DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	COCO PALMS AT KEAUKAHA, PHASE IV
Project Address	114 Apapane Road Hilo, Hawaii 96720
Registration Number	6589
Effective Date of Report	**May 16, 2008**
Developer(s)	Koko Palms Keaukaha LLC a Hawaii limited liability company

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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

SPECIAL NOTICE:

1. This Public Report is for Phase IV of the Coco Palms at Keaukaha condominium project. Phase IV covers units 10, 11, and 12 of the Project. The entire development may or will consist of up to twelve (12) units. At this time the Developer intends to register all twelve units in four Phases with each Phase containing three (3) units. See Exhibit "A" for additional information.

2. The Developer has obtained a Letter of Permission (the "Permit") from the Army Corps of Engineers which allows the development and maintenance of this twelve unit project. The Permit contains and describes the various requirements applicable to this Project. The property has been determined by using national standards, to be a wetlands sanctuary and any changes to the configuration of land use or landscaping may require additional permitting through County, State and Federal guidelines. The Permit is attached to this Public Report as Exhibit "H". Purchasers should familiarize themselves with the obligations relating to Wetlands.

3. This Project is subject to a Special Management Area Use Permit (SMA-07-000018) (the "SMA"). The SMA contains numerous restrictions and covenants that need to be complied with. Purchaser should familiarize themselves with the SMA. The SMA is attached to this Public Report as Exhibit "I".

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS FOR FURTHER INFORMATION REGARDING THE FOREGOING.

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EXHIBIT B: Description of Units; Unit Addresses
EXHIBIT C: Common Elements and Limited Common Elements
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EXHIBIT F: Summary of Sales Contract
EXHIBIT G: Summary of Escrow Agreement
EXHIBIT H: Department of Army Letter of Permission
EXHIBIT I: SMA 07-000018

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	☑ Fee Simple	☐ Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☑ Yes	☐ No
Fee Owner's Name if Developer is not the Fee Owner		
Address of Project	114 Apapane Road Hilo, Hawaii 96720	
Address of Project is expected to change because	Each unit will have its own street number	
Tax Map Key (TMK)	(3) 2-1-14-4 and 5	
Tax Map Key is expected to change because	County may assign new cpr numbers for each unit.	
Land Area	1.44 acres	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)		

1.2 Buildings and Other Improvements

Number of Buildings	Phase IV: 1 Total: 6 (see Exhibit B for additional information)
Floors Per Building	3 in buildings A, B, C and D; 2 in buildings E and F
Number of New Building(s)	Phase IV: 1 Total: 6
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete and wood

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
10	1	3/3	1,289	1,010	lanai, carport	2,299
11	1	3/3	1,288	1,070	lanai, carport	2,358
12	1	3/3	1,288	1,070	lanai, carport	2,358
See Exhibit B .						

3	**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:	Phase IV: 8 Total: 28
Number of Guest Stalls in the Project:	4 (but located in Phases II and IV)
Number of Parking Stalls Assigned to Each Unit:	2
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 page 18 for additional information.

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):
Generally, alterations to Units are permitted only with the prior approval of the Project's Board of Directors. All purchasers should review the restrictions, requirements and conditions for Unit alterations which are contained in Section F of the Declaration.

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 ____.

As follows:

Total Phase IV:	Unit 10:	7.74% (32.8%)
	Unit 11:	7.94% (33.6%)
	Unit 12:	7.94% (33.6%)

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

☐	Swimming pool
☐	Laundry Area
☐	Storage Area
☐	Tennis Court
☐	Recreation Area
☐	Trash Chute/Enclosure(s)
☐	Exercise Room
☐	Security Gate
☐	Playground
☑	Other (describe): Pond

1.9 Common Elements

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

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

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

1.11 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.	
☑	Pets: two small household pets
☑	Number of Occupants: see House Rules (2 bedroom - 4; 3 bedroom - 6)
☐	Other:
☐	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 D describes the encumbrances against title contained in the title report described below.
Date of the title report: March 4, 2008
Company that issued the title report: Old Republic Title & Escrow of Hawaii

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
☑	Residential	3	☑ Yes	☐ No	V-75 Resort
☑	Commercial		☑ Yes	☐ No	V-75 Resort
☑	Mix Residential/Commercial		☑ Yes	☐ No	V-75 Resort
☑	Hotel		☑ Yes	☐ No	V-75 Resort
☑	Timeshare		☑ Yes	☐ No	V-75 Resort
☐	Ohana		☐ Yes	☐ No	
☐	Industrial		☐ Yes	☐ No	
☐	Agricultural		☐ Yes	☐ No	
☐	Recreational		☐ Yes	☐ No	
☐	Other(specify)		☐ Yes	☐ No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			☑ Yes	☐ No	
Variances to zoning code have been granted.			☐ Yes	☑ No	
Describe any variances that have been granted to zoning code.					

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots

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.

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.

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.

	Conforming	Non-Conforming	Illegal
Uses	☑	☐	☐
Structures	☑	☐	☐
Lot	☑	☐	☐

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:

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	☐ **Applicable** ☑ **Not Applicable**
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:	
Developer's statement of the expected useful life of each item reported above:	
List of any outstanding notices of uncured violations of any building code or other county regulations: None	
Estimated cost of curing any violations described above: Not Applicable	

Verified Statement from a County Official
Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either: (A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable: (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; or (B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.
Other disclosures and information:

1.16 Project In Agricultural District

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.**	☐ **Yes** ☑ **No**
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? ☐ Yes ☐ No If the answer is "No", provide explanation.	
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? ☐ Yes ☐ No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information: If a purchaser wishes to construct a dwelling, it will have to be utilized as a "farm dwelling" which will require a farm plan. See Paragraph 8.0 of the Declaration.	

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: Koko Palms Keaukaha LLC Business Address: P. O. Box 874, Hilo, Hawaii 96720 Business Phone Number: (808) 896-4557 E-mail Address: info@ThePalmsHilo.com
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).	Pacific Island Investment LLC - Managing Member Ronald W. Smith - Member
2.2 Real Estate Broker	Name: Prudential Orchid Isle Properties Business Address: 101 Hualalai Street, Suite A Hilo, Hawaii 96720 Business Phone Number: (808) 969-7863; (808) 789-4753 E-mail Address: majormom@ilhawaii.net
2.3 Escrow Depository	Name: Old Republic Title & Escrow of Hawaii Business Address: 733 Bishop Street, Suite 2700 Honolulu, Hawaii 96813 Business Phone Number: (808) 566-0100
2.4 General Contractor	Name: to be determined Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Day-Lum Rentals & Management, Inc. Business Address: 2 Kamehameha Avenue Hilo, Hawaii 96720 Business Phone Number: (808) 935-4152
2.6 Attorney for Developer	Name: Michael H. Sakai, Esq. Business Address: 201 Merchant Street, Suite 902 Honolulu, Hawaii 96813 Business Phone Number: (808) 531-4171

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 7, 2008	2008-044589

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 4, 2008	2008-054731

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 7, 2008	2008-044590

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 4, 2008	2008-054731

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	4600

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		☐	
Have Been Adopted and Date of Adoption		☑	March 7, 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

☐	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
☑	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: As set forth in Section O of the Declaration, the Developer has reserved the right to amend the Declaration to: (1) file the "as built" verified statement (with plans, if applicable) required by Section 514B-34 of the Act, so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location,unit numbers and dimensions of the units as built, or so long as any plans filed therewith involve only non-material changes to the layout, location, unit numbers and dimensions of the units as built; (2) exercise the rights reserved to the Developer in Declaration Sections N.1 (Reservation of Power to Grant Easements), N.2 (Right to Construct the Project in Phases), N.3 (Right to Reduce or Increase the Number of Buildings and/or Units) and N.4 (Right to Construct and Sell Units).

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):	
☑	Not affiliated with the Developer
☐	None (self-managed by the Association)
☐	The Developer or an affiliate of the Developer
☐	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 E 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:	
☑	Electricity for the common elements
☐	Gas for the common elements
☑	Water
☑	Sewer
☐	TV cable
☑	Other (specify) Rubbish removal

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:	
☑	Electricity for the Unit only
☐	Gas for the Unit only
☐	Water
☐	Sewer
☑	TV cable
☑	Other (specify) Other utility services contracted for by the Unit Owner(s) or occupant(s)

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:	
☑	Specimen Sales Contract Exhibit F contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
☑	Escrow Agreement dated: March 20, 2008 Name of Escrow Company: Old Republic Title & Escrow of Hawaii Exhibit G contains a summary of the pertinent provisions of the escrow agreement.
☐	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.

☑	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
☐	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____.
☑	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.

☑	There are no blanket liens affecting title to the individual units.
☐	There are blanket liens 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

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 page 18 for further information.
Appliances: See page 18 for further information

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

Status of Construction: Developer anticipates to commence construction of Phase IV in August, 2009. Completion is estimated to be by August 2010.
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: Within two (2) years from the Effective Date of the Sales Contract.
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

☐	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

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

Box A ☐	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. If Box A is checked, you should read and carefully consider the following notice, which is required by law: **Important Notice Regarding Your Deposits: 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.**
Box B ☑	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. 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 **Important Notice Regarding Your Deposits** 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, **you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment**. (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. You should understand that, although the **Important Notice Regarding Your Deposits** 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.

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	**Developer's Public Report**
2.	**Declaration of Condominium Property Regime (and any amendments)**
3.	**Bylaws of the Association of Unit Owners (and any amendments)**
4.	**Condominium Map (and any amendments)**
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other:

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

	Website to access official copy of laws: www.capitol.hawaii.gov
	Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of $250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

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

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

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

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

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

(1) Checking the waiver box on the rescission form; or

(2) Letting the 30-day rescission period expire, without taking any action to rescind; or

(3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1.5 Boundaries of the Units

The respective Units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or of the interior load-bearing walls, the floors and perimeter ceilings surrounding each Unit, or any pipes, shafts, wires, conduits, ducts or other utility or service lines running through such Units which are utilized for or serve more than one Unit, the same being deemed Common elements as hereinafter provided. The paved carport on the round floor shall be deemed to be a part of the Unit. Lanai railings and the exterior stairs shall be Limited Common Elements of the Units to which the railings and stairs are appurtenant. Each Unit shall be deemed to include: (I) the walls and partitions which are not load-bearing and which are within the perimeter walls, ceilings and floors, and (ii) doors and door frames, windows and window frames, the inner decorated or finished surfaces of the walls, floors and ceilings surrounding the Unit, and the air space within the perimeters of the Unit.

5.4 Construction Warranties -

Building and Other Improvements:

The Developer will enter into an agreement with the general contractor for the Project whereby the contractor will agree to issue for the benefit of the Developer and purchasers the customary warranty to correct any work found effective within one (1) year after the date of substantial completion of the work (as such terms are defined in the construction contract) ("Contractor's Warranty"). The Developer does not make this warranty but merely passes on the Contractor's Warranty to Purchaser and the Association. The Developer's obligations with respect to any defects will be limited to assisting the Purchaser and/or the Association in presenting to the contractor any claims based on such warranty, it being understood that such Contractor's Warranty is limited to defects reported in writing to Seller within the first year following the date of substantial completion of the work. Any claims by Purchaser, Seller and/or the Association against a contractor for construction defects, as such terms are defined in Hawaii Revised Statues, Chapter 672E ("Contractor Repair Act"), shall be made in accordance with the provisions of the Contractor Repair Act. Purchaser shall provide Seller with a copy of all written notices which Purchaser provides to the contractor and all responses which Purchaser receives form the contractor pursuant to the Contractor Repair Act. The Developer shall assign to Purchaser, without recourse, the Contractor's Warranty and any subcontractor's or materialman's warranties that the contractor may have secured for the benefit of purchasers. In particular, the Contractor Repair Act provides as follows:

"Chapter 672E of the Hawaii Revised Statutes contains important requirements you must follow before you may file a lawsuit or other action for defective construction against the contractor who designed, repaired, or constructed your home or facility. Ninety days before you file your lawsuit or other action, you must serve on the contractor a written notice of any construction conditions you allege are defective. Under the law, a contractor has the opportunity to make an offer to repair and/or pay for the defects. You are not obligated to accept any offer made by a contractor. There are strict deadlines and procedures under the law, and failure to follow them may negatively affect your ability to file a lawsuit or other action."

Appliances:

In addition, Seller shall assign to Purchaser, without recourse, any manufacturer's or dealer's warranties covering the furnishings and appliances in the Units.

OTHER DISCLOSURES:

Ponds

At the present time the Developer intends to complete the landscaping that immediately surrounds each Phase as the improvements for each Phase are being constructed. The pond and other landscaped areas of the Project may not be improved until three of the four Phases are completed.

In connection with the landscaping, the Developer may cause a substantial number of the trees to be removed and/or cut back.

Maintenance Fees

The maintenance fee budget is attached as Exhibit E to this Public Report. It is based on all 12 units being constructed and developed. Purchasers should be aware that there may be significant changes in the amount of the maintenance fees should less than all four Phases be constructed and developed. If it is determined by the Developer that it will not develop all four Phases and if this event will cause a material change in the amount of maintenance fees it will file an Amendment to Public Report for the Project which will disclose such changes in the maintenance fee budget. Purchasers should also recognize that the amount of maintenance fees will also be impacted by which units and buildings are constructed. As an example, the insurance cost for the buildings that contain Units 7, 8, 9, 10, 11, and 12 (Phases III and IV) are higher because those buildings are located in a VE flood zone whereas the buildings that contain Units 1, 2, 3, 4, 5, and 6 (Phases I and II) are located in an AE flood zone. Another example is that the units in Phases III and IV will be serviced by a wastewater pump system which will require periodic maintenance and repairs.

The Developer reserves the right to pay for all actual Project expenses until such time as it notifies the owners that maintenance fees will commence. The notice will not be less than 30 days. In the event maintenance fees commence the Developer will also be responsible for the maintenance fees associated with any unsold completed and constructed unit in a particular phase (but will not be responsible to pay for any start up fees, etc.). A unit will be deemed to be complete upon a notice of completion being filed and/or as certified to be completed by the Project Architect.

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.

Koko Palms Keaukaha LLC
Printed Name of Developer

By: _____ 4/11/08
Duly Authorized Signatory* Date

GILBERT L. BARDEN, Member, Pacific Island Investments LLC
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

PHASING OF PROJECT

Pursuant to Section N.2 of the Declaration, the Developer has reserved the right to develop the Project in phases, with the phase being covered under this Public Report being comprised of Buildings A and B. The Developer is under no obligation to construct any Units in the Project unless such Units are covered under a Public Report and the Developer has entered into binding sales contracts, obligating it to construct such Units. The Developer may amend the description of any Unit described in the Declaration at any time prior to obtaining a Public Report covering such Unit. As part of such development in phases:

(A) The phases are to be developed on one lot covered by a single declaration, with a number of phases located on the lot.

(B) The Developer may file separate Public Reports for any phase of the Project with the Real Estate Commission of the State of Hawaii.

(C) The site work and improvements for the Project may be undertaken in phases. The site work and improvements in future phases are not integral to those earlier built.

(D) The Developer does not plan to fully complete all of the landscaping and other improvements to and around the ponds until three (3) of the four (4) Phases proposed for the Project have been constructed. Please be advised that there is no guaranty that the developer will complete construction of three (3) of the four (4) Phases and, therefore, there is no guaranty that the landscaping and other pond improvements will be completed; provided, however, that if three (3) of the four (4) Phases have been completed, then the developer will construct the landscaping and pond improvements.

(E) Each Unit's share of the Common Expenses shall be calculated from time to time based on the number of Units which have been constructed. Each Unit's share of the Common Expenses shall be calculated based on a fraction, the numerator of which shall be such Unit's Common Interest set forth in Exhibit B to the Declaration and the denominator of which shall be the aggregate Common Interest set forth in Exhibit B to the Declaration of all Units for which a Certificate of Occupancy has been issued. For Phase IV of the Project, each Unit's share of the Common Expenses following the issuance of a Certificate of Occupancy for such Unit shall be as follows:

Unit No.	Common Interest	Share of Common Expenses
10	7.74 %	32.8 %
11	7.94 %	33.6 %
12	7.94 %	33.6 %

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.

(F) In order to carry out the provisions of, or exercise the rights, powers or privileges reserved in, Section N.2 of the Declaration, the Developer may file amendments to the Declaration, Bylaws and/or Condominium Map for the Project to describe any changes to the Units or Buildings or Common Elements therein described at any time, notwithstanding the lease, sale or conveyance of any or all of the Units in the Project, and the Developer may execute, file and deliver any such amendment to the Declaration, Bylaws and/or the Condominium Map for the Project and to such Unit Deeds as may have been issued, and any and all other instruments necessary or desirable.

UNIT COMMON INTEREST

The following sets forth the common interest if all 12 units are completed in the Project:

Unit	Common Interest
1	9.03%
2	9.03%
3	9.16%
4	9.03%
5	8.83%
6	8.67%
7	7.68%
8	7.31%
9	7.64%
10	7.74%
11	7.94%
12	7.94%
Total:	100.00%

EXHIBIT B

UNIT DESCRIPTIONS

This report covers Units 10, 11 and 12 in Building F of the Project. The entire Project consists of twelve (12) freehold estates in the spaces within the perimeter walls, floors, and ceilings of the twelve (12) units. Each of the twelve (12) units are adaptable for persons with disabilities.

a. Unit Number and Locations. The Unit number and the location of Units are shown on the Condominium Map. Units located in the buildings of the Project are designated by a number from one (1) through twelve (12) and each unit number is followed by a consecutively numbered Unit designation (i.e., Unit one (1) and two (2) are the first Units in Building A moving in a counterclockwise position on the Condo Map to Unit 12 in Building F).

(1) Building A contains the following Units: 1, 2.

(2) Building B contains the following Units: 3.

(3) Building C contains the following Units: 4, 5.

(4) Building D contains the following Units: 6.

(5) Building E contains the following Units: 7, 8, 9.

(6) Building F contains the following Unit: 10, 11, 12.

b. Layout and Area. There are twelve (12) types of Units, designated as Floor Plans 1, 2, 3, 4, 5, 6, 7, 8, 9,10, 11, and 12, with each floor plan corresponding with its unit number.

(1) Floor Plan 1 consists of three (3) bedrooms, three (3) baths, a living room, a dining room, a kitchen, closets, lanai and carport, with a total net floor area of 2,683 square feet (1,669 square feet of living area, 282 square feet of lanai, and 732 square feet of carport).

(2) Floor Plan 2 consists of three (3) bedrooms, three (3) baths, a living room, a dining room, a kitchen, closets, lanai and carport, with a total net floor area of 2,683 square feet (1,669 square feet of living area, 282 square feet of lanai, and 732 square feet of carport).

(3) Floor Plan 3 consists of three (3) bedrooms, three (3) baths, a living room, a dining room, a kitchen, closets, lanai and carport, with a total net floor area of

2,720 square feet (1,706 square feet of living area, 282 square feet of lanai, and 732 square feet of carport).

(4) Floor Plan 4 consists of three (3) bedrooms, three (3) baths, a living room, a dining room, a kitchen, closets, lanai and carport, with a total net floor area of 2,683 square feet (1,669 square feet of living area, 282 square feet of lanai, and 732 square feet of carport).

(5) Floor Plan 5 consists of three (3) bedrooms, three (3) baths, a living room, a dining room, a kitchen, closets, lanai and carport, with a total net floor area of 2,622 square feet (1,669 square feet of living area, 282 square feet of lanai, and 671 square feet of carport).

(6) Floor Plan 6 consists of three (3) bedrooms, three (3) baths, a living room, a dining room, a kitchen, closets, lanai and carport, with a total net floor area of 2,576 square feet (1,706 square feet of living area, 282 square feet of lanai, and 588 square feet of carport).

(7) Floor Plan 7 consists of two (2) bedrooms, two (2) baths, a living room, a dining room, a kitchen, closets, two (2) lanais and carport, with a total net floor area of 2,280 square feet (1,288 square feet of living area, 338 square feet of lanai, and 654 square feet of carport).

(8) Floor Plan 8 consists of two (2) bedrooms, two (2) baths, a living room, a dining room, a kitchen, closets, two (2) lanais and carport, with a total net floor area of 2,172 square feet (1,288 square feet of living area, 200 square feet of lanai, and 684 square feet of carport).

(9) Floor Plan 9 consists of two (2) bedrooms, two (2) baths, a living room, a dining room, a kitchen, closets, two (2) lanais and carport, with a total net floor area of 2,265 square feet (1,395 square feet of living area, 282 square feet of lanai, and 588 square feet of carport).

(10) Floor Plan 10 consists of two (2) bedrooms, two (2) baths, a living room, a dining room, a kitchen, closets, two (2) lanais and carport, with a total net floor area of 2,299 square feet (1,289 square feet of living area, 318 square feet of lanai, and 692 square feet of carport).

(11) Floor Plan 11 consists of two (2) bedrooms, two (2) baths, a living room, a dining room, a kitchen, closets, two (2) lanais and carport, with a total net floor area of 2,358 square feet (1,288 square feet of living area, 338 square feet of lanai, and 732 square feet of carport).

(12) Floor Plan 12 consists of two (2) bedrooms, two (2) baths, a living room, a dining room, a kitchen, closets, two (2) lanais and carport, with a total net floor area of 2,358 square feet (1,288 square feet of living area, 338 square feet of lanai, and 732 square feet of carport).

The foregoing approximate total square footage of the enclosed portions of the Units is computed from and to the interior surfaces of the Unit perimeter walls, including lanais, and no reduction is made to account for interior load-bearing walls, ducts, vents, shafts and the like located within the perimeter walls.

UNIT ADDRESSES

The following addresses have been assigned to the Units in the Project:

Unit	Address
1	1331 Kalanianaole Street
2	1333 Kalanianaole Street
3	1335 Kalanianaole Street
4	1339 Kalanianaole Street
5	1341 Kalanianaole Street
6	1345 Kalanianaole Street
7	122 Apapane Road
8	120 Apapane Road
9	118 Apapane Road
10	114 Apapane Road
11	112 Apapane Road
12	110 Apapane Road

EXHIBIT C

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

The Common Elements of the Project include:

a. The land in fee simple and any and all easements and appurtenances thereto and the four (4) guest stalls.

b. All unfinished, undecorated portions of all perimeter (including party) walls and interior load-bearing walls, the undecorated or unfinished surfaces of floors and ceilings, all lanai slabs and railings, all structural components, foundations, floor slabs, columns, girders, beams, supports, shafts, ceilings and spaces between the ceiling and the floor slab or roof above, roofs, exterior surfaces of the Project, including any paint or coating thereon, and all exterior windows.

c. All driveways, sidewalks, parking areas, yards, gardens, trash areas, loading zones, recreational facilities, storage spaces, and outdoor cooking areas, if any.

d. All grounds and landscaping, if any, whether within or appurtenant to the Project.

e. All ducts, sewer lines, electrical equipment, wiring, pipes and other appurtenant transmission facilities over, under and across the Project which serve more than one Unit for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.

f. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

g. Any area labeled common area on the Condominium Map.

The Limited Common Elements of the Project include:

a. Parking. The grasscrete and/or paved driveways shall be a limited common element to the units that it services.

b. Mailbox. Each unit shall have appurtenant thereto its own mailbox, if installed, the location which shall be determined by the Developer. Developer anticipates that there will be 4 boxes at the rock wall on the entrance each containing 3 mailboxes. Developer has the right to determine where the mailboxes will be located.

All Common Elements of the Project which are rationally related to less than all of the Units shall be Limited Common Elements appurtenant to the Unit(s) to which they are so related. This includes the exterior walkways of each Unit.

EXHIBIT D

ENCUMBRANCES AGAINST TITLE

The following are the encumbrances against title to the Project that are contained in the title report dated March 4, 2008 and issued by Old Republic Title & Escrow of Hawaii:

1. For real property taxes due and owing, reference is made to the Director of Finance, County of Hawaii.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. Any unrecorded and subsisting leases.

4. Rights and claims of parties in possession.

5. Any facts, rights, interests or claims which an accurate survey would show.

6. Declaration of Condominium Property Regime for Coco Palms at Keaukaha, dated March 7, 2008, recorded in said Bureau, as Document No. 2008-044589.

7. Bylaws of the Association of Unit Owners of Coco Palms at Keaukaha, dated March 7, 2008, recorded in said Bureau, as Document No. 2008-044590.

The Declaration and Bylaws were amended by instrument dated April 4, 2008, recorded in said Bureau, as Document No. 2008-054731.

8. Matters as shown on Condominium Map No. 4600, filed in the Bureau of Conveyances.

9. Any and all easements encumbering the unit herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration and/or in said Unit Deed, and/or as delineated on said Condominium Map.

EXHIBIT E

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees

Apartment	Monthly Fees x 12 months =	Yearly Total
1	$ 403.34	$ 4,840.08
2	$ 403.34	$ 4,840.08
3	$ 409.15	$ 4,909.80
4	$ 402.27	$ 4,827.24
5	$ 394.41	$ 4,732.92
6	$ 387.26	$ 4,647.12
7	$ 343.04	$ 4,116.48
8	$ 326.51	$ 3,918.12
9	$ 341.25	$ 4,095.00
10	$ 345.72	$ 4,148.64
11	$ 354.65	$ 4,225.80
12	$ 354.65	$ 4,225.80
TOTAL:	$4,485.60	$53,600.00

NOTE: Managing Agent may adjust the fees for rounding purposes.

The maintenance budget and all maintenance fees are subject to change.

No reserve study was done for this Project. The amount for the reserves is just an estimate.

COCO PALMS at KEAUKAHA
PROPOSED BUDGET

INCOME:		
Maintenance Fees	$	53,600.00
Late Fee		50.00
Interest Income		50.00
TOTAL INCOME	$	53,700.00
EXPENSE /DISBURSEMENTS:		
MAINTENANCE		
Building Maintenance	$	1,000.00
Grounds		14,400.00
Fire Protection		100.00
Pest Control		200.00
Sub-Total MAINTENANCE	$	15,700.00
SERVICE/UTILITIES		
Electricity	$	1,000.00
Water		2,500.00
Sewer		3,800.00
Rubbish		2,000.00
Sub-Total SERVICES/UTIL.	$	9,300.00
ADMIN/GENERAL		
Legal/Professional	$	1,200.00
Insurance		16,000.00
Audit		1,000.00
Taxes/Condo Regist.		200.00
Management Fee		4,800.00
Copying/Postage		100.00
Misc. Expenses		300.00
Sub-Total ADMIN/GENERAL	$	23,600.00
TOTAL OPERATING COST	$	48,600.00
RESERVE REPLACEMT	$	5,000.00
TOTAL EXPENSES	$	53,600.00

I, Nancy Cabral, agent for and/or employed by Day-Lum Rentals & Management, Inc., the condominium managing agent for the Coco Palms at Keaukaha project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee distributions were prepared in accordance with generally accepted account principles.

Nancy Cabral — Signature

February 29, 2008 — Date

3/6/08

EXHIBIT F

SUMMARY OF SALES CONTRACT

The specimen Sales Contract, filed with the Commission, provides for, among other things, a description of the Unit to be sold, the purchase price, the closing costs, the time, manner and place of payment, the Purchaser's obligations regarding financing, the Seller's warranties and disclaimers regarding the Condominium Map and the Project, and the remedies of the Seller and of the Purchaser in the event of a default under the Sales Contract.

Among other provisions the specimen Sales Contract provides:

1. That the Sales Contract shall be binding when: (a) Seller delivers to Purchaser (i) a true copy of the Public Report with an effective date issued by the Real Estate Commission and all amendments thereto, and (ii) the Notice of Right to Cancel; and (b) Purchaser either (i) affirmatively waives Purchaser's right to cancel the Sales Contract, or (ii) is deemed to have waived the right to cancel.

2. The Seller has entered into an Escrow Agreement with Old Republic Title & Escrow of Hawaii ("Escrow"), covering the deposit with the Escrow of all funds paid by the Purchaser under the Sales Contract and the disbursement of the funds by Escrow. In the event that a purchase contract is cancelled, Escrow may charge a cancellation fee on account of escrow services performed not to exceed $250.00.

3. The Sales Contract requires the Purchaser to pay the total purchase price by a series of payments prior to Closing, as follows: Purchaser shall make a deposit when Purchaser signs the Sales Contract. The balance shall be due on or before closing.

4. The Sales Contract provides that all deposits will be held in Escrow in interest bearing accounts with all income derived from said account, and all interest paid thereon, credited to the account of Purchaser. Purchaser understands that the Escrow Agreement provides that Purchaser's Deposits may be disbursed to Developer prior to closing to pay costs of developing and constructing the unit and the Project.

5. The Sales Contract provides that closing costs and expenses shall be allocated as follows: Seller shall pay 60% of the premium for the Title Policy, the cost of drafting of conveyance documents, Seller's notary fees, conveyance tax, and 50% of escrow fees. Purchaser shall pay 40% of the premium for the Title Policy, and any additional costs relating to the issuance of extended coverage policy (including a lender's policy), the cost of drafting of any revisions or addenda to the purchase contract, the cost of obtaining Purchaser's consents, if any, Purchaser's notary fees, all recording fees, 50% of escrow fees, and any mortgage fees, and Hawaii General Excise Tax.

6. The Sales Contract provides that Seller shall complete construction of the Project so as to permit normal occupancy of the Unit covered by the Sales Contract within two (2) years from the date that the effective date of the Sales Contract (which is the date described in Section D.32 of the Sales Contract); provided, however, that such two (2) year period shall be extended for any period of time during which Seller is actually and necessarily delayed in beginning or completing construction if such delay is caused by fire, earthquake, act of God, the elements, war or civil disturbances, litigation, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or materials, or any other matter or condition beyond Seller's control.

7. The Sales Contract provides that the description of the improvements constituting a Unit ("Unit Specifications") shall be negotiated between Seller and Purchaser and will be attached as an exhibit to the Sales Contract.

8. The Sales Contract provides that it may not be assigned by Purchaser, in whole or in part, without the prior written consent of Seller which consent may be withheld by Seller in its sole and absolute discretion. Any assignment of the Sales Contract made without Seller's written consent is void and of no legal effect. Notwithstanding the foregoing, Purchaser may assign its rights under the Sales Contract to affiliated entities for estate planning purposes without the consent of Seller, provided that any such assignment shall not release Purchaser from its obligations under the Sales Contract.

9. The Sales Contract provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract, or the development or management of the Project, the sale of the Unit or the use or occupancy thereof, or any other aspect of the relationship between Seller and Purchaser regarding the Project which is raised or otherwise asserted after the Closing shall be submitted to mediation and, if necessary, to arbitration in accordance with the terms, conditions and procedures set forth in the Sales Contract. The Sales Contract also provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract that is raised or otherwise asserted before Closing need not be submitted to arbitration, and Seller and Purchaser shall be free to pursue such dispute, as otherwise provided herein, in proceedings in a court of competent jurisdiction, provided that any judicial proceedings initiated shall be conducted in Honolulu, Hawaii. Notwithstanding the foregoing, claims by Purchaser, Seller and/or the Association against a contractor for construction defects, as such terms are defined in Hawaii Revised Statutes, Chapter 672E ("Contractor Repair Act"), shall be handled in accordance with the provisions of the Contractor Repair Act. The dispute resolution procedures set forth in the Sales Contract shall be modified as necessary to comply with the provisions of the Contractor Repair Act.

10. The foregoing is only a summary of some of the key terms of the Sales Contract. It is incumbent upon a prospective Purchaser to read the full text of the Sales Contract with care.

EXHIBIT G

SUMMARY OF ESCROW AGREEMENT

A copy of the executed Escrow Agreement for the Project between Old Republic Title & Escrow Company, Inc. ("Escrow") and Developer has been filed with the Commission. The Escrow Agreement provides for the deposit of the funds of a purchaser of a Unit (a Purchaser") pursuant to the Sales Contract and also provides for the retention or disbursement of the funds. The Escrow Agreement specifically permits the disbursement of Purchaser's funds under a Sales Contract prior to closing, subject to certain conditions, to pay for certain Project costs, including costs of constructing the Project's buildings, fixtures and other improvements, Developer's architectural, engineering, finance and legal fees, and other incidental expenses of the Project (excluding marketing expenses and brokerage fees relating to the sales of Units).

The Escrow Agreement provides in part that any interest earned on money on deposit shall be paid to the parties in accordance with the terms of the Sales Contract. Unless Purchaser has waived or is deemed to have waived the right to a refund, Purchaser shall be entitled to a refund of Purchaser's Deposits held by Escrow, less certain cancellation fees and costs (e.g., escrow cancellation fees, loan processing fees, cost of credit reports, etc.) as provided in the Sales Contract, Escrow Agreement and Chapter 514B, Hawaii Revised Statutes, as amended, if any one of the following occurs:

1. Developer and Purchaser have requested Escrow in writing to return to Purchaser the Purchaser's Deposits held by Escrow; or

2. Developer has notified Escrow of Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any cancellation or rescission provided therein or available to Developer; or

3. Purchaser has notified Escrow of Purchaser's exercise of Purchaser's right to cancel or rescind the Sales Contract under Hawaii Revised Statutes § 514B-86, 87 or 89, respectively.

By law, the total amount of such cancellation fees shall not exceed Two Hundred Fifty and No/100 Dollars ($250.00) so long as the cancellation occurs prior to the time the Sales Contract becomes effective (following issuance of the Developer's Public Report).

Under the Escrow Agreement no disbursement of funds can be made to the Developer until the Developer has certified to Escrow that the Developer has complied with all of the requirements of Sections 514B-92 and 541B-93, Hawaii Revised Statutes.

The foregoing is only a summary of some of the key terms of the Escrow Agreement. It is incumbent upon a prospective Purchaser to read the executed Escrow Agreement with care.

EXHIBIT H

DEPARTMENT OF THE ARMY
LETTER OF PERMISSION

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, HONOLULU
FORT SHAFTER, HAWAII 96858-5440

REPLY TO
ATTENTION OF:

NOV 14 2007

Regulatory Branch
Engineering and Construction Division

LETTER OF PERMISSION
File No. POH-2006-176

Pacific Island Investments, LLC
ATTN: Mr. Gil Barden, Member
P.O. Box 874
Hilo, Hawaii 96721

Dear Mr. Barden:

This responds to your application on behalf of Pacific Island Investments, LLC for Department of the Army (DA) authorization to construct a 12-unit town-home residential development, Koko Palms at Keaukaha, on a 62,843 square foot property at Hilo, Hawaii (TMK 3-2-1-14: 4, 5), as described in the Corps' 30-day agency notice dated June 20, 2007.

I have determined that your proposed activity involves work or structures in or affecting the course, condition, location or capacity of navigable waters of the United States and that it may be authorized by a Letter of Permission pursuant to Section 10 of the Rivers and Harbors Act of March 3, 1899 (33 U.S.C. 403). I have coordinated your request with interested agencies and hereby approve it. This authorization does not relieve you of the responsibility to obtain other authorizations or approvals that may be required by other Federal agencies, the State of Hawaii, or the County of Hawaii.

All work shall be performed in accordance with the project documentation you provided and the delineation of wetlands certified by our Regulatory Branch on March 30, 2007. In order for you to utilize this authorization, your activity must comply with the enclosed General and Special Conditions and with the State Water Quality Standards administered by the State of Hawaii Department of Health. It must also comply with conditions of the Hawaii Coastal Zone Management (CZM) consistency concurrence issued to you by the State of Hawaii Office of Planning via letter dated September 6, 2007.

Please note that restoration of the pond complex (specified by condition 16 of your County of Hawaii SMA Permit dated July 23, 2007) was not included in your DA permit application or the required CZM and other reviews, and is therefore not authorized by this letter. Please coordinate your development of plans for pond restoration with Mr. Peter Galloway of my Regulatory Branch staff so that they may be reviewed for DA permit requirements.

Enclosed is a two-page form, Notification of Administrative Appeal Options and Process and Request for Appeal, which you need not complete or return to us unless you do not accept

the enclosed permit conditions. This permit will expire on **October 31, 2009.** Should you require additional time to complete the work, you must submit a written request for a time extension to Regulatory Branch for consideration at least two months prior to the expiration date.

Copies of this letter (without enclosures) are being sent to the State of Hawaii Office of Planning, Coastal Zone Management Program; State of Hawaii Department of Land and Natural Resources, Division of Aquatic Resources; and State of Hawaii Office of Hawaiian Affairs.

Questions concerning this authorization should be directed to Mr. Galloway at (808) 438-8416. Thank you for working with the U.S. Army Corps of Engineers to protect the aquatic resources of Hawaii.

BY AUTHORITY OF THE SECRETARY OF THE ARMY:

Charles H. Klinge
Lieutenant Colonel, US Army
District Engineer

14 Nov 07
Date

Enclosures

LETTER OF PERMISSION
File Number POH-2006-176, Construct Residential Development, Koko Palms at Keaukaha, Hilo, Hawaii, TMK (3) 2-1-14: 4, 5
Applicant: Pacific Island Investments, LLC

I. GENERAL CONDITIONS

1. You must maintain the activity authorized by this permit in conformance with the terms and conditions of this permit. You are not relieved of this requirement if you abandon the permitted activity, although you may make a good faith transfer to a third party in compliance with General Condition 3 below. Should you wish to cease the authorized activity or should you desire to abandon it without a good faith transfer, you must obtain a modification of this permit from this office, which may require restoration of the area.

2. If you discover any previously unknown historic or archaeological remains while accomplishing the activity authorized by this permit, you must immediately notify this office of what you have found. We will initiate the federal and state coordination required to determine if the remains warrant a recovery effort or if the site is eligible for listing in the National Register of Historic Places.

3. If you sell, lease, or otherwise dispose the property associated with this permit, you must obtain the signature of the new owner on your written notice to this office in order to validate the transfer of this authorization

4. You must allow representatives from this office to inspect the authorized activity at any time deemed necessary to ensure that it is being or has been accomplished in accordance with the terms and conditions of your permit.

5. Limits of this authorization:

a. This permit does not obviate the need to obtain other Federal, state, or local authorizations required by law.

b. This permit does not grant any property rights or exclusive privileges.

c. This permit does not authorize any injury to the property or rights of others.

d. This permit does not authorize interference with any existing or proposed Federal project.

6. Limits of Federal Liability. In issuing this permit, the Federal Government does not assume any liability for the following:

a. Damages to the permitted project or uses thereof as a result of other permitted or unpermitted activities or from natural causes.

b. Damages to the permitted project or uses thereof as a result of current or future activities undertaken by or on behalf of the United States in the public interest.

c. Damages to persons, property, or to other permitted or unpermitted activities or structures caused by the activity authorized by this permit.

d. Design or construction deficiencies associated with the permitted work.

e. Damage claims associated with any future modification, suspension, or revocation of this permit.

LETTER OF PERMISSION
File Number POH-2006-176, Construct Residential Development, Koko Palms at Keaukaha, Hilo, Hawaii, TMK (3) 2-1-14: 4, 5
Applicant: Pacific Island Investments, LLC

I. GENERAL CONDITIONS (continued)

7. Reliance on Applicant's Data: The determination of this office that the issuance of this permit is not contrary to the public interest was made in reliance on the information you provided.

8. Reevaluation of Permit Decision. This office may reevaluate its decision on this permit at any time the circumstances warrant. Circumstances that could require a reevaluation include, but are not limited to, the following:

a. You fail to comply with the terms and conditions of this permit.

b. The information provided by you in support of your permit application proves to have been false, incomplete, or inaccurate (see 7 above).

c. Significant new information surfaces which this office did not consider in reaching the original public interest decision.

Such a reevaluation may result in a determination that it is appropriate to use the suspension, modification, and revocation procedures contained in 33 CFR 325.7 or enforcement procedure such as those contained in 33 CFR 326.4 and 326.5. The referenced enforcement procedures provide for the issuance of an administrative order requiring you to comply with the terms and conditions of your permit and for the initiation of legal action where appropriate. You will be required to pay for any corrective measures ordered by this office, and if you fail to comply with such directive, this office may in certain situations (such as those specified in 33 CFR 209.170) accomplish the corrective measures by contract or otherwise and bill you for the cost.

9. Extensions. This Letter of Permission establishes a time limit for the completion of the activity authorized by this permit. Unless there are circumstances requiring either a prompt completion of the authorized activity or a reevaluation of the public interest decision, the Corps will normally give favorable consideration to a request for an extension of this time limit.

LETTER OF PERMISSION
File Number POH-2006-176, Construct Residential Development, Koko Palms at Keaukaha, Hilo, Hawaii, TMK (3) 2-1-14: 4, 5
Applicant: Pacific Island Investments, LLC

II. SPECIAL CONDITIONS

1. Your use of the permitted activity must not interfere with the public's right to free navigation on all navigable waters of the United States.

2. The permittee understands and agrees that, if future operations by the United States require the removal, relocation, or other alteration, of the structure or work herein authorized, or if, in the opinion of the Secretary of the Army or his authorized representative, said structure or work shall cause unreasonable obstruction to the free navigation of the navigable waters, the permittee will be required, upon due notice from the Corps of Engineers, to remove, relocate, or alter the structural work or obstructions caused thereby, without expense to the United States. No claim shall be made against the United States on account of any such removal or alteration."

3. No project-related materials shall be stockpiled in tidal ponds or delineated adjacent wetlands.

4. You must advise this office in writing, at least one week before you start activities authorized by this permit.

Applicant: Pacific Investments, LLC, P.O. Box 874, Hilo, Hawaii 96721	File Number: POH-2006-176	Date: 14 Nov 2007
Attached is:		See Section below
X	INITIAL PROFFERED PERMIT (Standard Permit or Letter of permission)	A
	PROFFERED PERMIT (Standard Permit or Letter of permission)	B
	PERMIT DENIAL	C
	APPROVED JURISDICTIONAL DETERMINATION	D
	PRELIMINARY JURISDICTIONAL DETERMINATION	E

SECTION I - The following identifies your rights and options regarding an administrative appeal of the above decision. Additional information may be found at http://www.usace.army.mil/inet/functions/cw/cecwo/reg or Corps regulations at 33 CFR Part 331.

A: INITIAL PROFFERED PERMIT: You may accept or object to the permit.

- ACCEPT: If you received a Standard Permit, you may sign the permit document and return it to the district engineer for final authorization. If you received a Letter of Permission (LOP), you may accept the LOP and your work is authorized. Your signature on the Standard Permit or acceptance of the LOP means that you accept the permit in its entirety, and waive all rights to appeal the permit, including its terms and conditions, and approved jurisdictional determinations associated with the permit.
- OBJECT: If you object to the permit (Standard or LOP) because of certain terms and conditions therein, you may request that the permit be modified accordingly. You must complete Section II of this form and return the form to the district engineer. Your objections must be received by the district engineer within 60 days of the date of this notice, or you will forfeit your right to appeal the permit in the future. Upon receipt of your letter, the district engineer will evaluate your objections and may: (a) modify the permit to address all of your concerns, (b) modify the permit to address some of your objections, or (c) not modify the permit having determined that the permit should be issued as previously written. After evaluating your objections, the district engineer will send you a proffered permit for your reconsideration, as indicated in Section B below.

B: PROFFERED PERMIT: You may accept or appeal the permit

- ACCEPT: If you received a Standard Permit, you may sign the permit document and return it to the district engineer for final authorization. If you received a Letter of Permission (LOP), you may accept the LOP and your work is authorized. Your signature on the Standard Permit or acceptance of the LOP means that you accept the permit in its entirety, and waive all rights to appeal the permit, including its terms and conditions, and approved jurisdictional determinations associated with the permit.
- APPEAL: If you choose to decline the proffered permit (Standard or LOP) because of certain terms and conditions therein, you may appeal the declined permit under the Corps of Engineers Administrative Appeal Process by completing Section II of this form and sending the form to the division engineer. This form must be received by the division engineer within 60 days of the date of this notice.

C: PERMIT DENIAL: You may appeal the denial of a permit under the Corps of Engineers Administrative Appeal Process by completing Section II of this form and sending the form to the division engineer. This form must be received by the division engineer within 60 days of the date of this notice.

D: APPROVED JURISDICTIONAL DETERMINATION: You may accept or appeal the approved JD or provide new information.

- ACCEPT: You do not need to notify the Corps to accept an approved JD. Failure to notify the Corps within 60 days of the date of this notice, means that you accept the approved JD in its entirety, and waive all rights to appeal the approved JD.
- APPEAL: If you disagree with the approved JD, you may appeal the approved JD under the Corps of Engineers Administrative Appeal Process by completing Section II of this form and sending the form to the division engineer. This form must be received by the division engineer within 60 days of the date of this notice.

E: PRELIMINARY JURISDICTIONAL DETERMINATION: You do not need to respond to the Corps regarding the preliminary JD. The Preliminary JD is not appealable. If you wish, you may request an approved JD (which may be appealed), by contacting the Corps district for further instruction. Also you may provide new information for further consideration by the Corps to reevaluate the JD.

SECTION II - REQUEST FOR APPEAL OR OBJECTIONS TO AN INITIAL PROFFERED PERMIT

REASONS FOR APPEAL OR OBJECTIONS: (Describe your reasons for appealing the decision or your objections to an initial proffered permit in clear concise statements. You may attach additional information to this form to clarify where your reasons or objections are addressed in the administrative record.)

ADDITIONAL INFORMATION: The appeal is limited to a review of the administrative record, the Corps memorandum for the record of the appeal conference or meeting, and any supplemental information that the review officer has determined is needed to clarify the administrative record. Neither the appellant nor the Corps may add new information or analyses to the record. However, you may provide additional information to clarify the location of information that is already in the administrative record.

POINT OF CONTACT FOR QUESTIONS OR INFORMATION

If you have questions regarding this decision and/or the appeal process you may contact:	If you only have questions regarding the appeal process you may also contact:
Peter Galloway Regulatory Branch, U.S. Army Engineer District Honolulu Telephone (808)438-8416 or FAX (808)438-4060	Thom Lichte Pacific Ocean Division, U.S. Army Corps of Engineers Telephone (808)438-0397 or FAX (808)438-7045

RIGHT OF ENTRY: Your signature below grants the right of entry to Corps of Engineers personnel, and any government consultants, to conduct investigations of the project site during the course of the appeal process. You will be provided a 15 day notice of any site investigation, and will have the opportunity to participate in all site investigations.

Signature of appellant or agent.	Date:	Telephone number:

EXHIBIT I

COUNTY OF HAWAII

SPECIAL PERMIT APPLICATION (SMA 07-000018)

County of Hawai'i

PLANNING COMMISSION

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawai'i 96720
Phone (808) 961-8288 • Fax (808) 961-8742

July 23, 2007

Mr. Gregory R. Mooers
P.O. Box 1101
Kamuela, HI 96743

Dear Mr. Mooers:

Special Management Area Use Permit Application (SMA 07-000018)
Request: Construct 12-Unit Town House Project and Related Improvements
Applicant: Pacific Island Investments, LLC
Tax Map Key: 2-1-14:4 & 5

The Planning Commission at its duly held public hearing on July 6, 2007, voted to approve the above-referenced request to allow the development of a 12-unit condominium complex and related improvements on approximately 1.44 acres of land. The property is located between Kalanianaole Street and Apapane Street in the vicinity of Puhi Bay, Keaukaha, South Hilo, Hawaii.

Approval of this request is based on the following:

The applicant is proposing to develop twelve (12) condominium units and related improvements on 1.44 acres of land within the Special Management Area. The project will consist of two (2) triplexes fronting Apapane Street (single-story units over parking), two (2) duplexes and two (2) units fronting Kalanianaole Street (two-story units over parking) along with the required off-street parking and landscaping. The proposed development will be constructed near and within several tidal ponds and areas of wetlands located on the project site.

The project will be constructed in approximately 12 months. The development will cost approximately $3.5 million dollars.

The proposed development will not have any significant adverse environmental or ecological effect, except as such adverse effect is minimized to the extent practicable and clearly outweighed by public health, safety, or compelling public interest. In considering the significance of potential environmental effects, the Director shall consider the sum of

those effects that adversely affect the quality of the environment and shall evaluate the overall and cumulative effects of the action. Such adverse effect shall include, but not be limited to, the potential cumulative impact of individual developments, each one of whicl taken in itself might not have a substantial adverse effect and elimination of planning options.

A "substantial adverse effect" is determined by the specific circumstances of the proposed use, activity or operation. In determining whether a proposal may have a substantial adverse effect on the environment, the Director shall consider every phase of a proposed action and expected consequences, either primary or secondary, or the cumulative as well as short or long-term effect of the proposal. In reviewing the propose development against the factors that may constitute a substantial adverse effect as listed under Planning Commission Rule 9-10 (H) (1 though 10), it has been determined that the proposed development of twelve (12) condominium units and related improvements in this area will not have a significant adverse environmental or ecological effect to the Special Management Area. It should be noted that under Planning Commission Rule 9-10 (H) (9), a proposed use, activity or operation may constitute a substantial adverse if it affects an environmentally sensitive areas, such as flood plain, tsunami zone, erosion-prone area, geologically hazardous land, estuary, fresh water or coastal water. Although this use is located within a Special Flood Hazard Area and the Tsunami Evacuation Zone, the proposed development must meet the standards that require the first floors to be elevated above the base flood elevation (13 to 15 feet) and flood proofing for any structures or uses below this elevation. As such, the proposed development will not create a substantial adverse effect on these environmentally sensitive areas.

The proposed development will not create significant adverse impacts upon nearby and adjacent properties as the immediate area have been developed with single-family dwellings, a lodge and a condominium. Surrounding properties are zoned Resort-Hotel (V-.75), Single-Family Residential (RS-10) and Open. The property borders Kalanianaole Street on the south (mauka) side and Apapane Street on the north (makai) side. Further south, across Kalanianaole Street are single-family dwellings. To the west is Arnott's Lodge and a private residence. To the east is the Alii Kai apartment building, which is separated from the project site by a 40-foot undeveloped "paper" road referred tc as Hapai Avenue.

Although the proposed project will add to the cumulative traffic impact on Kalanianaole Street and Apapane Street, the amount of additional vehicles will be minimal and will be much less than the resort-hotel zoning for the property allows.

The property is located within an area adequately served with essential services and facilities such as water, sewer, transportation systems and other utilities. Access to the project site will be from Kalanianaole Street and Apapane Street. County water is

available to the site. As a condition of approval, the applicant will be required to hook up to the County's wastewater treatment facility at Keaukaha via a sewer line fronting the property along Kalanianaole Street.

Any potential runoff or discharge that could reach ocean waters can be handled by on-site improvements consistent with the requirements of the Department of Public Works. Any impacts from soil erosion and runoff during site preparation and construction phases can be adequately mitigated through compliance with existing regulations and proper construction practices. Air emissions generated during the construction phase for the proposed project can be mitigated by existing construction regulations. With these precautionary measures in place, the proposed development is not anticipated to have any substantial adverse effects upon nearby coastal resources or the surrounding environment. Conditions of approval will be included relating to wastewater, solid waste and public safety to ensure that impacts on coastal resources are minimized.

The proposed project is consistent with the objectives and policies as provided by Chapter 205A, HRS, and Special Management Area guidelines contained in Rule No. 9 of the Planning Commission Rules of Practice and Procedure. The purpose of Chapter 205A, Hawaii Revised Statutes (HRS), and Special Management Area Rules and Regulations of the County of Hawaii, is to preserve, protect, and where possible, to restore the natural resources of the coastal zone areas. Therefore, special controls on development within an area along the shoreline are necessary to avoid permanent loss of valuable resources and the foreclosure of management options. In reviewing the proposed development, it has been determined that it is consistent with the objectives and policies listed under Chapter 205A, HRS, which includes protecting and preserving recreational resources, historic resources, scenic and open space resources, coastal ecosystems, economic uses, coastal hazards, beach protection, and marine resources.

The proposed development will not substantially affect scenic vistas or viewplanes of nearby residents nor have an adverse impact on coastal recreational or visual resources to the shoreline and coastal ecosystems. The project will not restrict access to coastal recreational resources along the shoreline.

The proposed development will not substantially affect environmentally sensitive areas, such as flood plain, tsunami zone, erosion-prone area, geologically hazardous land, estuary, fresh water or coastal water as the project design must meet standards that require the first floors to be elevated above the base flood elevation and flood proofing for any structures or uses below this elevation. Based on additional information and a recommendation provided by Dr. George D. Curtis, who has done extensive studies of tsunami inundation in Hilo Bay, the Planning Director is adding a condition of approval that the lowest habitable floor shall be elevated to 18 feet above mean sea level, rather

than the 14 or 15 feet as allowed by the Flood Insurance Rate Map (FIRM). Although D Curtis' letter (refer to Planning Department Exhibit 2 in Background) states that he estimates the maximum water flooding level in the subject area would be 18 to 20 above the general ground level, Dr. Curtis clarified in a phone conversation with the Planning Director that the actual recommendation was 18 feet above mean sea level.

The proposed development will be constructed near or within several tidal ponds and areas of wetlands located on the project site. As such, the applicant will be required to submit and receive permits, if required, from the U.S. Army Corps of Engineers for this project. Additionally, the applicant will be required to submit and implement a pond restoration plan for the restoration of the pond complex located on the project site, which will be reviewed and approved by the Planning Director prior to the commencement of any construction or land alteration activities on the property.

The site is currently vacant of uses and structures. There were no listed, candidat or proposed threatened or endangered plant species that found or would be expected in the area, and no rare plant species or ecosystems are present or nearby. An Archaeologica Inventory Survey and Limited Cultural Assessment was conducted of the project site by Robert B. Rechtman, Ph.D of Rechtman Consulting, LLC. Site RC-0452-1 consists of four twentieth century features, three (3) house foundations and a small-scale commercia fishpond. The report concludes that no further work is recommended for Site RC-0452-1 The survey was submitted to the Department of Land and Natural Resources-State Historic Preservation Division for review and approval.

There is no evidence of any traditional and customary Native Hawaiian rights being practiced on the site, nor existence of any known valued cultural, historical or native resources in the area. There are no identified recreational resources, historic resources, public access to the shoreline or mountain areas, scenic and open space preserves, coastal ecosystems, marine resources or other natural and environmental resources in the area. The property does not front the shoreline and will not be impacted by coastal hazard and beach erosion. No scenic or open space resources to the shoreline or coastal view plane or coastal ecosystem will be negatively impacted by the proposed action.

The proposed development is consistent with the County General Plan and the Zoning Code. The General Plan Land Use Pattern Allocation Guide (LUPAG) Map establishes the basic urban and non-urban form for areas within the County. The subject area is designated Resort Area by the LUPAG map. The Resort Area designation includes a mix of uses such as hotels, condominium-hotels (condominiums developed and/or operated as hotels), and support services. Intermediate Resort, Minor Resort, and Retreat Resort Areas are identified as Resort Areas on the LUPAG Map. Thus, the proposed development would be consistent with the LUPAG Map designation. The

proposed development would complement, among others, the goals, policies and standards of the Land Use and Economic Elements of the General Plan.

The property is presently zoned Resort-Hotel - 750-square feet (V-.75). Hotels, lodges, time-share units, and single-family, double-family and multiple-family dwellings are listed as permitted uses within the Resort-Hotel zoning in the Zoning Code. Therefore, the proposed development is consistent with the General Plan and the Zoning Code.

The development will to the extent feasible, reasonably protect native Hawaiian rights if they are found to exist. In view of the recent Hawaii State Supreme Court's "PASH" and "*Ka Pa'akai O Ka'Aina*" decisions, the issue relative to native Hawaiian rights, such as gathering and fishing rights, must be addressed. These rights must be addressed in terms of the cultural, historical, and natural resources and the associated traditional and customary practices of the site.

Investigation of valued resources: The following surveys and reports were conducted and submitted with the application:

- An Archaeological Inventory Survey and Limited Cultural Assessment was conducted of the project site by Robert B. Rechtman, Ph.D of Rechtman Consulting, LLC.
- A botanical survey of the site was conducted by Ron Terry, Ph.D. and Layne Yoshida, B.A.
- A biological field study of the ponds on the project site was conducted by R.A. Englund, Ph.D.

The valuable cultural, historical, and natural resources found in the area: The property is vacant of structures and uses. The Archaeological Inventory Survey identified Site RC-0452-1, which consists of four twentieth century features, three (3) house foundations and a small-scale commercial fishpond. The survey concluded that no further work is recommended for Site RC-0452-1. The survey was submitted to the Department of Land and Natural Resources-State Historic Preservation Division for review and approval. Additionally, there were no listed, candidate or proposed threatened or endangered plant species that found or would be expected in the area, and no rare plant species or ecosystems are present or nearby. Lastly, there are several tidal ponds and areas of wetlands located on the project site. A biological field study of the ponds was conducted, which included recommendations for pond restoration. A condition of approval will be added to require the applicant to submit and implement a pond management restoration plan for the restoration of the pond complex on the project site.

Possible adverse effects or impairment of valued resources: Native vegetation may be destroyed by ground alteration. There is no evidence that the flora in the area are particularly desired or used for cultural practices.

Feasible actions to protect native Hawaiian rights: To the extent that traditional and customary native Hawaiian rights are exercised, the proposed action will not affect traditional Hawaiian rights. The proposed project will not restrict the use of natural resources along the shoreline, as the property is not in close proximity to the shoreline. A condition of approval will protect any unidentified cultural, historical, and natural resource in the event any are encountered during construction.

Based on the above findings, it is determined that the proposed development and related improvements will not have substantial adverse impacts on the surrounding area, nor will its approval be contrary to the objectives and policies of Chapter 205A, HRS, relating to Coastal Zone Management and Rule No. 9 of the Planning Commission relating to the Special Management Area. Approval of this request is subject to the following conditions:

1. The applicant, its successor or assigns shall be responsible for complying with all stated conditions of approval of this permit.

2. Parcels 4 and 5 shall be consolidated within one (1) year from the effective date o this permit.

3. Prior to the issuance of a water commitment by the Department of Water Supply, the applicant shall submit the anticipated maximum daily water usage calculations as recommended by a registered engineer, and a water commitment deposit in accordance with the "Water Commitment Guidelines Policy" to the Department o Water Supply within six months from the effective date of this permit. The applicant shall install a backflow preventer (reduced pressure type) by a licensed contractor within five feet of the meter on the applicant's property, meeting with the approval of the Department of Water Supply.

4. Plans shall identify the lowest habitable floor elevated to 18 feet above mean sea level for all habitable structures.

5. Construction of the proposed development shall be completed within five (5) years from the effective date of this permit. Prior to construction, the applicant, successors or assigns shall secure Final Plan Approval for the proposed development from the Planning Director in accordance with Chapter 25-2-70, Chapter 25 (Zoning Code), Hawaii County Code. Plans shall identify, if applicable, all proposed structures, fire protection measures, paved driveway

access and parking stalls, and other improvements associated with the proposed use. Landscaping shall be included in the development plans to mitigate any potential adverse noise or visual impacts to adjacent properties in accordance wit the Planning Department's Rule No. 17 (Landscaping Requirements).

6. The project shall connect to the County's wastewater treatment facility at Keaukaha via the sewer line fronting the property along Kalanianaole Street prio to the issuance of a Certificate of Occupancy.

7. All development-generated runoff shall be disposed of on-site and shall not be directed toward any adjacent properties.

8. The applicant shall comply with Chapter 27 - Flood Control, of the Hawaii County Code.

9. A drainage study shall be prepared by a licensed civil engineer and submitted to the Department of Public Works prior to issuance of a construction permit. Any recommended drainage improvements, if required, shall be constructed meeting with the approval of the Department of Public Works prior to receipt of a Certificate of Occupancy.

10. During construction, measures shall be taken to minimize the potential of both fugitive dust and runoff sedimentation. Such measures shall be in compliance with construction industry standards and practices utilized during construction projects of the State of Hawaii.

11. All earthwork and grading shall conform to Chapter 10, Erosion and Sediment Control of the Hawaii County Code.

12. All driveway connections to Kalanianaole Street and Apapane Street shall conform to Chapter 22, County Streets, of the Hawaii County Code.

13. An Emergency Response Plan shall be submitted to the Hawaii County Civil Defense Agency for review and approval prior to the issuance of a Certificate of Occupancy.

14. The applicant shall submit and receive permits, if required, from the U.S. Army Corps of Engineers for this project. The Planning Director shall be notified in writing as to whether such permit is required for the development of the project.

15. A Solid Waste Management Plan shall be submitted to the Department of Environmental Management for review and approval prior to the issuance of a Certificate of Occupancy.

16. The applicant shall submit and implement a pond restoration plan for the restoration of the pond complex located on the project site. The plan shall be reviewed and approved by the Planning Director prior to the commencement of any construction or land alteration activities on the property. The structures and parking areas shall not encroach on the pond to a greater extent than shown in the proposed site plan.

17. All mitigation measures required by the State Department of Land and Natural Resources Historic Preservation Division (DLNR-HPD) shall be implemented prior to the commencement of any construction or land alteration activities on the property. The Planning Director shall be notified in writing of the mitigation measures required by DLNR-SHPD for the proposed development.

18. Should any undiscovered remains of historic sites, such as rock walls, terraces, platforms, marine shell concentrations or human burials be encountered, work in the immediate area shall cease and the Department of Land and Natural Resources-Historic Preservation Division (DLNR-HPD) shall be immediately notified. Subsequent work shall proceed upon an archaeological clearance from the DLNR-HPD when it finds that sufficient mitigation measures have been taker

19. The applicant shall comply with all applicable County, State and Federal laws, rules, regulations and requirements.

20. An annual progress report shall be submitted to the Planning Director prior to the anniversary date of this permit. The report shall include, but not be limited to, the status of the development and extent to which the conditions of approval are beinį satisfied. This condition shall remain in effect until all of the conditions of approval have been satisfied and the Planning Director acknowledges that further reports are not required.

21. An initial extension of time for the performance of conditions within this permit may be granted by the Planning Director upon the following circumstances:

    A. The non-performance is the result of conditions that could not have been foreseen or are beyond the control of the applicant, successors or assigns, and that are not the result of their fault or negligence.

B. Granting of the time extension would not be contrary to the General Plan or Zoning Code.

C. Granting of the time extension would not be contrary to the original reasons for the granting of this permit.

D. The time extension granted shall be for a period not to exceed th period originally granted for performance (i.e., a condition to be performed within one year may be extended for up to one additional year).

E. If the applicant should require an additional extension of time, th Planning Department shall submit the applicant's request to the Planning Commission for appropriate action.

Should any of the foregoing conditions not be met or substantially complied wit in a timely fashion, the Planning Director may initiate procedures to revoke the permit.

This approval does not, however, sanction the specific plans submitted with the application as they may be subject to change given specific code and regulatory requirements of the affected agencies.

Should you have any questions, please contact Jeff Darrow of the Planning Department at 961-8288, x259.

Sincerely,

William Graham, Chairman
Planning Commission

Lpacificislandinvestmentsma01PC

cc: Mr. Gil Barden
Department of Public Works
Department of Water Supply
County Real Property Tax Division
Planning Department - Kona
Department of Land and Natural Resources/HPD-Kona
DOT-Highways, Honolulu
Ms. Alice Kawaha
Zoning Inspector
Plan Approval Section