unit owner directly affected and such owner's first mortgagees, as may be required.

3. Any other provision in this Declaration to the contrary notwithstanding, prior to (i) the time that all units in the project have been sold and the conveyance thereof recorded, and (ii) the filing by Declarant of the "as built" verified statement (with plans, if applicable) required by section 514B-34 of the Act, Declarant shall have the right, without being required to obtain the consent or joinder of any person or group of persons, including the association, any unit owner or any mortgagee, lienholder, unit purchaser or any other person who may have an interest in the project, to do the following:

(a) To make alterations in the project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any unit and/or the limited common elements appurtenant thereto, in the project which is not sold and the conveyance thereof recorded; and

(b) To make other alterations in the project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) which make minor changes in any unit in the project or in the common elements which do not affect the physical location, design or size of any unit which has been sold and the conveyance thereof recorded.

4. Any provision of this Section L to the contrary notwithstanding, unit owners shall have the right to divide and/or consolidate their respective units as provided in and pursuant to this Section L.4.

(a) Subject to the requirements of subsection L.4(c) below, a unit owner may make alterations or additions within such owner's unit and convert the unit into two or more units with modified floor plans. In such event, the common interest appurtenant to the unit to which such alterations or additions were made (the "affected unit") shall be reapportioned among the units resulting from such alterations or additions (the "modified units") in proportion of the relative net floor areas of the modified units. Further in such event, limited common elements appurtenant to the

affected unit shall be assigned or reallocated to the modified units in the reasonable discretion of the owner of the affected unit.

(b) Subject to the requirements of subsection L.4(c) below, a unit owner owning two or more units separated only by common elements which are walls or doors may alter or remove all or portions of such intervening walls or doors and make other alterations or additions within such units and convert the units into a single unit or into two or more units with modified floor plans. In such event, and if the net living areas of the unit resulting from such removal, alterations or additions (the "modified units") are not the same as the net living areas of the units to which such removal, alterations or additions were made (the "affected units"), then the aggregate total common interests appurtenant to the affected units shall be reapportioned among the modified units in proportion to the relative net floor areas of the modified units.

(c) The rights of a unit owner pursuant to subsections L.4(a) and L.4(b) above are subject to the following terms and conditions:

(i) All such removal, alterations and additions shall be in accordance with complete plans and specifications therefor prepared by a Hawaii licensed architect and filed with the board, and shall be in accordance with all applicable laws, ordinances, rules and regulations made by governmental or quasi-governmental authority.

(ii) Such removal, alterations and additions shall not affect the structural integrity of the building or the soundness and safety of the project, nor impair any easement or hereditament thereof.

(iii) Any altered or added common element walls or doors separating the modified units shall be designed and constructed to a structural quality and cosmetic finish substantially comparable to other such common elements in the project.

(iv) Such removal, alterations or additions shall not deprive other unit owners from the use or enjoyment of their respective units nor otherwise directly affect any nonconsenting unit owner.

(v) All such removal, alterations and additions shall be at the expense of the owner of the affected units, and shall be completed within six months of commencement thereof.

(vi) During the entire course of all such removal, alterations and additions, the owner of the affected units shall obtain and maintain, at such owner's expense, builder's all risk insurance in an amount not less than the estimated cost of construction. The association shall be named as an additional insured and evidence of such insurance shall be deposited with the board.

(vii) Prior to commencement of any such removal, alterations or additions, and as a condition thereto, the owner of the affected units shall obtain and maintain, at such owner's expense, a payment and performance bond naming as obligees, collectively, the association and all unit owners as their interests may appear, in a sum not less than one hundred percent of the cost of construction and with a corporate surety authorized to do business in Hawaii, assuring performance of such construction free and clear of mechanic's and materialmen's liens, and all claims in lieu of mechanic's and materialmen's liens arising under the Act.

(viii) All such removal, alterations and additions shall require the vote or written consent of only the owner of the affected units, together with the written approval of the holders of mortgage liens on the affected units (if the lienholders require such approval).

(ix) Promptly upon completion of such removal, alterations and additions, the owner of the affected units shall duly record an amendment to this Declaration, together with approved plans showing such removal, alterations and additions, containing: (i) an amended description of the project reflecting the modified units and related common elements; (ii) the reapportioned common interests appurtenant to the modified units; (iii) the assignment of parking stall allocations to the modified units; and (iv) a certification by a Hawaii licensed architect, engineer or surveyor that the plans being filed therewith fully and accurately depict the layout, location, unit numbers, dimensions and elevations of the modified units, as built. Such amendment need only be executed by the owner of the affected units.

(x) Upon completion of the events described in subsection L.4(c)(ix) above, the owner of the affected units shall for all purposes be deemed the "unit owner" as to the modified units, and common elements added or modified in accordance with this Section L.4 shall for all purposes be deemed common elements of the project. Prior to any sale of the modified units, the owner of the modified units shall, if required by the Act, apply for and obtain a condominium public report describing and covering the modified units, and shall indemnify Declarant, the association, and all other unit owners from and against all liability for any failure to properly do so.

**EXHIBIT C**

**COMMON INTEREST:**

<u>Unit</u>	<u>Undivided Common Interest</u>
1	0.060 ( 6.0%)
2	0.064 ( 6.4%)
3	0.069 ( 6.9%)
4	0.162 (16.2%)
5	0.131 (13.1%)
6	0.100 (10.0%)
7	0.092 ( 9.2%)
8	0.044 ( 4.4%)
9	0.110 (11.0%)
10	<u>0.168 (16.8%)</u>
Total	1.000 (100.0%)

**LIMITED COMMON ELEMENTS:**

Certain common elements, called "limited common elements", are designated and set aside for the exclusive use of certain units, and such units shall have appurtenant thereto easements for the exclusive use of such limited common elements as follows:

Units 7, 8, 9 and 10 shall each shall have appurtenant to it, as a limited common element, the exclusive right to use the roof area directly above each unit for the installation and operation of solar electrical and/or water heating equipment and related components, including, without limitation, panels, tanks, conduit, wiring and/or other related equipment.

## EXHIBIT D

### COMMON ELEMENTS:

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

1. The land described in Exhibit "A" to the Declaration, in fee simple.
2. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, main walls, load-bearing walls, floors, ceiling (except, with respect to the individual units within the building, the inner or decorated surfaces of such walls, floors and ceilings), roofs, landings, railings, entrances and exits of the buildings and/or units, and other building appurtenances.
3. All grounds, gardens, planters, plants, landscaping, retaining walls, irrigation and trash facilities.
4. All stairways, elevators, restrooms, sidewalks, walkways, driveways, roads, parking areas, parking stalls and loading spaces.
5. All ducts, electrical equipment, transformers, wiring, pipes and other central and appurtenant transmissions facilities and installations over, under and across the project which are utilized by or serve more than one unit for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.
6. All areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the project within or outside of the building, which are for common use or which serve more than one unit, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.
7. All the benefits, if any, inuring to the land or to the project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A".
8. Any and all apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.
9. All other parts of the project which are not included in the definition of a unit.

## EXHIBIT E

### ENCUMBRANCES AGAINST TITLE:

1. DESIGNATION OF EASEMENT (10 feet wide)

PURPOSE : no vehicular access planting screen easement  
SHOWN : on subdivision map prepared by Donald C. McIntosh, Licensed Professional Surveyor, dated January 31, 2003, revised April 7, 2003

2. DESIGNATION OF EASEMENT

PURPOSE : drainage way  
SHOWN : on subdivision map prepared by Donald C. McIntosh, Licensed Professional Surveyor, dated January 31, 2003, revised April 7, 2003

3. DESIGNATION OF EASEMENT "S-1" (Part G) (6 feet wide)

PURPOSE : private sewer  
SHOWN : on subdivision map prepared by Donald C. McIntosh, Licensed Professional Land Surveyor, dated January 31, 2003, revised April 7, 2003

4. The terms and provisions contained in the following:

INSTRUMENT : DEED  
DATED : July 15, 2003  
RECORDED : Document No. 2003-165034

The foregoing includes, but is not limited to, matters relating to WRGB KONA, LLC, its successors and assigns, the right to grant one or more easements to the sewer line and a portion of the Lot for widening of road.

5. The terms and provisions contained in the following:

INSTRUMENT : AGREEMENT RE DESIGN REVIEW  
DATED : August 29, 2003  
RECORDED : Document No. 2003-197750  
PARTIES : PETER B NOTTAGE JR., husband of Jennifer Nottage, and BRUCE E. COOK, husband of Mei Lan Cook, SMALL POTATOES LLC, a Hawaii limited liability company, JOSEPH E. TRENT, single, and EILA CLIFFORD, single, EDWARD J. RAPOZA and RHONDALL K. RAPOZA, husband and wife, WILLIAM E. HALL, unmarried, GEORGE H. HALL and DIANNA M. HALL, husband and wife, and WALUA COMMERCIAL VENTURE, LLC, a Hawaii limited liability company

6. CONSTRUCTION LOAN MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT; LOAN/ACCOUNT NO. 8100280709

MORTGAGOR : WALUA COMMERCIAL VENTURE, LLC, a Hawaii limited liability company  
MORTGAGEE : CENTRAL PACIFIC BANK, a Hawaii corporation  
DATED : effective September 25, 2006  
RECORDED : Document No. 2006-177128  
AMOUNT : \$3,500,000.00

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : April 3, 2008  
RECORDED : Document No. 2008-057244  
RE : the principal amount of the loan has been increased to \$4,260,000.00 and said Mortgage is hereby amended accordingly

7. FINANCING STATEMENT

DEBTOR : WALUA COMMERCIAL VENTURE, LLC, a Hawaii limited liability company

SECURED  
PARTY : CENTRAL PACIFIC BANK  
RECORDED : Document No. 2006-177129  
RECORDED ON: September 27, 2006

8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME OF THE  
"WALUA PROFESSIONAL CENTER" CONDOMINIUM PROJECT  
DATED : March 8, 2007  
RECORDED : Document No. 2007-045295 (Condominium Map No. 4411)

First Amendment to Declaration of Condominium Property Regime dated May 15, 2007, and recorded in said Bureau as Document Number 2007-088542 (Condominium Map No. 4411, as amended).

Second Amendment to Declaration of Condominium Property Regime dated February 12, 2008, and recorded in said Bureau as Document Number 2008-031216 (Condominium Map No. 4411, as amended).

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT : BYLAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF  
THE "WALUA PROFESSIONAL CENTER" CONDOMINIUM PROJECT  
DATED : March 8, 2007  
RECORDED : Document No. 2007-045296 (Condominium Map No. 4411)

First Amendment to Bylaws of the Association of Apartment Owners of the "Walua Professional Center" Condominium Project dated June 26, 2007, and recorded in said Bureau as Document Number 2007-116314.

Second Amendment to Bylaws of the Association of Apartment Owners of the "Walua Professional Center" Condominium Project dated May 9, 2008, and recorded in said Bureau as Document Number 2008-078394.

10. For Real Property Taxes that may be due and owing reference is made to the Department of Finance, County of Hawaii.

## EXHIBIT F

### RESERVED RIGHTS

Section N of the Declaration provides, in part, as follows:

2. At any time prior to the first recording in the Bureau of Conveyances of a conveyance or transfer (other than for security) of a unit and its appurtenances to a party not a signatory hereto, Declarant may amend this Declaration and/or the other project documents in any manner without approval or consent of any unit purchaser. This section shall not be deemed to limit or restrict the Declarant's rights as unit owner to amend the Declaration as provided in the project documents.

3. Any provision of this Section N to the contrary notwithstanding, and until the recording of unit conveyances or agreements of sale with respect to all of the units in the project in favor of persons other than Declarant, Declarant may amend this Declaration, the Bylaws and/or the Condominium Map without the approval, consent or joinder of any person or group of persons, including the association, any unit owner or any mortgagee, lienholder, unit purchaser or any other person who may have an interest in the project, to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the project or any of the units, by any institutional lender lending funds on the security of the project or any of the units, or by any governmental agency (including without limitation the VA, HUD, FNMA and/or FHLMC); provided, however, that, except as otherwise provided herein, no such amendment which would change the common interest appurtenant to a unit or substantially change the design, location or size of an unit shall be made without the consent to such amendment by all persons having an interest in such unit.

4. Any provision of this Section N to the contrary notwithstanding, Declarant may amend this Declaration (and when appropriate the Condominium Map) without the approval, consent or joinder of any person or group of persons, including the association, any unit owner or any mortgagee, lienholder, unit purchaser or any other person who may have an interest in the project or in any unit, to file a verified statement of a licensed architect, engineer or surveyor certifying that the final recorded Condominium Map fully and accurately depicts the layout, location, unit numbers and dimensions of the units, as built, or that any revised plans being filed simultaneously with the amendment involve only immaterial changes to the layout, location and dimensions of the units as built or any change in any unit number, or such other changes as Declarant is permitted to make pursuant to this Declaration.

Section E of the Declaration provides, in part, as follows:

6. Declarant reserves the right for itself and its successors and assigns to designate, grant, convey, transfer, cancel, relocate, reserve or otherwise deal with any easements and rights of way at any time for utilities, sanitary and storm sewers, cable television transmission facilities, refuse disposal, landscape maintenance, driveways, parking areas, access roadways and other similar purposes, over, across, under and through the common elements of the project, whether for purposes of developing and/or servicing additional phases and increments or not, including without limiting the generality of the foregoing, the right of entry to construct, reconstruct, operate, maintain, repair and relocate such lines, facilities and appurtenances and to grant any such easements or rights of way to governmental or quasi-governmental authorities, utility or service companies, homeowner's associations or other entities. These reserved rights shall be exercised in a manner that will not materially impair or interfere with the use of any unit. Each owner, by purchasing a unit, consents to any such designation, granting, conveyance, transfer, cancellation, relocation and reservation of easements and/or rights of way as provided above without the necessity of any owner or those claiming by, through or under an owner entering into any further agreement respecting such action or document; provided, however, that such owner and those claiming by, through or under an owner agrees to join in and execute such documents and instruments and do such other things as may be necessary or convenient to effect the same

promptly at the request of Declarant without payment of additional consideration.

7. Declarant, and its agents, successors, mortgagees and assigns, shall have the right and an easement to conduct extensive sales activities on and at the project, including the use of any unit owned by Declarant (and any other unit, with the express permission of the owner of such unit) and the common elements for model units, sales and management offices, parking and extensive sales displays and activities, and the posting and maintenance of signs and other advertisements relating to such sales activities. The rights reserved in this Section E.7 shall continue until the closing of the sale of the last unsold unit in the project.

**EXHIBIT G**

**ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

**Estimate of Maintenance Fee Disbursements:**

	<u>Monthly</u> x 12 months = <u>Yearly Total</u>	
Utilities and Services		
Electricity	\$1,868.00	\$ 22,416.00
<input type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection	\$ 690.00	\$ 8,280.00
Water	\$ 209.00	\$ 2,508.00
Sewer	\$ 775.00	\$ 9,300.00
Janitorial		
Contract	\$2,791.00	\$ 33,492.00
Supplies	\$ 181.00	\$ 2,172.00
Window Cleaning	\$ 174.00	\$ 2,088.00
Tree Trimming	\$ 39.00	\$ 468.00
Security	\$ 261.00	\$ 3,132.00
Maintenance, Repairs and Supplies		
Building, Exterior	\$ 97.00	\$ 1,164.00
Building, Interior	\$ 42.00	\$ 504.00
Landscape Contract	\$ 796.00	\$ 9,552.00
Landscape Supplies	\$ 7.00	\$ 84.00
Pest Control	\$ 141.00	\$ 1,692.00
Elevator Maintenance Contract	\$ 360.00	\$ 4,320.00
Air Conditioning Repair & Maintenance	\$ 308.00	\$ 3,696.00
Electrical Repair & Maintenance	\$ 319.00	\$ 3,828.00
Plumbing Repair & Maintenance	\$ 48.00	\$ 576.00
Signage	\$ 7.00	\$ 84.00
Holiday Decorations	\$ 5.00	\$ 60.00
Management		
Management Fee	\$ 1,835.00	\$ 22,020.00
Miscellaneous Admin. Costs	\$ 25.00	\$ 300.00
Insurance	\$ 1,126.00	\$ 13,512.00
Taxes		
Real Property	\$ 2,192.00	\$ 26,304.00
General Excise	\$ 1,126.00	\$ 13,512.00
<b>TOTAL</b>	<b>\$15,422.00</b>	<b>\$185,064.00</b>

Pursuant to HRS §514B-41(b), unit owners shall become obligated for the payment of the share of the common expenses allocated to an owner's unit upon the later of (a) the issuance of a Certificate of Occupancy (or equivalent documentation) by the County of Hawaii, Department of Public Works, or (b) the recordation of the conveyance of title to the unit to the owner.

I, EDWARD J. RAPOZA, Manager of COMMERCIAL VENTURE, LLC, a Hawaii limited liability company, the developer of the "WALUA PROFESSIONAL CENTER", hereby certifies that the above estimates of initial

I, EDWARD J. RAPOZA, Manager of COMMERCIAL VENTURE, LLC, a Hawaii limited liability company, the developer of the "WALUA PROFESSIONAL CENTER", hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

**WALUA COMMERCIAL VENTURE,  
LLC, a Hawaii limited liability company**

By \_\_\_\_\_

**EDWARD J. RAPOZA, Its Manager**

**EXHIBIT H**

**SUMMARY OF  
COMMERCIAL REAL PROPERTY PURCHASE AND SALE AGREEMENT**

The Commercial Real Property Purchase and Sale Agreement (the "PSA") contains the price and other terms and conditions under which a purchaser will agree to buy a unit in the Project. Among other things, the PSA states:

- (a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.
- (b) That the purchaser acknowledges having received and read the public report, as amended, for the Project prior to signing the PSA.
- (c) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.
- (d) That the purchaser's money will be held in escrow.
- (e) Requirements relating to the purchaser's financing of the purchase of a unit.
- (f) That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.
- (g) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
- (h) Whether the purchaser will receive interest on deposits made under the PSA.
- (i) In the event of a default by the purchaser under the PSA, the Developer may, in addition to other remedies, be entitled to all deposits paid by the purchaser as liquidated damages.

The PSA contains various other important provisions relating to the purchase of a unit in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen PSA on file with the Real Estate Commission.

## EXHIBIT I

### SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

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

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the PSA, including:
  - (1) Upon the written request of both parties to Escrow to return the purchaser's funds;
  - (2) Upon the exercise by the Developer of any right to cancel the PSA;
  - (3) Purchaser shall have notified Escrow of purchaser's exercise of purchaser's right to cancel the sales contract pursuant to HRS §514B-86 (thirty-day right to cancel), or, if applicable, HRS §514B-89 (failure to complete construction before specified completion deadline); or
  - (4) Purchaser shall have notified Escrow of purchaser's exercise of purchaser's right to rescind the sales contract pursuant to HRS §514B-87, by a valid rescission signed by all purchasers of the affected unit and postmarked no later than midnight of the thirtieth calendar day after the date that the purchasers received the notice of rescission from Seller, in which case the purchasers shall be entitled to a prompt and full refund of any moneys paid.
- (d) The purchaser's funds deposited to Escrow may be disbursed to or otherwise used by the Developer only after:
  - (1) The Real Estate Commission has issued an effective date for the Public Report on the project, and any amendments thereto (the "Public Report");
  - (2) The purchaser has been given a copy of the Public Report together with a receipt and notice form which complies with Section 514B-87(b) of the condominium law;
  - (3) The purchaser has signed the receipt and notice form and waived his right to cancel or thirty days have elapsed since the purchaser received a copy of the Public Report and receipt and notice form;
  - (4) The Developer notifies Escrow in writing that, since the things described in (1), (2) and (3) above have happened, neither the purchaser nor the Developer may back out of the agreements they made in the PSA. In the same written notice, the Developer shall notify Escrow either that the time in which the Developer or the purchaser could back out of the agreements in the PSA has passed, or that the Developer and the purchaser have said that they will not back out of the agreements in the PSA;
  - (5) The Developer's attorney advises Escrow that the PSA has become effective and the requirements of Sections 514B-82 to 514B-93 of the condominium law have been met;
  - (6) Construction of the unit has been completed and the deed of the unit to the purchaser

has been recorded; and

- (7) If Closing is to occur prior to expiration of the applicable mechanic's lien period, Escrow shall have received satisfactory assurances that the purchaser will be provided an owner's title insurance policy with a mechanics' lien endorsement, protecting the purchaser from mechanics' and materialmen's liens.
- (e) Unless otherwise agreed by the parties and Escrow, the purchaser shall not be entitled to any interest earned on any deposits made to Escrow by the purchaser, which interest will be credited to the Developer.
- (f) In the event of a default by the purchaser under the PSA, the Developer may, in addition to any other remedies provided in the PSA, be entitled to all deposits paid to Escrow by the purchaser.

The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.