

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Eric Clark Morgan and Karen Akemi Morgan, husband and wife
Clark B. Morgan, Jr. and Ann G. Morgan, husband and wife
Address: 1001 Bishop Street, #1335, Honolulu, HI 96813

Project Name (*): HALEAKALOA
Address: 42-100 Kooku Place, Kailua, Hawaii 96734

Registration No. 6784
(Conversion)

Effective date: June 8, 2009
Expiration date: July 8, 2010

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

X FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
[X] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

SUPPLEMENTARY: This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

And [] Supersedes all prior public reports.
[] Must be read together with
[] This report reactivates the Public report(s) which expired on

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.
FORM: RECO-30 286/986/189/1190/892/0197/1088/0800/0203/0104/0107

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer.

Changes made are as follows:

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. 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 or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment 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 an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely 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 buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Eric Clark Morgan and Karen Akemi Morgan, husband and wife
Clark B. Morgan, Jr. and Ann G. Morgan, husband and wife
Name* Phone: 537-2518
(Business)

1001 Bishop Street, Suite 1335

Business Address

Honolulu, HI 96813

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A

Real Estate Broker*: None selected, see page 20
Name* Phone: (Business)

Business Address

Escrow: Guardian Escrow Services
Name* Phone: 951-6991
(Business)

2347 S. Beretania Street, Suite 200

Business Address

Honolulu, HI 96826

General Contractor: Island Design and Construction
Name* Phone: 537-2518
(Business)

1001 Bishop Street

Business Address

Honolulu, HI 96813

Condominium Managing Agent*: Self Managed by the Association of
Apartment Owners
Name* Phone: (Business)

Business Address

Attorney for Developer: Reid A. Nakamura, Esq.
Name* Phone: 533-3999
(Business)

707 Richards St., Suite 600

Business Address

Honolulu, HI 96813

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2004-127099
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3782
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment 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 which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 2004-127100
Book _____ Page _____
 Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt 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.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%*</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u> </u>

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

See Paragraph H on page 16.

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

A. Underlying Land:

Address: 42-100 Kooku Place Tax Map Key (TMK): (1) 4-2-098-018
Kailua, HI 96734

Address TMK is expected to change because

Land Area: 4.053 square feet acre(s) Zoning: AG-2

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

Pets: Usual and customary animals may be kept in reasonable number in their respective Units and upon the limited common elements, pursuant to such rules and regulations as the Board may adopt, provided that no such animals may be kept in violation of any laws, and that such animals shall not be kept, bred, or used for any commercial purpose. Any such animal causing a nuisance or unreasonable disturbance shall be removed from the Project.

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Unit 1	1	N/A	_____	32	storage shed
Unit 2	1	N/A	_____	32	storage shed
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: _____ 2 _____

* Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibit "A"

Permitted Alterations to Apartments:

See Exhibit "B"

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:
 Total Parking Stalls: N/A

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Guest	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other: _____	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
 Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute/Enclosure(s)

Other: _____

9. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below:

Violations will be cured by _____
 (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
 (For conversions of residential apartments in existence for at least five years) N/A

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
- b. Variance(s) to zoning code was/were granted as follows:

c. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

- 1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit "C"

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit "D"

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment'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 apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit "E"

as follows:

- E. 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 an apartment in the project.

Exhibit "F" describes the encumbrances against the title contained in the title report dated 11/26/08 and issued by Island Title Corporation.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

There are no blanket liens affecting title to the individual apartments.

There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
As to Unit 1 only: Mortgage dated 3/22/07, recorded As Document No. 2007-055181	Buyer's interest may be terminated and Buyer may be entitled to a refund less any escrow cancellation fees

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

None

2. Appliances:

None

G. Status of Construction and Date of Completion or Estimated Date of Completion:

Unit 1 – construction in June 2004
Unit 2 – constructed in June 2004

Under the current Land Use Ordinance, no building permits were required for the structures.

H. Project Phases:

The developer [X] has [] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

DEVELOPER'S RIGHT TO REBUILD THE INITIAL UNIT(S). The Developer reserves the right to remove or redesign either or both of the initial Units described above, and to build a new Unit or Units pursuant to plans and conditions set forth herein.

1. **Rights Reserved to the Developer with Respect to Construction.** Subject to the provisions hereinabove, and in furtherance of the rights reserved to the Developer hereunder, Developer, its contractors and subcontractors, and their respective employees and agents, shall have the right, and an easement therefor in favor of the Developer and its successors and assigns is hereby granted, at any time, and from time to time to enter upon and use the common elements and to do all things reasonably necessary, desirable, or useful for designing, developing, constructing, or completing the rebuilding or redesign of either or both of the Units, subject to the following terms and conditions:

(a) Any new construction shall be constructed in accordance with plans and specifications prepared by a licensed architect; provided, however, that such plans and specifications shall not require the alteration or demolition of any portion of the other Unit or the limited common elements appurtenant thereto;

(b) The Developer shall have the right to add, delete, relocate, realign, reserve, and grant all easements and rights-of-way, and to otherwise make alterations in and use the common elements for such development and construction, and to designate limited common elements over, under and on the common elements, as may be necessary or desirable with respect to the construction, including but not limited to easements and rights-of-way for utilities, cesspools, sanitary and storm sewers, refuse disposal, driveways, parking areas and roadways; provided, that such easements, rights-of-way, and limited common elements shall not be located on or within the other Unit or the limited common elements appurtenant thereto, and, upon completion, shall not unreasonably and materially impair the use of the other Unit;

(c) Every owner and all holders of liens affecting any Unit and each and every other party acquiring an interest in the Project, or any part thereof, by acquiring such Unit, lien, or other interest, consents to and agrees that he or she shall, if required by law or by the Developer, join in, consent to and execute all instruments and documents necessary or desirable to effect the granting of easements, rights-of-way, and/or the designation of limited common elements provided for hereinabove; and

(d) The Developer, its contractors and subcontractors, and their respective employees and agents, shall not cause any interruption other than a temporary interruption in the service of utilities to the Project and shall use reasonable efforts, consistent with maintaining the progress of the design, development, construction and completion of the rebuilding or redesigning of the Unit or Units, so as to minimize interference with the use and enjoyment of the Project by the owner(s) of the other Unit.

2. **Amendment to the Declaration and Condominium Map.** If the Developer removes or redesigns either or both of the initial Units and constructs a new Unit or Units, the Developer reserves the right to amend this Declaration and the Condominium Map setting forth at least the following: (a) a description of the new Unit or Units, stating the number of stories and basements, and the principal materials used in the construction of the new Unit or Units, (b) a statement of the location, approximate area, number of rooms, immediate common elements to which it has access, designated parking space(s), if considered a limited common element, and any other information necessary for its proper identification, (c) a description of any additional common elements, (d) a description of any additional or newly designated limited common elements, if any, stating to which Unit or Units their use is reserved, (e) any easement relevant to the new Unit or Units not already provided for in this Declaration, if different from the provisions herein, and (f) such other matters as the Developer deems necessary or appropriate or as are required by law to effectuate the construction of the new Unit or Units and/or the operation of the property as a condominium project.

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit "J" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated November 20, 2008
Exhibit "I" contains a summary of the pertinent provisions of the escrow agreement.
- Other

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) 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 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

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

This Public Report is a part of Registration No. 6784 filed with the Real Estate Commission
On December 12, 2008

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C. Additional Information Not Covered Above

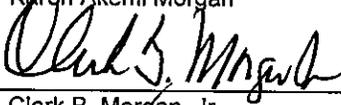
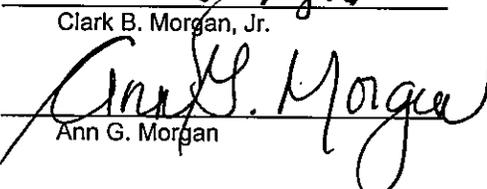
1. This is a CONDOMINIUM PROJECT, not a subdivision. It does not involve the sale of individual subdivided lots. Where land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT it is not a legally subdivided lot. Dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
2. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure compliance with all applicable County codes and ordinances.
3. Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, ungraded water facilities, improved access or owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.
4. In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of the other unit. For example, if one owner builds or adds to a structure in a manner which violates height limits, size limit, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured.
5. There are County restrictions on the number of dwelling units, or other structures, which may be built on the property. Unless the Purchaser is buying an existing residential dwelling, there is NO assurance that the Purchaser will be able to build a residential dwelling unit on the property or convert an existing non-residential structure to residential use. Pursuant to Section 21-5.250 of the Revised Ordinances of Honolulu, the number of farm dwellings in an AG-2 district shall not exceed one for each two acres of lot area and each farm dwelling and any accessory uses shall be contained within an area not to exceed 5,000 square feet of the lot.
6. No Real Estate Broker has been designated for this Project and the units in the Project may not be sold until the broker listing agreement is submitted to the Commission and the registration is amended to reflect the broker selected.
7. The Project is within a planned community called the Norfolk Subdivision which is subject to a Declaration of Protective Provisions, the Declaration of Protective Provisions for Norfolk Subdivision and Bylaws are attached as Exhibit "K". This Declaration imposes restrictions including use and building design restrictions, which prospective purchasers should review carefully. By Amendment to the Declaration of Protective Provisions, attached as Exhibit "L", the Declaration was amended specifically for and applies strictly to Lot 18 (TMK: (1) 4-2-098:018, which states in pertinent part:

This amendment is made specifically for and applies strictly to the aforementioned Lot 18 due to the special circumstance of 2 two (2) acre lots (heretofore known as Lot 18 and 19) having been consolidated into 1 four (4) acre lot herein described as Lot 18. This amendment is to be strictly limited to authorizing construction of two (2) single family dwellings on Lot 18 and in no way relieves Lot 18 from being governed by the "Declaration of Protective Provisions" for the Norfolk Subdivision dated July 21, 1986 and recorded on July 23, 1986 in the Bureau of Conveyances of the State of Hawaii in Book 19696 at Page 194.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT; CONSULT WITH LEGAL COUNSEL, APPROPRIATE GOVERNMENTAL AGENCIES, AND OTHER PROFESSIONALS CONCERNING THE REQUIREMENTS OF THE PERMITTED USES OF THE LAND AND DWELLINGS ON LAND ZONED AGRICULTURAL AND OTHER ITEMS IN THIS REPORT

- C. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- D. 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 buyers 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.

Eric Clark Morgan and Karen Akemi Morgan, husband and wife
Clark B. Morgan, Jr. and Ann G. Morgan, husband and wife
 Printed Name of Developer

By		11/17/08
	Eric Clark Morgan	Date
By		11/17/08
	Karen Akemi Morgan	Date
By		11/17/08
	Clark B. Morgan, Jr.	Date
By		11/17/08
	Ann G. Morgan	Date

Distribution:
 Department of Finance,
 Planning Department,

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT "A"

BOUNDARIES OF APARTMENTS

1. Units. Two (2) separate and distinct freehold estates bounded by and including the decorated or finished surfaces of the exterior of the perimeter walls, by the exterior surfaces of the respective roofs thereof, and inclusive of the floor and ceiling of each of the units in the Project, which units are designated on the Condominium Map as "Unit 1" and "Unit 2", and are sometimes referred to herein as "Units". The terms "Unit" as used herein shall have the same meaning as the term "Apartment" in the Condominium Property Act, as the same may be amended from time to time.

(a) Unit 1 contains one (1) floor, without a basement, is designated as a storage shed and contains a net living area of approximately 32 square feet. Unit 1 is constructed primarily of plywood with a wood floor over wood joists.

(b) Unit 2 contains one (1) floor, without a basement, is designated as a storage shed and contains a net living area of approximately 32 square feet. Unit 2 is constructed primarily of plywood with a wood floor over wood joists.

The Developer reserves the right to remove either or both of the existing storage sheds and to rebuild, replace or add to the Unit or Units as provided in Paragraph Q, hereinbelow.

Each Unit shall also include all pipes, wires, conduits, and other utility and service lines contained wholly within such Unit and which are utilized exclusively by and serve only such Unit.

EXHIBIT "B"

ALTERATION OF THE PROJECT

No work shall be done to the Units, the limited common elements appurtenant thereto, or any other part of the Project, by any owner of a Unit or any other person, which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any nonconsenting owner of the use or enjoyment of any part of the Project, or directly affect any nonconsenting owner in any unreasonable manner, all as determined by the Board, without in every such case first obtaining the consent of the owner of the other Unit, which consent shall not be unreasonably withheld. Except as otherwise provided by law, all other additions to or alterations of any Unit or its appurtenant limited common elements by the owner of such Unit in excess of One Hundred Thousand and No/100 Dollars (\$100,000.00), shall be permitted with the prior written consent of the Board and the owner of the other Unit, which consent shall not be unreasonably withheld. The Board and the owner of the other Unit shall have thirty (30) calendar days from the receipt of the plans for the additions or alterations in excess of One Hundred Thousand and No/100 Dollars (\$100,000.00) to review and approve or disapprove of the plans. If said plans are not approved or disapproved within the thirty (30) day period, the plans will be deemed accepted by the Board and the owner of the other Unit. The owner or other person making such additions or alterations shall comply strictly with all applicable laws, ordinances, and regulations of any governmental entity, and shall also obtain all necessary permits, at such person's sole expense.

In addition to the foregoing limitations, no owner shall be allowed, without the express written consent of the other Unit owner, to construct any addition or alteration which would cause their Unit to exceed their proportionate share of the maximum allowable floor area for the Unit. Said proportionate share shall be equal to the maximum floor area multiplied by the percentage of common interest in the condominium project appurtenant to such Unit.

EXHIBIT "C"

COMMON ELEMENTS

The common elements shall consist of all portions of the Project, except the Units above described, and shall specifically include, but not be limited to:

- (a) The land in fee simple.
- (b) All pipes, wires, conduits, and other utility and service lines, including sewer and water, which are utilized for or serve both Units.
- (c) That certain Common Element 1 consisting of approximately 4,571 square feet as designated on the Condominium Map.
- (d) That certain Common Element 2 consisting of approximately 22,852 square feet as designated on the Condominium Map.
- (e) That certain Common Element 3 consisting of approximately 40,144 square feet as designated on the Condominium Map.
- (f) Any and all other apparatus and installations of common use, and all other parts of the Project necessary or convenient to its existence, maintenance, and safety, or normally in common use.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Certain parts of the common elements are hereby set aside and reserved for the exclusive use of the Unit or Units and shall constitute limited common elements appurtenant thereto. Each Unit or Units shall have an exclusive easement for the use of the limited common elements appurtenant thereto, except as otherwise provided herein. The cost of maintenance, repair, upkeep, and replacement of each limited common element shall be assessed to the owner of the Unit to which such limited common element is appurtenant. The limited common elements shall be appurtenant to each of the Units as follows:

(a) That certain 54,118 square feet, more or less, of the real property of the Project, which includes the real property upon which Unit 1 is situated, as shown on said Condominium Map as Limited Common Element 1, shall constitute a limited common element appurtenant to and for the exclusive use of Unit 1.

(b) That certain 54,863 square feet, more or less, of real property of the Project, which includes the real property upon which Unit 2 is situated, as shown on the Condominium Map as Limited Common Element 2, shall constitute a limited common element appurtenant to and for the exclusive use of Unit 2.

(c) Each Unit shall each have appurtenant thereto at least two (2) parking stalls.

(d) One mailbox shall be appurtenant to and for the exclusive use of each Unit.

(e) All pipes, wires, conduits, and other utility and service lines not contained within a Unit but used by and servicing only one Unit, shall be appurtenant to and for the exclusive use of the Unit using and serviced by such pipes, wires, conduits, and other utility and service lines.

(f) All walls and fences on the property contained within the limited common elements of a Unit, shall be appurtenant to and for the exclusive use of that Unit.

EXHIBIT "E"

COMMON INTEREST

Each Unit shall have appurtenant thereto a undivided fifty percent (50%) interest, in the common elements for all purposes, including voting.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. Real property tax assessments for the fiscal year 2008-2009:

Tax Map Key No.: (1) 4-2-098-018-0001
Class No.: 5

First Installment: \$1,966.79, Paid
Second Installment: \$1,966.78, Open

Property Address: 42-100 Ko'oku Place #1
Honolulu, Hawaii 96734

Real property tax assessments for the fiscal year 2008-2009:

Tax Map Key No.: (1) 4-2-098-018-0002
Class No.: 5

First Installment: \$2,024.07, Paid
Second Installment: \$2,024.07, Open

Property Address: 42-100 Ko'oku Place #2
Honolulu, Hawaii 96734

2. Taxes (including rollback taxes) assessments or obligations levied or created for any public purpose or improvement, unless the tax, assessment or obligation is payable and recorded as an existing lien in the public records.

3. Title to all mineral and metallic mines reserved to the State of Hawaii.

4. EASEMENT 3 (10 feet wide)

Shown on: File Plan No. 1876
Purpose: Drainage

5. EASEMENT 8 (10 feet wide)

Shown on: File Plan No. 1876
Purpose: Storm drain

6. EASEMENT 23

Shown: File Plan No. 1876
Purpose: Electrical

7. EASEMENT D-5-B (26 feet wide)

Shown on: File Plan No. 1876
Purpose: Drainage

8. EASEMENT D-6-B (30 feet wide)

Shown on: File Plan No. 1876
Purpose: Drainage

9. EASEMENT S-2

Shown on: File Plan No. 1876
Purpose: Slope

10. RESTRICTION OF VEHICLE ACCESS RIGHTS

Shown on: File Plan No. 1876
Along: Kalaniana'ole Highway

11. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

DECLARATION OF PROTECTIVE PROVISIONS FOR NORFOLK SUBDIVISION

Dated: July 21, 1986

Recorded: Book 19696, Page 194

to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

12. Conditions, restrictions, agreements, obligations, and other provisions disclosed in:

DEED

Dated: June 10, 1987
Recorded: Book 20876, Page 427

The foregoing includes but is not limited to:

- a. Unrecorded By-Laws for Norfolk Community Association dated July 18, 1986.
- b. Assessments levied by the Norfolk Community Association, a Hawaii non-profit corporation.

13. GRANT OF EASEMENT

Dated: November 18, 1987
Recorded: Book 21423, Page 523
Purpose: Utility over Easement 23, and incidental purpose
In favor of: Hawaiian Electric Company, Inc., a Hawaii corporation, and GTE Hawaiian Telephone Company Incorporated, a Hawaii corporation

14. GRANT OF EASEMENT

Dated: August 11, 1987
Recorded: Book 22104, Page 784
Purpose: Drainage over Easement 3, and incidental purpose
In favor of: City and County of Honolulu, a municipal corporation of the State of Hawaii

15. GRANT OF EASEMENT

Dated: December 1, 1987
Recorded: Book 22104, Page 791
Purpose: Flowage over Easement 8, and incidental purpose
In favor of: City and County of Honolulu, a municipal corporation of the State of Hawaii

16. Any and all covenants, conditions, restrictions and easements encumbering the apartment herein mentioned and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration of Condominium Property Regime of Haleakaloa, recorded in the Bureau of Conveyances of the State of Hawaii (hereinafter "Bureau") as Document No. 2004-127099, the By-Laws of the Association of Apartment Owners of Haleakaloa, recorded in the Bureau as Document No. 2004-127100 and delineated on Condominium Map No. 3782.

17. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

APARTMENT DEED

Dated: March 22, 2007

Recorded: Document No. 2007-055179

to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

(As to Apartment 1)

18. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

APARTMENT DEED

Dated: March 22, 2007

Recorded: Document No. 2007-055180

to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

(As to Apartment 2)

19. MORTGAGE (Loan No. 827413)

Dated: March 22, 2007

Recorded: Document No. 2007-055181

Principal Amount: \$350,000.00

Mortgagor: Eric Clark Morgan and Karen Akemi Morgan, husband and wife

Mortgagee: "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the mortgagee under this Security Agreement. MERS is organized and existing under the laws of Delaware. Lender is Central Pacific Homeloans, Inc., a Hawaii corporation

(As to Apartment 1)

EXHIBIT "G"

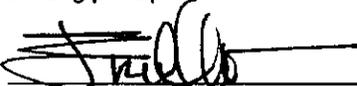
ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

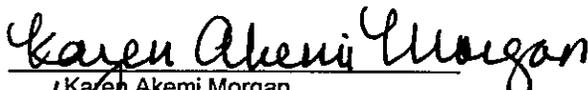
<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
Unit 1	100.00	\$1,200.00
Unit 2	100.00	\$1,200.00

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency

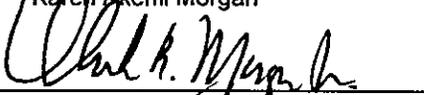
We, the developers for the HALEAKALOA condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

By 
Eric Clark Morgan

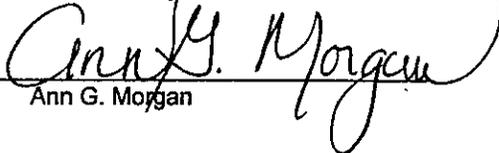
11/17/08
Date

By 
Karen Akemi Morgan

11/17/08
Date

By 
Clark B. Morgan, Jr.

11/17/08
Date

By 
Ann G. Morgan

11/10/08
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

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

DESCRIPTION OF ITEMS	PAID BY ASSOC. OR INDIVIDUAL	UNIT 1	UNIT 2	MONTHLY TOTAL
<u>UTILITIES & SERVICES</u>				
AIR CONDITIONING	INDIVIDUAL			
ELECTRICITY	INDIVIDUAL			
COMMON ELEMENTS	N/A			
COMMON ELEMENTS & APARTMENTS	N/A			
GAS	INDIVIDUAL			
REFUSE COLLECTION	N/A			
TELEPHONE	INDIVIDUAL			
WATER & SEWER	INDIVIDUAL			
<u>MAINTENANCE & REPAIRS</u>				
BUILDINGS	INDIVIDUAL			
DRIVEWAY & UTILITY LINES	INDIVIDUAL			
<u>MANAGEMENT</u>				
MANAGEMENT FEE	N/A			
PAYROLL & PAYROLL TAXES	N/A			
OFFICE EXPENSES	N/A			
COMMON ELEMENT INSURANCE	ASSN	50.00	50.00	100.00
HOMEOWNER'S INSURANCE	INDIVIDUAL			
NORFOLK ASSOC. ASSESSMENT	ASSN	50.00	50.00	100.00
TAXES & GOVERNMENT ASSESSMENT	N/A			
AUDIT FEE	N/A			
TOTAL MONTHLY FEES/ UNIT		100.00	100.00	200.00
TOTAL ANNUAL FEES (x12)		1,200.00	1,200.00	2,400.00

Reserve Study for the Association's common driveway and utility lines has not been completed. The association is planning to study the costs to maintain and replace the common elements, and will use this study to prepare a long-term budget for the maintenance and replacement of the common elements. The common elements consist of a common driveway, sewer lines, and water lines.

Changes to Maintenance Fee Schedule: This month/unit budget reflects the Developer's estimates of Association costs, and may be amended in the future according to the findings of the Reserve Study. This budget may be reviewed and revised by the Board of Directors on a continual basis.

EXHIBIT "H"

Summary of Condominium Escrow Agreement

An escrow agreement (hereinafter called the "Escrow Agreement") detailing the manner in which purchasers' funds are to be handled, has been executed and a copy thereof has been filed with the Commission. The Escrow Agent is GUARDIAN ESCROW SERVICES, a Hawaii corporation (hereinafter referred to as "Escrow"). The escrow agreement, among other things, contains the following provisions:

Sales Contracts Deposited in Escrow. As of when Developer shall enter into a sales contract for the sale of a unit it shall deliver an executed copy of such sales contract to Escrow. Each sales contract shall contain the correct names and addresses of the purchasers, shall require that all payments to be made thereunder shall be made to Escrow and shall be accompanied by the initial deposit required thereunder.

Receipt of Funds by Escrow. Developer shall pay over to Escrow any monies received by Developer from purchasers under sales contracts covering units in the Project, including all disbursements made on loan commitments, if any, from lending institutions to individual purchasers. Escrow shall receive and hold in escrow and disburse as herein set forth; (a) all payments received by Escrow under sales contracts made by Developer; (b) all sums received by Escrow hereunder from Developer; (c) all funds from any lending institution pursuant to a mortgage loan for the purchase of any unit by individual purchasers; and (d) all sums received by Escrow from any other source on account of this Project. In accordance with written instructions from Developer which are acceptable to Escrow, Escrow shall deposit all funds so received within a reasonable time of their receipt by Escrow and in reasonably convenient sums, in accounts at a federally insured bank, savings and loan association or other financial institution which pays interest on deposits; provided, however, if Escrow is instructed to make such deposits more frequently than once each calendar week, Developer shall pay to Escrow a reasonable service charge for each additional deposit made during such week. Any interest earned on funds deposited in escrow under this Agreement shall accrue to the credit of the Developer. Escrow shall not be liable to either Developer or any purchaser for loss or diminution in funds invested in accordance with such instructions.

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

(a) The Real Estate Commission shall have issued a Final Report on the Project; provided, however, to the extent any sales contracts are entered into and a purchaser's funds are obtained prior to the issuance of a Final Public Report of the Real Estate Commission, no disbursements shall be made from such purchaser's funds until (i) such Final Public Report shall have been issued; and (ii) the purchaser shall have been given a copy of said Final Report and shall have acknowledged receipt of same or shall have been deemed to have acknowledged receipt of same; and

(b) The Developer or Developer's attorney shall have delivered a written opinion to Escrow stating that the requirements of Sections 514A-39, 514A-62, and 514A-63, Hawaii Revised Statutes, as amended, have been met; and, if the project is a conversion project, that requirements of Section 521-38, Hawaii Revised Statutes, as amended, have been compiled with; and

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

Disbursement of Purchaser's Funds. Subject to the provisions of the preceding paragraph, disbursements from the funds held in escrow shall be made not more than once each month on one check by Escrow, without charge, if requested in writing by Developer, to Developer, to Developer's general contractor or Developer's mortgagee for the following:

(a) To pay for construction costs of the buildings and other improvements and fixtures in such amounts and at such times and in proportion to the valuation of the work completed by the contractor in accordance with the terms of the construction contract, as certified by a registered architect or professional engineer and as approved by Developer's mortgagee or a financially disinterested person who shall be designated in writing by the Developer and Developer's mortgagee, if any, and who shall certify to Escrow in writing that he is financially disinterested (and Escrow shall have the right to rely on said certification).

(b) To other persons for architectural, engineering, finance and legal fees and other incidental expenses of the Project (but not selling expenses or brokerage fees relating to sales of any unit) to the extent approved by the Developer's mortgagee or said financially disinterested person.

(c) The balance of monies remaining in escrow shall be disbursed in accordance with the directions of the Developer and Developer's mortgagee or said financially disinterested person only upon completion of the buildings of the Project and when Escrow shall have received satisfactory evidence that all mechanics' and materialmen's liens have been cleared or sufficient funds have been set aside to cover claims if liens are filed; otherwise, forty-six (46) days after the filing of the affidavit of publication of notice of completion in the office of the clerk of the circuit court where the Project is located, a copy of which shall have been delivered to Escrow; provided, further that if any notice of mechanics' or materialmen's liens shall have been filed, the funds shall be disbursed only when such liens have been cleared or sufficient funds have been set aside to cover such claims.

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

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

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

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has executed his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee of Escrow of not less than \$25.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater) and thereupon

said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

(e) Notwithstanding any other provision in this Agreement to the contrary, Escrow further agrees to make refunds to purchasers, in accordance with Part VI, Chapter 514A, Hawaii Revised Statutes, out of the funds then on deposit with Escrow, if the Developer and purchaser shall so request in writing and any one of the following events has occurred:

(i) no sales contract has been offered to the purchaser who has been placed on the Developer's reservation list of owner-occupant applicants; or

(ii) the purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which the Developer is limited to selling to owner-occupant; or

(iii) the purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or

(iv) the purchaser indicates an intent not to become an owner-occupant of such unit.

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

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

EXHIBIT "I"

Statement of Developers

The undersigned developers of the "Haleakaloe" condominium project, Condominium Registration No. 6784, do hereby state (1) that the condominium project consists of only two apartments, (2) that the undersigned will not be selling either unit, and (3) that both apartments are being retained by the developers.


ERIC CLARK MORGAN


KAREN AKEMI MORGAN


CLARK B. MORGAN, JR.

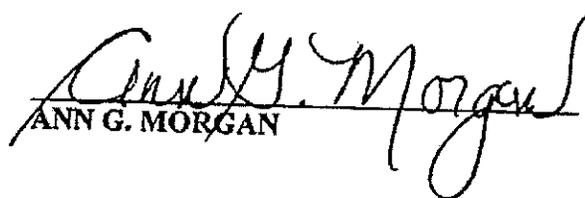

ANN G. MORGAN

EXHIBIT "J"
SUMMARY OF PURCHASE CONTRACT

The specimen Sales Contract contains, among other things, the following provisions:

1. Termination Due to Default. In the event that Buyer is in default for failure to perform Buyer's obligations under this Purchase Contract (Seller not being in default), Seller may terminate the Purchase Contract, and (a) bring an action for damages for breach of contract, or (b) retain the initial deposit and all additional deposits provided for herein. Buyer shall be responsible for any costs incurred in accordance with this Purchase Contract.

In the event Seller is in default for failure to perform Seller's obligations under this Purchase Contract (Buyer not being in default), Buyer may (a) bring an action for damages for breach of contract, and (b) seek specific performance of this Purchase Contract. Seller shall be responsible for any costs incurred in accordance with this Purchase Contract.

2. Mediation. If any dispute or claim arises out of this Purchase Contract during this transaction or at any time after closing between Buyer and Seller, or between Buyer and/or Seller and a Brokerage Firm and all its licensees assisting in this transaction, and the parties to such dispute or claim are unable to resolve the dispute, Buyer and Seller agree in good faith to attempt to settle such dispute or claim by non-binding mediation.

3. Seller's Obligation to Disclose. Under Hawaii law, Seller is obligated to fully and accurately disclose in writing to Buyer any fact, defect, or condition, past or present, that would be expected to measurably affect the value of the Property to a reasonable person. Within ten (10) days from the Acceptance Date, Seller shall provide Buyer with a written disclosure statement signed and dated by Seller within six (6) months before or ten (10) days after the Acceptance Date. Such Disclosure shall be prepared in good faith and with due care and shall disclose all material facts relating to the Property that: (i) are within the knowledge or control of Seller; (ii) can be observed from visible, accessible areas; or (iii) which are required by Section 508D-15 and Section 421J-2 of the Hawaii Revised Statutes.

EXHIBIT “K”

RECORDATION REQUESTED BY:

86- 87584

AFTER RECORDATION, RETURN TO:

Lone Star Hawaii Prop.

220 South King St

Hon. HI 96813

Attn: Jane

RETURN BY: MAIL PICKUP ()

36 JUL 23 A 8: 01

19896 194

REGISTRAR

DECLARATION OF PROTECTIVE PROVISIONS
FOR NORFOLK SUBDIVISION

THIS DECLARATION, MADE THIS 21st day of July, 1986, by LONE STAR HAWAII PROPERTIES, INC., a Hawaii corporation, having its principal place of business and post office address at 220 South King Street, Suite 1700, Honolulu, Hawaii, 96813 (hereinafter referred to as "Declarant");

W I T N E S S E T H T H A T :

WHEREAS, Declarant is the owner of certain property situate at Kailua, City and County of Honolulu, State of Hawaii, known as the Norfolk Subdivision as more particularly described in Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, Declarant desires to create a residential community consisting of each of said lots referred to in Exhibit "A", and further desires to insure that said community may engage in pursuits consistent with the nature of the land; to maintain the public view; to promote aesthetic standards for structures therein and their relationship to each other and to public spaces, and to prevent nuisances and other impairment of the attractiveness of said community, by subjecting said lots to the protective provisions hereinafter set forth, each and all of which is and are for the benefit of each said lots and each owner thereof; and

WHEREAS, it is the desire and intent of Declarant that said protective provisions shall be and the same shall run with the land described in Exhibit "A" binding all present and subsequent owners and persons dealing with same; and

WHEREAS, Declarant also desires to create a non-profit corporation under the laws of the State of Hawaii to be called the Norfolk Community Association, which shall in part be assigned the administering and enforcing of said protective provisions; and

WHEREAS, on May 30, 1986, Declarant executed a preliminary Declaration of Protective Provisions for Norfolk Subdivision which was not recorded in the Bureau of Conveyances of the State of Hawaii, but copies of which were given to prospective purchasers of lots in the Norfolk Subdivision; and

WHEREAS, Declarant has made certain changes to the Declaration of Protective Provisions dated May 30, 1986, which changes are set forth herein; and

WHEREAS, Declarant will record this document in said Bureau of Conveyances and give copies to all prospective purchasers of lots in the Norfolk Subdivision,

NOW, THEREFORE, Declarant hereby declares that each of the lots in the Norfolk Subdivision described in Exhibit "A" shall be held, sold, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the following protective provisions:

ARTICLE A
GENERAL CONDITIONS

1. Run With the Land. The following protective provisions affect and restrict all the land described in Exhibit "A" and said protective provisions are and shall be construed as protective provisions running with the land in keeping with the general scheme of development binding upon the owners and all subsequent owners of the land or any part of lots thereof and of persons dealing therewith including tenants, lessees, and renters, and inuring to the benefit of such owners and persons it being the intent of Declarant that the following restrictions shall bind and restrict the land, the owners, their grantees, successors and assigns and their grantees, heirs, personal representatives, successors and assigns. All said protective provisions are intended to create mutual servitudes upon each lot within the subdivision and to create reciprocal rights between the respective lot owners.

2. Recordation. This Declaration shall be recorded with the Bureau of Conveyances, State of Hawaii, and shall be referred to in all contracts and deeds of conveyances relating to said land or any part thereof.

3. Remedies. All persons dealing with said land, including Declarant, and the Norfolk Community Association shall have a full and adequate remedy both at law and in equity to enforce and compel compliance herewith and to benefit and take advantage hereof and in any such proceeding to have and recover from any then owner all costs and expenses of such proceedings, including a reasonable attorney's fee.

4. Modification and Amendment. This declaration may be modified and amended by a vote of sixty percent (60%) of the lot owners.

5. Severability. In the event any covenant, condition or reservation herein contained is held to be invalid

or unenforceable in whole or in part, by any order, judgment or decree of any Court, then such decision shall in no wise affect the validity of the other covenants, conditions or reservations herein contained, and they shall remain in full force and effect.

ARTICLE B
NORFOLK COMMUNITY ASSOCIATION

1. Organization. The Association shall be a non-profit Hawaii corporation to be formed by Declarant and charged with the duties and vested with the powers prescribed by law and set forth in this Declaration and its Charter or By-laws, subject to the limitation upon the exercise of such powers as are expressly set forth in the Charter and By-laws and in the Declaration. In the event that the Association as a corporate entity is dissolved, all of the assets of the corporation shall be disposed of as set forth in the Charter.

2. Membership.

(a) Each Owner of a Lot within the Norfolk Subdivision shall be a member of the Association.

(b) The membership in the Association of each Owner shall be appurtenant to said Lot and shall not be transferred, pledged or alienated in any way except upon the transfer of fee title to said Lot, and then only to the transferee of title to said Lot. Any attempt to make a transfer except as aforesaid shall be void. Any transfer of title to a Lot subject to the Declaration shall automatically operate to transfer the membership to the new Owner thereof.

(c) The rights, duties, privileges and obligations of an Owner as a member of the Association shall be those set forth and shall be exercised and imposed in accordance with the provisions of the Declaration and Charter and By-Laws of the Association.

3. Association's Powers. The Association shall have the right, obligation and duty, subject to the provisions of this Declaration, the Charter and the By-Laws, to do and perform each and every one of the following for the benefit of the Owners of the Norfolk Subdivision.

(a) The Association shall accept all Owners as members of the Association.

(b) The Association shall levy assessments, make contracts and acquire and dispose of property and shall take such action whether or not expressly authorized by this Declaration as may reasonably be necessary to accomplish the duties and obligations of the Association and to enforce the restrictions, limitations, covenants and conditions of the Declaration, Charter, By-Laws and the rules of the Norfolk Subdivision Design Control Committee.

4. Appointment to Committee. The Association shall appoint and remove members of the Norfolk Subdivision Design Control Committee to insure that at all reasonable times there is available a duly constituted and appointed Design Control Committee, subject to the right of Declarant, as provided in Exhibit B hereof, to do so.

5. Liability of Members of the Board, Officers, and Committee Members. No member of the Board or any officer or any member of a duly appointed committee of the Association shall be personally liable to any Owner, guest, lessee or any other persons, including Declarant, for any error or omission of the Association, its representatives and employees or the Norfolk Subdivision Design Control Committee; provided, however, that such member has, with actual knowledge possessed by him, acted in good faith.

The Association may obtain and maintain at the Association's expense a policy of Director's and officer's liability insurance covering all Directors and officers of the Association, and a liability policy covering members of the Norfolk Design Control Committee and shall indemnify each Director, officer or member of a duly appointed committee of the Association against all costs, expenses and liabilities, including judgments, amounts paid in compromise settlements and amounts paid for reasonable attorney's fees and other related expenses which may be incurred by or imposed on him in connection with any claim, action, suit, proceeding, investigation or inquiry hereafter made, instituted or threatened in which he may be involved as a party or otherwise by reason of his being or having been such Director, officer or committee member, or by reason of any past or future action taken, authorized or approved by him or any omission to act as such Director, officer or committee member, whether or not he continues to be such Director, officer or committee member at the time of the incurring or imposition of such costs, expenses or liabilities but not including such costs, expenses or liabilities as shall relate to matters as to which he shall in such action, suit or proceeding be finally adjudged to be, or shall be, liable by reason of his gross negligence or willful misconduct toward the Association in performance of his duties as such Director, officer or committee member.

ARTICLE C SPECIFIC CONDITIONS

1. Use of Lots. Every lot described in Exhibit "A" shall be used in conformance with the Ag-1 Agricultural Restricted District of the Comprehensive Zoning Code of the City and County of Honolulu as it may be amended from time to time and shall contain only one single-family dwelling and appurtenant outbuildings. Such lot and single-family dwelling shall not be converted and registered under the provisions of the Horizontal Property Act of the State of Hawaii nor be allowed to be transferred to ownership under a timeshare program. The owners and occupants of every lot shall landscape such lot in a manner suitable for a residential community. The occupants of every lot shall (1) keep all plantings thereon in good cultivation and condition, (2) not keep or suffer thereon

any animals suffering from a contagious disease, and (3) keep all animals and fowl thereon safely confined.

Each lot shall be a minimum of two (2) acres.

No lot or any part thereof shall at any time be used for or in connection with any (1) apartment, hotel, or industrial purpose whatsoever, (2) business or commercial purpose or enterprise, (3) child day care center, hospital, sanitarium, nursing institution, convalescent home, boarding house, asylum, undertaking establishment, crematory, cattle feedpen, slaughterhouse, apiary, (4) churches and (5) breeding or raising of any animal for commercial purposes.

No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

2. Care and Maintenance of Lots. The owners and occupants of every lot shall be responsible, at their own expense, for the care and maintenance of such lot and any adjacent roadside to the established road surface, and any stream or drainage way within said lot or, if adjacent thereto, then to the thread thereof, in a strictly clean, neat and attractive condition, free from any debris, and any and all buildings and other improvements with all reparations and amendments thereto on such lot in good order and condition, and in case of any failure by the owners or occupants thereof to maintain such lot, adjacent roadside, stream or drainage way, or buildings and other improvements with all reparations and amendments thereto with reasonable diligence after notice to do so, the Norfolk Community Association may at its option cause any such work to be performed and recover all cost thereof by special assessment against such lot. No tree whose trunk is in excess of six (6) inches in diameter shall be removed, without the prior approval of the Design Control Committee.

3. Light Standards. The owners and occupants of every lot improved in a manner suitable for occupancy shall, at their own expense, and subject to the approval by the Design Control Committee erect thereon and maintain in good repair a light standard for the purpose of providing light from sundown to sunrise at the front of their property sufficient to insure safety and security, excepting those locations where City and County street lighting may have been installed. The type and location of such light standards shall be approved by the Design Control Committee as herein set forth.

4. Construction of Improvements. The construction of improvements shall comply with the provisions of the Comprehensive Zoning Code. Subject to said provisions, no structure except fences or walls shall be constructed or maintained on any lot closer than twenty-five (25) feet from the front or street boundary of such lot. No owner or occupant of any lot shall erect or place thereon any building or structure, including fences and walls, or make any additions or structural alterations to any building, or change the grade or drainage thereof, or construct or alter any common facilities (other than emergency repairs thereof), except in accordance with plans and specifications, including a detailed plot plan

which shall be prepared by a licensed architect or civil engineer, and approved in writing by the Design Control Committee. No fence or wall on any lot within twenty-five (25) feet of the boundary thereof shall have a greater height than six (6) feet above the finished grade of the ground at such point, and no fence, wall or hedge of a greater height than four and one-half (4-1/2) feet above the ground level at finished grade shall be erected or maintained on such lot between the front or street boundary thereof and any setback line affecting such lot along such boundary. The design of and material used for all fences and walls shall be submitted to the Design Control Committee and no such fence or wall or any part thereof shall be constructed prior to the approval in writing by said committee, save and except walls and fences constructed or to be constructed by Declarant.

5. Use of Streams. No owner or occupant of any lot shall divert, dam, decrease or otherwise interfere with the volume or direction of flow or the capacity for drainage of any stream or drainage way on or adjacent to such lot or place therein any grass, hedge clippings, leaves, branches, trees, waste, garbage, sewage, debris, rubbish, rocks, sand, soil or other materials whatsoever nor interfere with the flowage rights granted to the City and County of Honolulu.

6. Building Setback Line. Declarant has established a building setback line for the purpose of maintaining a continuous open space as set forth in Exhibit "C" attached hereto. No structure shall be constructed within the open space area established by said setback line.

7. Signs. Subject to the provisions of the Comprehensive Zoning Code, no signs, placards or notices shall be erected, placed, maintained or permitted to remain on any part of any lot except that one non-illuminated "For Sale" or "For Rent" sign of not more than three square feet may be placed on any lot then held for sale or for rent.

8. Reservation and Exception. Nothing contained in any provisions of this declaration shall be understood or construed to prevent the placement, erection, maintenance or operation by Declarant, its duly authorized agents and licensees, or any public body or public utility corporation, on its own land within or upon the subdivision of any equipment, structure, building, sign or business related to or connected with the subdivision, development or sale of the subdivision or used by any public utility serving any part of the subdivision. Declarant hereby reserves for itself, its duly authorized agent, licensee, or such public utility corporation, the express right and authority to place, erect, maintain, and operate any such equipment, structure, building, sign or business.

9. Easements. Easements for the installation and maintenance of utilities, sanitary sewer and drainage facilities are reserved as shown on File Plan 1854 on file with the Bureau of Conveyances of the State of Hawaii as said file plan may be altered or amended by the consolidation and resubdivision of any of the lots on said file plan. Within these easements no structure, planting or other material shall be

placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may obstruct, retard or change the direction of flow of drainage channels in the easements. The easement area of each property and all improvements in it shall be maintained continuously by the owner of the property except for those improvements for which a public authority or utility company is responsible. Lone Star hereby reserves the right to convey or dedicate all easements set forth in File Plan 1854 as amended, as aforesaid, be it for utilities, sanitary sewer or drainage purposes, to the City and County of Honolulu or to a public utility doing business in the State of Hawaii, without the consent of the owner or owners of the lots set forth in Exhibit "A", their assigns or mortgagees.

10. Parking. No trailer, truck or commercial vehicles may be parked or maintained at any time on any lot in an area visible from neighboring property with the exception of such vehicles used in connection with the service of household appliances and repair of the dwellings situated on such lot during normal working hours. In addition, no automobile, truck, or any other equipment may be dismantled, repaired or serviced on any lot in an area visible from neighboring property.

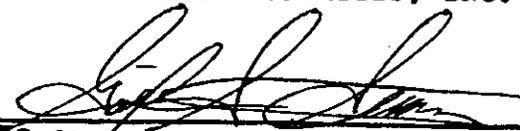
11. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the sign of this Declaration or the interest of any provisions hereof.

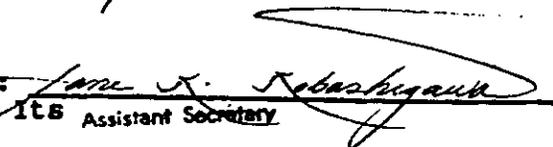
ARTICLE D
ARCHITECTURAL DESIGN REQUIREMENTS

Design requirements as set forth in Exhibit "B" attached hereto and incorporated herein by reference are established to ensure that (1) the Norfolk Subdivision shall be attractive and rural in concept, (2) the public views be not impaired, (3) aesthetic standards for structures and their relationship to each other and to public spaces and the terrain be promoted, and (4) nuisances and other impairments to the attractiveness of said subdivision be prevented.

IN WITNESS WHEREOF, Declarant has executed these presents the day and year first above written.

LONE STAR HAWAII PROPERTIES, INC.

By: 
ITS PRESIDENT

By: 
ITS Assistant Secretary

STATE OF HAWAII)
) : SS.
CITY AND COUNTY OF HONOLULU)

On this 21st day of July, 1986,
before me appeared GAIL S. SIMS
and JANE K. KOBASHIGAWA to me personally
known, who, being by me duly sworn, did say that they are the
PRESIDENT and Assistant Secretary
respectively, of LONE STAR HAWAII PROPERTIES, INC., a Hawaii
corporation, and that the seal affixed to the foregoing
instrument is the corporate seal of said corporation; and that
said instrument was signed and sealed in behalf of said
corporation by authority of its Board of Directors and said
GAIL S. SIMS and JANE K. KOBASHIGAWA,
acknowledged said instrument to be the free act and deed of
said corporation.

Karen Y. Carmichael
Notary Public, State of Hawaii

My commission expires: SEP 20 1986

EXHIBIT "A"

ALL of those certain parcels of land situate at Kailua, District of Koolaupoko, City and County of Honolulu, State of Hawaii, to-wit:

LOTS 1-17, inclusive; 20-23, inclusive; 33-37, inclusive; 40-42, inclusive; as shown on File Plan 1854; LOT A, as shown on File Plan 1876; LOTS A and B, as shown on File Plan 1878; and LOTS A-H, inclusive, as shown on File Plan 1877, said File Plans being filed in the Bureau of Conveyances of the State of Hawaii.

EXHIBIT "B"

NORFOLK SUBDIVISION

DESIGN REQUIREMENTS

1. Design Control Committee. There shall be a Design Control Committee, hereinafter called "Committee", which shall be composed of at least one (1) but not more than (3) members. For the first five (5) years from the date of this Declaration, the right to appoint and remove and to determine the term of office of all members of the Design Control Committee shall be and is hereby reserved and vested solely in Declarant; provided, however, that declarant may at any time upon written notice to the Norfolk Community Association relinquish all or part of said right in favor of said association. For any term after said five (5) year period, or sooner relinquishment of said right of Declarant, the power and right to appoint and remove and to determine the term of office of the members of the Design Control Committee shall be vested solely in the Norfolk Community Association. Upon the relinquishment of the function of the Design Control Committee to said association, the committee shall have three (3) members at least two (2) being owners of lots in the subdivision.

a. Gail S. Sims is hereby designated by Declarant as the initial member of the committee and shall hold office for a term of five (5) years from the date of this Declaration, and thereafter, until his successor has been appointed as herein set forth, unless he has sooner resigned or been removed.

b. It shall be the duty of the Design Control Committee to review and approve all plans and specifications for improvements to be constructed in the Norfolk Subdivision.

c. It shall adopt any rules and regulations necessary to carry out the functions delegated to it.

d. The written consent of a majority of its members shall constitute the act of the design committee.

e. The Committee may require a reasonable fee not in excess of \$500.00 for the review of plans and specifications.

f. The Committee's approval or disapproval shall be given in writing within thirty (30) days after payment of the fee requested by the Committee and submission of complete plans and specifications. Upon approval of same, the Committee shall provide the owner entitled thereto with a statement approving any proposed work of construction improvement or alteration.

g. The Committee shall disapprove any plans in which the proposed construction or alteration fails to comply with the Declaration of Protective Provisions of the Norfolk Subdivision, and may disapprove any plans if in the opinion of the Committee the proposed construction or alteration is unsatisfactory either in location as may adversely affect the public view, in proportions or in architectural style or appropriateness, in finished design, or if same would not be in harmony of exterior design or color with the structures located within the subdivision or in the general area or with the topography and grade. Approval of any plans and specifications shall not be deemed to waive the right of the Committee to object to the same nor similar plans or specifications or any feature or element embodied therein, if and when the same plans and specifications or any features or elements embodied therein are submitted for approval for use on other lots in the subdivision.

h. The Committee is authorized to grant variances from the provisions herein if in its opinion the granting of a variance will not have an adverse effect on the neighboring lots and is compatible with the intent of these protective provisions and restrictions.

2. Temporary Structures. No temporary buildings, structures, outhouses, sheds, tents or trailers of any kind shall be erected, altered, placed or permitted to remain on any lot except as expressly provided in this paragraph. One temporary structure or trailer and portable toilet may be erected or placed on any lot during the period of construction thereon for use as a construction office but in no event as a residence. The temporary construction structure or trailer shall remain upon the lot only during the period of construction of permanent improvements thereon and must be removed within thirty (30) days after completion of such construction. Any material surplus from construction must be removed within thirty (30) days of the completion of construction.

3. Laws, Codes and Ordinances. All work undertaken on any lot shall comply with all applicable, existing laws, rules, regulations, codes and ordinances; provided, however, where requirements hereunder are more stringent than the applicable laws, rules, regulations, codes and ordinances, the requirements hereunder shall govern.

4. Building Type. All lots may have one single-family residential dwelling with a private garage, for not less than two (2) cars which shall be attached to the dwelling.

5. Restrictions and Regulations. No residence of less than 1800 square feet of enclosed living space, exclusive of open lanais and garages, shall be permitted to be constructed on any lot. All new buildings, improvements and other structures and all alterations, changes and additions to all existing buildings, improvements and other structures shall conform to the following standards:

a. The architectural design, materials and colors of the buildings, improvements and other structures shall be reasonably consistent to create a harmonious appearance. All designs, plans, specifications, construction documents and "on-site" supervisions of all construction of residences, fences, walls, or other improvements and/or structures must be prepared and supervised by a licensed professional architect or civil engineer registered in the State of Hawaii.

b. Prohibited Materials and Design Styles. Harsh contrasts, faddish and self-conscious design will not be permitted. THE FOLLOWING MATERIALS WILL NOT BE PERMITTED:

- (1) Exterior Building Wall Materials
 - (a) Mica plaster
 - (b) Concrete block over four (4) inch coursing
 - (c) Corrugated metal
 - (d) Standard precision block
 - (e) Gloss-glazed ceramic tile
- (2) Colors, Painting and Finishes
 - (a) Glaring and non-muted
 - (b) Bright white or pure white
 - (c) Diluted paint or single coat
- (3) Framing and Structural
 - (a) Single wall construction
 - (b) Girts
 - (c) Less than 5/8 inch siding material
- (4) Roofing Materials
 - (a) Any materials not installed in strict compliance with manufacturer's specifications
 - (b) Glaring or reflective materials
 - (c) Built-up or flat roofs not shielded by mansard or parapets
 - (d) Corrugated metal
 - (e) White or bright rock
 - (f) Mastic coated, pattern stamped sheet metal
 - (g) Spray urethane foam
 - (h) Glossy or reflective materials
 - (i) Cap sheet
- (5) Exterior Glass and Glazing
 - (a) Mirrored glass
 - (b) Green or blue-tinted glass
- (6) Exterior Lighting. Exterior lighting of any sort either installed, operated or maintained, the light source of which is visible from the adjacent street or adjacent lots, except as approved by the Design Control Committee.

(7) Specific Limitation

(a) Second-hand or used lumber or other used material for construction without the prior approval of the Design Control Committee.

(b) Unpainted, glaring, non-blending colors, excepting copper, for use as rain gutters.

(8) Basketball standards or fixed sports apparatus attached to the residence or garage.

(9) Open Garages or Carports

(10) Any service or utility area or any laundry facility including any area for hanging clothes must be completely screened from view on all sides.

c. Approval Procedure. To insure that the lot owner's design program meets with the approval of the Committee, said owner's architect may have a pre-design meeting with the Committee. The owner's architect shall submit to the Committee, for review and preliminary approval, the basic design of the proposed residence, fence, wall, or other improvement and/or structure and/or landscaping. The basic design submitted must incorporate the following:

- (1) Site plan
- (2) Floor plans
- (3) Exterior elevations
- (4) Landscaping and site improvement plan
- (5) Grading plan
- (6) Color/materials schedule of all exterior finishes, colors, etc.

The owner's architect shall submit all final designs, plans, specifications, construction documents, etc. to the Committee for final review and approval. No actual construction shall begin until the Committee has given its written approval and acceptance of the proposed residence, fence, wall, or other improvements and/or structures and/or landscaping. Likewise, no modifications, revisions, changes, etc. to the approved design, plans, specifications or scope of work of these residences, fences, walls or other improvements and/or structures and/or landscaping shall be made before, during or after construction without submitting said modifications, revisions, changes, etc. to the Committee for its written approval.

6. Antennas. No radio, television antenna or other aerials, including ham radio, citizen band radio, etc., or other towers and supports which are visible from neighboring property shall be erected, placed or maintained on any lot.

7. Trash/Rubbish Enclosures. Each residence shall provide an enclosed area for trash or rubbish containers. Each trash

or rubbish enclosure shall be constructed with a fence or wall compatible with the design and construction found elsewhere on the lot, and shall be enclosed on all four sides, with provisions for appropriate access.

8. Graded Slopes. All graded slopes shall be undulated and the gradient varied where appropriate in meeting exterior contours. The intent of this provision is not to limit the graded area but to encourage reshaping of the existing land forms to accommodate development so that the resulting land forms, which when landscaped, shall blend graded areas into natural areas to the greatest degree feasible. All graded slopes shall be planted with rapid growing ground cover and ample plants.

AMENDED OLOMANA AGRICULTURAL SUBDIVISION-A
CONSOLIDATION OF LOTS 18
AND 19 OF OLOMANA AGRICULTURAL
SUBDIVISION (FILE PLAN 1954) INTO LOT A

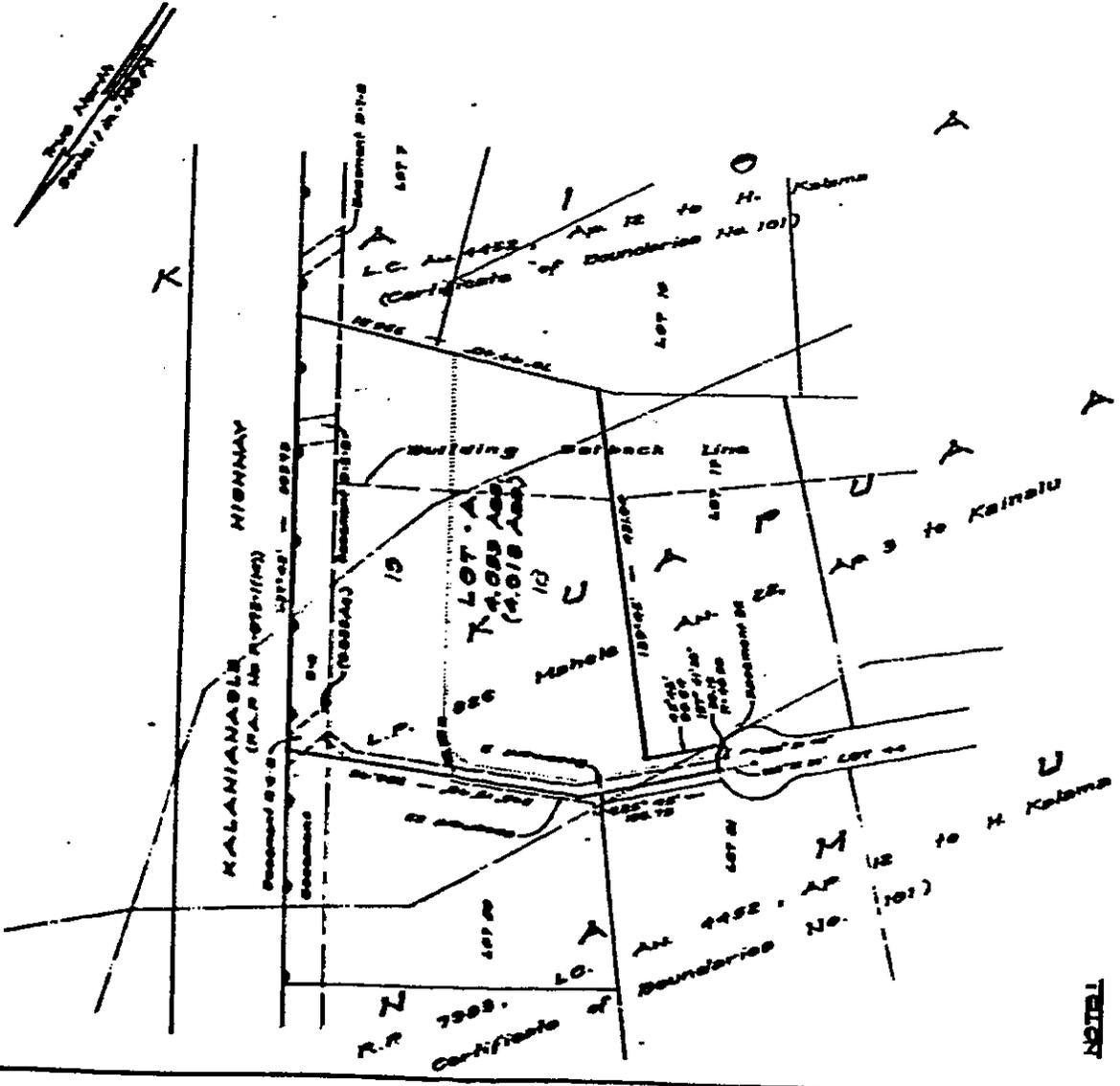
KOOLAUPOKO, KAUAI, OAHU, HAWAII
TRK 4-2-50 1 18 AND 19

THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION.
E.D. HAWAII INC.
REGISTERED LAND SURVEYOR
CERTIFICATE NO. 580



1104 BISHOP ST.
HONOLULU, HAWAII
MAY 9, 1960

OWNER: LONE STAR HAWAII PROPERTIES, INC.



TELEPHONE

NO VEHICULAR ACCESS PERMITTED

TAX MAP 5871 4-2-50 1 18 & 19

AMENDED OLOMANA AGRICULTURAL SUBDIVISION -
CONSOLIDATION OF LOTS 30 AND
39 OF OLOMANA AGRICULTURAL SUBDIVISION (FILE PLAN
1954) AND RESUBDIVISION INTO LOTS A AND B

KOOLAUPOKO, KAUAI, OAHU, HAWAII
TMK: 4-2-08: 30 AND 39



THIS WORK HAS BEEN REVIEWED BY THE
OFFICE UNDER MY SUPERVISION.

BOB HAWAII INC.

REGISTERED LAND SURVEYOR
CERTIFICATE NO. 308

1104 BISHOP ST.
HONOLULU, HAWAII
MAY 3, 1986

OWNER: LONE STAR HAWAII PROPERTIES, INC.

THE NORTH
ROAD: 1/4 IN. = 100 FT.

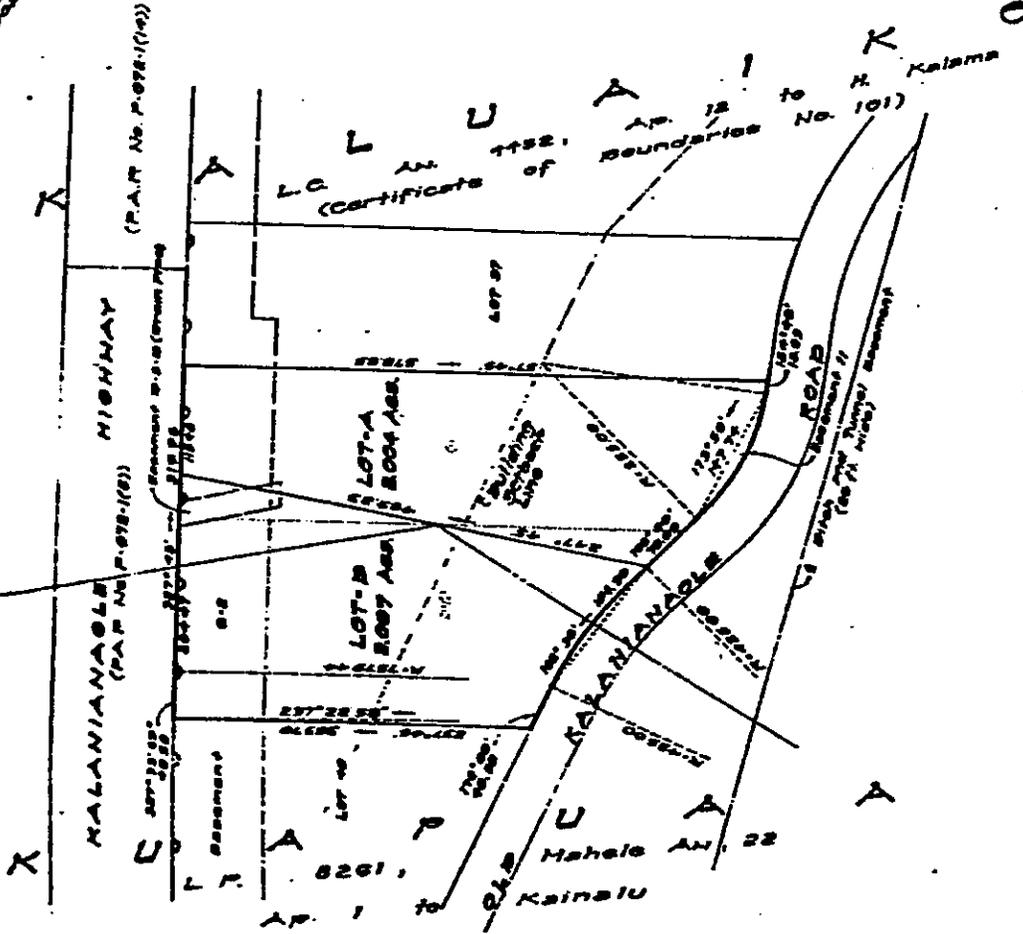
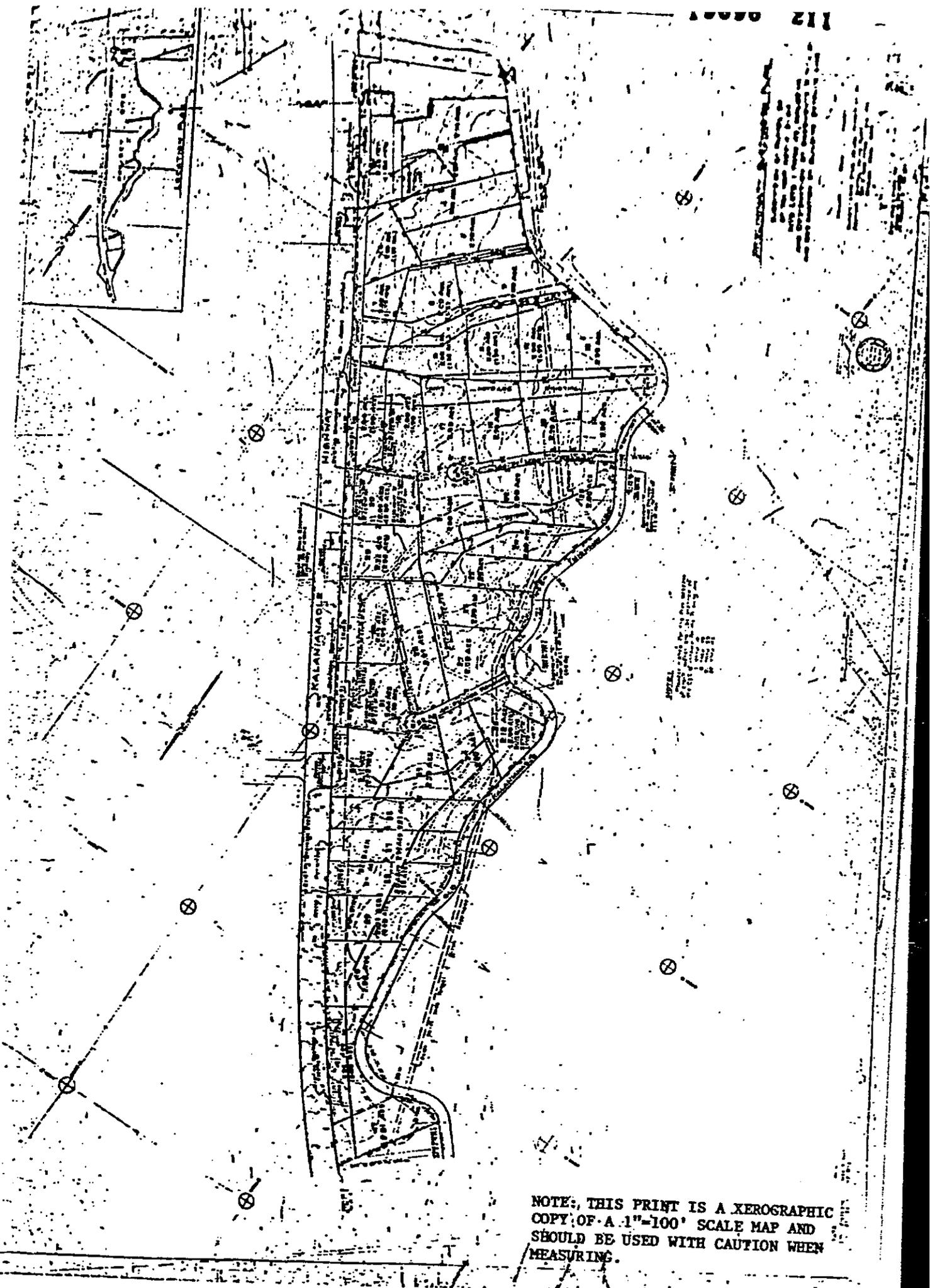


EXHIBIT "C"
Page 3 of 4

NOTE:
NO VEHICULAR ACCESS PERMITTED.

TMK MAP 101: 4-2-08: 30 & 39



NOTE: THIS PRINT IS A XEROGRAPHIC COPY OF A 1"=100' SCALE MAP AND SHOULD BE USED WITH CAUTION WHEN MEASURING.

BY-LAWS
OF
NORFOLK COMMUNITY ASSOCIATION

ARTICLE I.

NAME AND LOCATION

The name of the corporation is NORFOLK COMMUNITY ASSOCIATION. The principal office of the Association shall be located at Honolulu, Oahu, Hawaii, and the address of its initial office shall be c/o Lone Star Hawaii Properties, Inc., Suite 1700, 220 South King Street, Honolulu, Hawaii 96813.

ARTICLE II.

DEFINITIONS

Except as otherwise specified or as the context may otherwise require, the following terms have the respective meanings set forth below, and the definitions of such terms are equally applicable both to the singular and plural forms thereof.

"Association" means and refers to NORFOLK COMMUNITY ASSOCIATION, its successors and assigns.

"Charter" means the Charter of Incorporation of the Association.

"Board of Directors" or "Board" shall mean the Board of Directors of the Association.

"Member" means and refers to the Owner who is a member

subject to the payment of assessments levied by the Association, the obligation of which assessments is imposed against each Owner of and becomes a lien upon the property against which such assessments are made as provided by the Declaration.

ARTICLE IV.

MEETINGS OF MEMBERS

Section 1. Place of Meetings. Meetings of the Association shall be held at the Norfolk Subdivision or such other suitable place convenient to the members as may be designated by the Board.

Section 2. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held within ninety (90) days after the close of the fiscal year of the Association or as soon thereafter as the Board shall fix.

Section 3. Special Meetings. Special meetings of the Association may be held at any time upon the call of the President or the Board of Directors or a petition signed by at least twenty-five percent (25%) of the members.

Section 4. Notice of Meetings. Written notice of each annual and special meeting to every member named in the Association's records at least ten (10) days before the date set for such meeting shall be given by any of the officers, stating whether it is an annual or special meeting, the authority for

other than the announcement at the meeting. Such adjournment may be to such time and to such place as shall be determined by a majority vote of the members present. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted by a quorum at the original meeting as originally called.

Section 8. Proxies and Pledges. At all meetings of the members, each member may vote in person or by proxy. The authority given by any member to another person to represent him at meetings of the members shall be in writing, signed by such member and filed with the Secretary, and shall not extend beyond a period of eleven (11) months. Subject to the above, such proxy shall continue until revoked by writing filed with the Secretary or by the death or incapacity of such member or by the conveyance by the member of his lot. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale of any lot or interest therein, a true copy of which is filed with the Board through the Secretary, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the Board in like manner.

Section 9. Order of Business. The order of business at all meetings of the Association shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;

removed from and replaced on the Board of Directors, with or without cause, by a majority vote of the members. In case of any vacancies in the Board, including temporary vacancies caused by absence from the State of Hawaii or illness or other disability preventing any member of the Board present in the State of Hawaii from attending a duly called meeting of the Board of Directors, the remaining members of the Board of Directors (although less than a majority thereof) may fill the same by the affirmative vote of a majority of the remaining members. In case of any temporary vacancy as aforesaid, such temporary vacancy shall be filled only for the period of the disability of the Director whose place is being filled or until the return of the Director to the State of Hawaii. The determination by the Board of Directors, as shown in the minutes, of the fact of such disability or absence and the duration thereof shall be conclusive as to all persons and the Association. In the case of a vacancy that is not temporary, the Director elected to fill such vacancy shall hold office until the next annual meeting and thereafter until his successor is duly elected or appointed or qualified, subject, however, to removal as herein provided.

Section 4. Compensation of Directors. No Director shall receive compensation for any services he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

(2) Directors.

Section 9. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by such quorum (i.e., the majority of members of the Board) within the scope and authority of the Board shall be regarded as the act of the Board.

Section 10. Notice. Notice of each meeting of the Board of Directors, specifying the day and time and place of the meeting, shall be given by or under the direction of the President or by a person calling the meeting to each member of the Board of Directors at least three (3) days before the date fixed for such meeting by advising him in writing or by word of mouth of the meeting, or by leaving written or oral notice of the meeting at his residence or by mailing written notice of the meeting postage prepaid addressed to him at his residence. Non-receipt of notice of any meeting by any member of the Board of Directors shall not invalidate the meeting or any proceedings taken or any business done at the meeting. No notice of any meeting need be given to any member of the Board who at the time of the meeting is absent from the State of Hawaii. Any member of the Board of Directors may waive notice of any meeting either prior to or at or after the meeting, with the same effect as though notice of the meeting had been given to him. The presence of any member of the Board of Directors at a meeting

meetings of the Association and of the Board of Directors. Subject to the control of the Board, he shall exercise general supervision and direction over the management and conduct of the business and affairs of the Association. He shall also have such other powers and duties as may be provided by these By-laws or assigned to him from time to time by the Board.

Section 6. Vice President. The Vice President shall assume and perform the duties of the President in the absence or disability of the President or whenever the office of the President is vacant. He shall also have such other powers and duties as may be assigned to him from time to time by the Board.

Section 7. Secretary. The Secretary shall have charge of the membership ledger, all documents pertaining to the Association, and all rules, regulations and other documents required to be filed with the Association or in the office of the Association by the Declaration, an original or duplicate of each of which shall at all times during the usual hours of business be open to the examination of every member at the principal office or place of business of the Association in Hawaii. The Secretary shall record all proceedings of the meetings of the members and Directors in a book which shall be the property of the Association to be kept for that purpose at the office of the Association in Hawaii, and perform such other duties as shall be assigned to him. In the absence of the Secretary from any such meeting, a temporary Secretary shall be

Section 3. Duties. The auditor shall, at least once in each fiscal year and more often if required by the members, examine the books and papers of the Association and compare the statements of the Treasurer with the books and vouchers of the Association, and otherwise make a complete audit of the books of the Association, and thereafter make appropriate reports to the members.

ARTICLE VIII

ADMINISTRATION

The Board of Directors shall at all times have such powers and duties as may be delegated to it by the Declaration, Charter or By-laws. It shall enforce the provisions of the Declaration; and By-laws and do all other things necessary or appropriate to maintain the Norfolk Subdivision. It shall cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereto to the members at the annual meeting of the members.

ARTICLE IX

COMMITTEES

The Board of Directors shall appoint a Norfolk Design Control Committee in the manner provided in the Declaration and a Nominating Committee as provided in these By-laws. In addition, the Board shall appoint such other committees as deemed appropriate in carrying out its duties and functions hereunder.

Section 2. Indemnification. Every Director, officer and member of a duly appointed committee shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including counsel fees) actually and necessarily incurred by or imposed upon him in connection with or resulting from any claim, action, suit, proceeding, investigation or inquiry of whatever nature in which he may be involved as a party or otherwise by reason of his being or having been a Director, officer or member of a duly appointed committee of the Association, whether or not he continues to be such Director, officer or committee member of the Association at the time of the incurring or imposition of such costs, expenses or liabilities, except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation or inquiry to be liable for willful misconduct, willful neglect or negligence toward the Association in the performance of his duties as such Director, officer or committee member. As to whether or not a Director, officer or committee member was liable by reason of willful misconduct, willful neglect or negligence toward the Association in the performance of his duties as such Director, officer or committee member in the absence of such final adjudication of the existence of such liability, the Board of Directors and each Director, officer or committee member may conclusively rely upon an opinion of legal counsel selected by or in the manner designated by the Board of

Owners, mortgagees, tenants and occupants of lots and their guests and employees, and any other persons who may use the Norfolk Subdivision in any manner are subject to these By-laws, the Charter, and the Declaration. The acceptance of a deed or the act of occupancy of a lot shall constitute an agreement that these By-laws, said Charter, and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

IN WITNESS WHEREOF, we, being all of the signers of the Petition submitted to the Director of the Department of Commerce and Consumer Affairs of the State of Hawaii for the issuance of the Charter of Incorporation of the NORFOLK COMMUNITY ASSOCIATION, in accordance with the laws of the State of Hawaii, have signed our names hereto within thirty (30) days after the granting of said Charter and by signing our names hereto do hereby pursuant to said laws affirm our adoption of these By-laws of the Association.

DATED: Honolulu, Hawaii, July 18, 1986.

Warner L. Owen
WARNER L. OWEN

PKL
NF

Ronald M. Uemura
RONALD M. UEMURA

Leonard G. Ganialongo
LEONARD GANIALONGO

EXHIBIT "A"

ALL of those certain parcels of land situate at Kailua, District of Koolaupoko, City and County of Honolulu, State of Hawaii, to-wit:

LOTS 1-17, inclusive; 20-23, inclusive; 33-37, inclusive; 40-42, inclusive; as shown on File Plan 1854; LOT A, as shown on File Plan 1876; LOTS A and B, as shown on File Plan 1878; and LOTS A-H, inclusive, as shown on File Plan 1877, said File Plans being filed in the Bureau of Conveyances of the State of Hawaii.

EXHIBIT "L"

ORIGINAL OF THE DOCUMENT
RECORDED AS FOLLOWS,
STATE OF HAWAII

BUREAU OF CONVEYANCES

DATE 3-10-04 TIME _____

DOCUMENT NO. 2004-049569

LAND COURT SYSTEM

REGULAR SYSTEM

RETURN BY: MAIL [] PICKUP [X]

TO: Oliver, Lau, Lawhn, Ogawa & Nakamura
707 Richards Street, Suite 600
Honolulu, Hawaii 96813
Telephone: 533-3999

Total Number of Pages: 6

**AMENDMENT TO
DECLARATION OF PROTECTIVE PROVISIONS FOR NORFOLK SUBDIVISION**

WHEREAS, the Declaration of Protective Provisions for Norfolk Subdivision dated July 21, 1986, was recorded in the Bureau of Conveyances of the State of Hawaii, in Book 19696, Page 194, (hereinafter referred to as the "Declaration"), Lone Star Hawaii Properties, Inc., a Hawaii corporation, (the "Owner"); and

WHEREAS, the Declaration provided that each of the lots in Norfolk Subdivision be held, sold, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the protective provisions; and

WHEREAS, the Declaration also provided for the organization of the Norfolk Community Association (hereinafter "Association"); and

WHEREAS, Article A.4 of the Declaration provides that the Declaration may be modified and amended by a vote of sixty percent (60%) of the lot owners;

WHEREAS, One Hundred Percent (100%) of the lot owners have voted to amend the Declaration in the manner provided for herein;

NOW THEREFORE, the Declaration is hereby amended as follows:

Amendment Number One:

The first paragraph of Article C, Section 1 of the Declaration of Protective Provisions For Norfolk Subdivision be amended to add the bold, italicized text to read as follows:

Use of Lots. Every lot described in Exhibit "A" shall be used in conformance with the Ag-1 Agricultural Restricted District of the Comprehensive Zoning Code of the City and County of Honolulu as it may be amended from time to time and shall contain only one single-family dwelling and appurtenant outbuildings. Such lot and single-family dwelling shall not be converted and registered under the provisions of the Horizontal Property Act of the State of Hawaii nor be allowed to be transferred to ownership under a timeshare program. ***Notwithstanding the foregoing, Lot 18, Norfolk Subdivision of the City of Kailua, District of Koolaupoko, County of Honolulu, State of Hawaii (TMK: 4-2-098:018), being legally described as an area of 4.00 acres, as delineated on the map entitled "OLOMANA AGRICULTURAL SUBDIVISION", which said map was filed in the Bureau of Conveyances of the State of Hawaii on October 21, 1985, as File No. 1854, shall be allowed to contain no more than two (2) single-family dwellings and shall be allowed to be converted and registered under the provisions of the Horizontal Property Act, now known as the Condominium Property Act of the State of Hawaii. This amendment is made specifically for and applies strictly to the aforementioned Lot 18 due to the special circumstance of 2 two (2) acre lots (heretofore known as Lot 18 and 19) having been consolidated into 1 four (4) acre lot herein described as Lot 18. This amendment is to be strictly limited to authorizing construction of two (2) single family dwellings on Lot 18 and in no way relieves Lot 18 from being governed by the "Declaration of Protective Provisions" for the Norfolk Subdivision dated July 21, 1986 and recorded on July 23, 1986 in the Bureau of Conveyances of the State of Hawaii in Book 19696 at Page 194.*** The owners and occupants of every lot shall landscape such lot in a manner suitable for a residential community. The occupants of every lot shall (1) keep all plantings thereon in good cultivation and condition, (2) not keep or suffer thereon any animals suffering from a contagious disease, and (3) keep all animals and fowl thereon safely confined.

In all other respects, said Declaration is hereby ratified and confirmed and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the Norfolk Community Association has executed these presents
this 24 day of February, 2004.

NORFOLK COMMUNITY ASSOCIATION

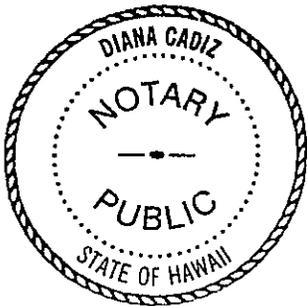
By Joni Lynn Baker - Director
Its

By [Signature] KETH VODZAK - DIRECTOR
Its

By [Signature] HAROLD TENNES - DIRECTOR
Its

STATE OF HAWAII)
 : SS.
CITY AND COUNTY OF HONOLULU)

On this 24th day of February, 2004, before me appeared LORI LYN BAKER and P to me personally known, who, being by me duly sworn, did say that they are Members of the Board of Directors of the NORFOLK COMMUNITY ASSOCIATION; that said Association does not have a seal; that they have read the foregoing instrument; that they know the contents thereof and the statements made therein are true and correct; that they signed and verified the same on behalf of said Board by authority of the By-Laws of the said Association.



[Signature]
Notary Public, State of Hawaii
Print Name: DIANA CADIZ
My Commission Expires 2/08/2007
My commission expires:

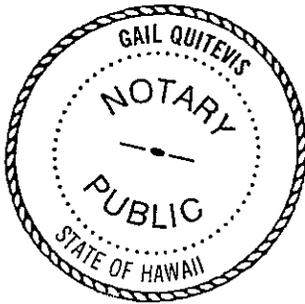
STATE OF HAWAII

)
: SS.

CITY AND COUNTY OF HONOLULU)

On this th 26 day of February, 2004, before me appeared Keith Anthony Vodzak ~~and~~ _____ to me personally known, who, being by me duly sworn, did say that ^{THEY ARE} ~~they are~~ Members of the Board of Directors of the NORFOLK COMMUNITY ASSOCIATION; that said Association does not have a seal; that they have read the foregoing instrument; that they know the contents thereof and the statements made therein are true and correct; that they signed and verified the same on behalf of said Board by authority of the By-Laws of the said Association.

ls,
np

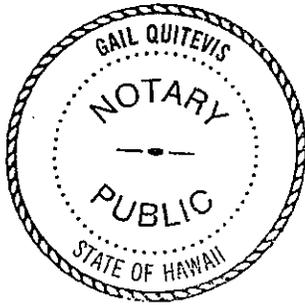


Gail Quitevis
Notary Public, State of Hawaii
Print Name: Gail Quitevis
My commission expires: 4/21/05

STATE OF HAWAII)
 : SS.
CITY AND COUNTY OF HONOLULU)

8/1, m

On this 3RD day of MARCH, 2004, before me appeared Harvey Teves and _____ to me personally known, who, being by me duly sworn, did say that they are Members of the Board of Directors of the NORFOLK COMMUNITY ASSOCIATION; that said Association does not have a seal; that they have read the foregoing instrument; that they know the contents thereof and the statements made therein are true and correct; that they signed and verified the same on behalf of said Board by authority of the By-Laws of the said Association.



Gail Quitevis
Notary Public, State of Hawaii
Print Name: GAIL QUITEVIS
My commission expires: 4/21/05