

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

CONDOMINIUM PROJECT NAME	KAPOLEI VISTAS
Project Address	91-245 Wahane Place Kapolei, Hawaii 96707
Registration Number	6787
Effective Date of Report	June 5, 2009
Developer(s)	Kapolei Vistas, LLC

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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

1. This Public Report does not constitute an approval or disapproval of the project nor a representation that the project is in compliance with all County codes, ordinances, and subdivision requirements.
2. This project does not involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each Unit, labeled as "Yard Area" on the Condominium Map, is designated as a limited common element for that Unit and does not represent a legally subdivided lot. The dashed lines on the Condominium Map do not represent legally subdivided lots, but merely the location of the limited common element Private Yard Area assigned to each Unit.
3. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, may not necessarily be provided for and services such as County street maintenance and trash collection may not be available for interior roads and driveways.
4. The project is covered by a Cluster Permit issued by the Department of Planning and Permitting of the City and County of Honolulu. The Cluster Permit is binding on all present and future Unit owners, tenants, and occupants of all Units of the Project and all other persons who shall at any time use the Project. A copy of the Cluster Permit is attached as **Exhibit A**.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING. EACH BUYER IS ALSO ADVISED TO CONTACT THE APPROPRIATE GOVERNMENT AGENCIES TO DETERMINE SPECIFIC REQUIREMENTS FOR THIS PROPERTY, AND TO CONSULT WITH AN ATTORNEY AND OTHER APPROPRIATE PROFESSIONALS.

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	Not Applicable	
Address of Project	91-245 Wahane Place Kapolei, Hawaii 96707	
Address of Project is expected to change because	Not Applicable	
Tax Map Key (TMK)	(1) 9-1-112:124 and 206 (por.)	
Tax Map Key is expected to change because	When the condominium project is created, the TMK numbers may change to reflect the individual units.	
Land Area	2.357 acres or 102,679 square feet	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not Applicable	

1.2 Buildings and Other Improvements

Number of Buildings	13
Floors Per Building	Two (2) buildings are one story; eleven (11) buildings are two stories
Number of New Building(s)	13
Number of Converted Building(s)	None
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Wood, concrete, steel, glass, and related building materials

1.3 Unit Types and Sizes of Units

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

13	Total Number of Units
-----------	------------------------------

Note: Net Living Area is the floor area of the unit measured from the exterior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stalls in the Project:	27
Number of Guest Stalls in the Project:	1
Number of Parking Stalls Assigned to Each Unit:	2 (in each Unit's garage)
Attach <u>N/A</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. <u>N/A</u>	

1.5 Boundaries of the Units

Boundaries of the Units: The perimeter of each Unit shall be the exterior perimeter of the Yard Area and all air space encompassed within the perimeter, as shown on the Condominium Map. Each of the Units shall include all walls, partitions, floors, ceilings, roofs, and improvements within the Dwelling located within the Unit, including the garage and driveway, as shown on the Condominium Map, all built-in appliances and fixtures and all furnishings and appliances originally installed, excluding therefrom, however, all elements, if any, herein established as common elements.

1.6 Permitted Alterations to the Units

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

1.7 Common Interest

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

Described in **Exhibit D**.

As follows:

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

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area (only some units will have exterior storage areas for their use)
<input type="checkbox"/>	Tennis Court
<input checked="" type="checkbox"/>	Recreation Area (Park)
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

1.9 Common Elements

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

Described in **Exhibit E**.

Described as follows:

See attached **Exhibit E**

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

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

Described in **Exhibit F**

Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input checked="" type="checkbox"/>	Pets: Limit on the type and number of animals. See Exhibit M
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Exhibit M
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit G describes the encumbrances against title contained in the title report described below.

Date of the title report: March 6, 2009

Company that issued the title report: Title Guaranty of Hawaii, Incorporated

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning					
	Type of Use	No. of Units	Use Permitted by Zoning		Zoning
<input checked="" type="checkbox"/>	Residential	13	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-5 (residential)
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Other(specify)		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.			Not Applicable		

1.14 Other Zoning Compliance Matters

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

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

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

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>N/A</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>N/A</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>N/A</p>	
<p>Estimated cost of curing any violations described above:</p> <p>N/A</p>	

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

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer(s)</p>	<p>Name: Kapolei Vistas, LLC Business Address: 94-428 Mokuola St., Ste. 105 Waipahu, Hawaii 96797 Business Phone Number: 808-676-8858</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Real Estate Unlimited, LLC ("REU"), Member and Manager of Developer The Trash Man, LLC, Member Herbert T. Kaneshiro, Member Tamotsu Tanaka IRA, Member</p>
<p>2.2 Real Estate Broker*</p>	<p>Name: West Oahu Realty, Inc. Business Address: 94-428 Mokuola St., Ste. 105 Waipahu, Hawaii 96797 Business Phone Number: 808-676-8858</p>
<p>2.3 Escrow Depository</p>	<p>Title Guaranty Escrow Services, Inc. 98-151 Pali Momi Street, Suite 105 Aiea, Hawaii 96701 Business Phone Number: 808-483-8121</p>
<p>2.4 General Contractor**</p>	<p>Name: David Chan dba Fellows Construction Business Address: 819 Moowaa St, Ste 201 Honolulu, HI 96817-4433 Business Phone Number: 808-841-8300</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: West Oahu Realty Commercial, a division of West Oahu Realty, Inc. Business Address: 94-428 Mokuola St., Ste. 105 Waipahu, Hawaii 96797 Business Phone Number: 808-676-8858</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Tracy D. Tanaka, Esq. Business Address: Schneider Tanaka Radovich Andrew & Tanaka 1100 Alakea Street, Suite 2100 Honolulu, Hawaii 96813 Business Phone Number: 808-792-4200</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	March 13, 2009	3863903

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	March 13, 2009	3863904

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number 2002	
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "House Rules") to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the Developer. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

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

3.5 Changes to the Condominium Documents

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	75%
Bylaws	67%	67%

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

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

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

4.2 Estimate of the Initial Maintenance Fees

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

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

Unit owners shall become obligated for the payment of their share of the Project's common expenses as of the date their respective unit is conveyed to them.

4.3 Utility Charges to be Included in the Maintenance Fee

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

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

4.4 Utilities to be Separately Billed to Unit Owner

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

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit K contains a summary of the pertinent provisions of the sales contract, including, but not limited to, any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: October 7, 2008 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit L contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

<u>Type of Lien</u>	<u>Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgage and related financing statements, securing loan(s) to the Developer.	Any loan is or would be secured by mortgage(s), which will be released as to the unit being conveyed at the time of conveyance. If there is a default and foreclosure of the mortgage(s) prior to conveyance, the buyer's contract will be subject to cancellation and the buyer may lose the right to buy the unit, but will receive his/her deposit back, less a cancellation fee.
<u>Future Construction Loan</u>	

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements: The Developer makes no warranties itself, express or implied, with respect to the Units, the Project, or furnishings, fixtures, appliances, consumer products, or other things that may be installed or that are contained in the Unit or the Project, including but not limited to any implied warranties of merchantability, habitability, workmanlike construction, or fitness for a particular use or purpose or for sufficiency of design. Buyers will be acquiring their respective Units in "AS IS" condition at the time of Closing.

However, the Developer agrees to require from the general contractors for the Project a written warranty to the Developer with respect to any defects in the Units and the common elements of the Project due to faulty materials and/or workmanship that are discovered and reported to the general contractors within one year from the date of substantial completion of the Units or the common elements, as applicable. The Developer, without incurring any legal liability therefor, will cooperate with the Buyers and use reasonable efforts to have such warranty performed by the general contractors to the fullest extent thereof. The Developer is not adopting any contractor's warranty or acting as co-warrantor, but the Developer is merely attempting to pass through to each Buyer the benefits of such contractor's warranty.

Appliances: With respect to furnishings, fixtures, appliances, consumer products, or other things that may be included in each Buyer's purchase of his or her Unit, the deed conveying the Unit will operate as an assignment from the Developer to the Buyer of any manufacturer's or dealer's warranties covering any such furnishings, fixtures, appliances, consumer products, or other things for the unexpired term thereof, if any, but only to the extent that the Developer has the right and power to make such an assignment. The Developer is not stating, representing, or warranting that any such warranties exist, or that such an assignment will be effective, nor is the Developer adopting any such manufacturer's, or dealer's warranties or acting as a co-warrantor, but the Developer is merely attempting to pass through to each Buyer the benefits of such warranties, if any exist.

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

Status of Construction: Construction of the Project is expected to commence in August, 2009. Please note that this date is an estimate and is subject to change.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: Subject to the occurrence of Force Majeure (defined in the sales contract), the developer agrees that construction of the Unit will be completed on or before three years from the date that the Buyer's right to cancel the sales contract has lapsed.
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

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

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

<p>Box A <input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B <input checked="" type="checkbox"/></p>	<p>The Developer has not submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

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

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1. **Developer's Public Report**
2. **Declaration of Condominium Property Regime (and any amendments)**
3. **Bylaws of the Association of Unit Owners (and any amendments)**
4. **Condominium Map (and any amendments)**
5. House Rules, if any
6. Escrow Agreement
7. Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8. Other: Cluster Housing Permit issued by the City and County of Honolulu and Declaration of Restrictive Covenants which is required by the Permit.

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

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

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

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

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

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

- (1) The purchaser has signed the sales contract.
- (2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.
- (3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.
- (4) The purchaser does at least one of the following:
 - (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

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

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

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

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

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

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

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

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. Kapolei Knolls Association. The Project is part of and within a planned development ("Kapolei Knolls Community") referenced in and subject to the Kapolei Knolls Declaration. Upon the initial conveyance of a Unit to a third party purchaser, such Unit will be annexed into the Kapolei Knolls Subdivision, making the Unit subject to the restrictions, covenants, conditions, easements and other matters contained in that certain Kapolei Knolls Declaration of Covenants, Conditions, Restrictions, and Easements, dated December 3, 1998, and recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2504708, as amended and/or supplemented and as may be further amended and/or supplemented from time to time (the "Kapolei Knolls Declaration"). The Kapolei Knolls Declaration contains many important provisions and restrictions relating to the Project and purchasers' ownership and use of the Unit. Unit Owners will be bound by the applicable terms, covenants, conditions and provisions set forth in the Kapolei Knolls Declaration, and all bylaws, design guidelines, rules and regulations and other items or matters adopted or promulgated pursuant to the Kapolei Knolls Declaration, including those of the Kapolei Knolls Association (the "Kapolei Knolls Association"), whose members will include, among others, the owners of all units in the Project, including the each purchaser, upon annexation of the such purchaser's Unit at Closing. The Kapolei Knolls Declaration provides for the assessment of maintenance and other fees from and upon the members of the Kapolei Knolls Association, including the owners of units in the Project, and for lien rights upon each unit in the Project, including the Unit, for non-payment of such assessments. The Kapolei Knolls Declaration is available for the purchaser's review.
2. Design Review Committee Approval. Certain improvements by unit owners or the Project's Association of Unit Owners may require approval of the Kapolei Knolls Design Review Committee.
3. Cluster Housing Permit (2006/CL-13js) issued by the City and County of Honolulu on January 23, 2007, allows the construction of 13 single-family detached dwellings and appurtenant improvements on the property, subject to certain conditions. One of the conditions required the Developer to incorporate the Cluster Housing Permit into Restrictive Covenants, which run with the land, to serve as notice to all owners and tenants. The Association of Unit Owners shall be responsible for administering covenants consistent with the requirements of the Cluster Housing Permit. The Declaration of Restrictive Covenants has been recorded in the Land Court as Land Court Document No. 3863902.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

Kapolei Vistas, LLC, a Hawaii limited liability company
By Real Estate Unlimited, LLC, Its Manager
Printed Name of Developer

By:  Duly Authorized Signatory* 3/3/09 Date

Guy Tamashiro, Its Member
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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 TELEPHONE: (808) 528-4432 • FAX: (808) 527-4743
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MUFI HANNEMANN
 MAYOR

HENRY ENG, FAICP
 DIRECTOR

DAVID X. TANOUÉ
 DEPUTY DIRECTOR

2006/CL-13(js)

File Number:	2006/CL-13
Project:	Kapolei Vistas
Applicant:	Kapolei Vistas, LLC
Location:	91-245 Wahane Place – Kapolei
Tax Map Key:	9-1-112: 206 and 124 (portion)
Zoning:	R-5 Residential District
Date Received:	November 21, 2006
Date Accepted:	December 8, 2006

The above cluster housing permit, for 13 single-family detached dwellings and appurtenant site improvements, is **APPROVED** in accordance with the application documents (plans date-stamped December 12, 2006), subject to the following conditions:

1. The applicant, its successors, or assigns shall provide all improvements in conformity with approved revised plans (see Condition No. 3) and the conditions imposed herein. All structures, site improvements, underground utilities, and landscaping shall be completed prior to occupancy of any new dwelling.
2. If, during construction, any previously unidentified archaeological sites or remains (such as artifacts, shell, bone, or charcoal deposits, human burials, rock or coral alignments, pavings, or walls) are encountered, the Applicant shall stop work and immediately contact the State DLNR Historic Preservation Division (SHPD) and the Oahu Burial Council in writing. Work in the immediate area shall be stopped until the SHPD is able to assess the impact and make further recommendations as to mitigative measures.
3. Prior to the submittal of building permit plans, the applicant shall submit the following **REVISED PLANS**:
 - a. A site plan showing a minimum 4,550-square-foot private park, individual drywell locations, easements, retaining walls, no parking signs, fence/walls, and access driveway, including lot dimensions, required yard setbacks, Condominium

EXHIBIT A

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Property Regime (CPR) lot lines, dwelling footprints, distance between dwellings, and clear driveway pavement width of 16 feet at the project entry.

- b. A revised grading plan showing minimal grading within areas of 40 percent or greater slopes and no grading which results in grades exceeding 40 percent.
 - c. Construction plans including but not limited to: a site grading plan showing proposed grading work and estimated cut and fill quantities, a revised new retaining wall section with existing (dashed) and proposed (solid) grades clearly shown and label on both sides of the retaining wall, a drainage plan and erosion control plan.
 - d. Proposed dwelling floor plans, elevations, and sections including building area (lot coverage) and floor area calculations.
 - e. Revised site plans showing a reduction of paved areas wherever possible. The three-car garages for Units 3, 6 and 9 shall be replaced with two-car garages. Parking areas within the side yards of Units 2 through 8 and excessive driveway paving of Unit 1 shall be removed. Private guest parking spaces shall be located within the driveways.
 - f. Revised landscape plans showing additional landscaped areas, including ground cover, hedges, and trees, with species, quantity, size and location.
 - g. Fence master plan showing existing fences/walls and proposed location, type and height of new fences. No new fences/walls shall be constructed between the dwellings and the access driveway.
4. Prior to the issuance of any building or grading permits, the applicant shall submit:
- a. A revised Drainage Plan, Report and Erosion Control Plan to the Department of Planning and Permitting (DPP) Civil Engineering Branch (CEB) for review and approval.
 - b. A revised roadway design reflecting a minimum a 16-foot pavement width, three-foot wide clear sidewalk on the east side and 18-inch wide planter strip on both sides for review and approval.
 - c. Written verification from the affected agencies/parties confirming compliance with the conditions of the Unilateral Agreement (Ordinances 92-81 and 99-60) to the DPP Zone Changes Branch.
 - d. Documentation for a non-exclusive grant of drainage and flowage Easements 6680, 6681 and 6684, including written approvals for connection to the private system.

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- e. A revised "Rockfall Risk Evaluation" which:
- Addresses concerns raised by the DPP CEB.
 - Includes a site plan showing areas of previous fill.
 - Presents a feasible rockfall mitigation plan. If necessary, consent from adjoining property owners shall be obtained.
5. All work shall comply with all applicable Federal, State and County regulations, standards, statutes and ordinances unless otherwise stated, including but not limited to the Board of Water Supply, Fire Department, and DPP.
-
6. Park dedication requirements shall be satisfied through the provision of a private park with minimum land area of 4,550 square-feet.
7. The applicant or owner shall incorporate this Cluster Housing Permit into the restrictive covenants, which run with the land, to serve as notice to all owners and tenants. A draft covenant shall be submitted for review and approval by the DPP. Upon approval of the covenant, a certified recorded copy shall be filed with the DPP, prior to the change in any ownership or the issuance of any permits. The homeowners association shall be responsible for administering covenants consistent with these requirements. The covenant shall include notice of the following:
- a. The approved number of dwelling units (13) shall not be increased, and the project lot shall not be further subdivided.
 - b. A common access driveway, common landscaped easement area near the entry and a private park of minimum 4,550 square-feet to be retained as open space in perpetuity, and be maintained as common elements.
 - c. All work shall comply with the applicable Land Use Ordinance (LUO) standard for the underlying zoning district, unless otherwise stated herein:
 - (1) A minimum 18-foot clear paved common element access drive.
 - (2) A minimum 10-foot setback for structures shall be required from the common access drive.
 - (3) Within the project, side and rear yards shall comply with required yards and height setbacks of the underlying zoning district as measured from limited common element (CPR) lines.
 - (4) Maximum building area shall not exceed 30 percent of the original lot area of 102,583 square-feet. If the property is condominiumized, then, within each limited common element, the maximum building area shall not exceed 50 percent of the area for each limited common element.

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- d. All new work shall be compatible in design with the existing and surrounding structures. The Director may require the redesign of exterior entrances, stairways, bar areas, including plumbing and electrical systems, to ensure that the number of dwellings is not increased.
 - e. A minimum of 26 parking spaces, two (2) stalls for each dwelling unit shall be provided. One (1) guest parking space for every four (4) dwellings that cannot accommodate a guest parking space shall be provided and be centrally located. Parking shall not be permitted within the common access driveway.
 - f. Dwelling additions shall comply with the LUO parking regulations. Required parking spaces within carports or garages shall not be converted into usable floor area (including garage or carport storage areas).
 - g. Walls and fences shall be constructed in accordance with the approved Fence Master Plan.
 - h. All landscaping approved and required by this permit shall be retained and maintained in a healthy visual condition at all times, or replacement landscaping shall be required.
 - i. All exterior lighting shall be subdued or shielded to prevent glare and light spillage on surrounding lots and public rights-of-way. Where appropriate, full-cutoff fixtures or cutoff shields may be required. Mercury vapor and low/high pressure sodium lamps shall not be permitted. Streetlights shall not exceed 14 feet in height.
 - j. All private common elements, including the roadways, utilities, landscaping, and drainage patterns, shall be maintained by the homeowners association and/or individual homeowners.
8. The applicant or owner(s) shall submit a draft copy of the revised CPR map and documents to the DPP for our review. Future work subsequent to the creation of a CPR may require approval from the homeowners association prior to the start of work. If the Cluster Permit is incorporated into the CPR documents, a separate declaration of restrictive covenants is not required.
9. Building permit plans shall include:
- a. All revised and approved plans described under Condition No. 3.
 - b. A certified recorded copy of the restrictive covenant described under Condition No. 7 or the revised CPR map and documents described under Condition No. 8.

ATTACHMENT A
2006/CL-13 Kapolei Vistas

I. GENERAL INFORMATION

A. PROPOSAL

The applicant requests a cluster housing permit for 13 new single-family detached dwellings.

Five (5) of the units are two (2) stories, the other eight (8) are single-story. Five (5) units feature three-car garages, eight (8) provide two-car garages or carports. Two (2) units contain four (4) bedrooms and four (4) baths, three (3) units contain four (4) bedrooms and three (3) baths and eight (8) units contain three (3) bedrooms and two (2) baths. Ten (10) units contain upper level lofts.

Five (5) units are sited on downhill lots, all other lots will be graded to provide a relatively flat building pad. Floor areas range from 1,220 square-feet to 2,060 square-feet. The units are wood frame and constructed on slab-on-grade foundation.

Appurtenant site improvements include a new access driveway and entry, an internal roadway, infrastructure improvements, retaining walls and private park.

The lots and dwellings will be sold in fee. Common areas, including the private driveway, private park and landscaped entry area, will be managed by the Homeowner's Association.

B. BACKGROUND – LAND USE APPROVALS

The Department of Planning and Permitting (DPP) responded to a request for a 21-day conceptual review of the proposed project. In its response dated Dec 21, 2005, the DPP noted the inadequate access width, required the dwelling plans to be redesigned, and requested status on the compliance with Unilateral Agreement conditions of Ordinances 92-81 and 99-60 and the status of the Kapolei Interceptor Sewer improvements.

The applicant submitted two (2) cluster housing permit applications (2006/CL-7 and 2006/CL-11) which were rejected for incompleteness. The DPP noted that there were inconsistencies in the plans, and insufficient information regarding retaining wall heights and building envelopes, widening of the project entrance, internal roadway widths, and drainage plans.

In accordance with Park Dedication Ordinance 4821, a 4,550-square-foot private park area is required for the 13 dwellings (350 square-feet per dwelling). The applicant proposes to provide a 5,052-square-foot private park along the north property line of the property, adjacent to the highway.

Other required permits and approvals include construction approval, grading, building, sewer and water connection, and drainage plans approval.

C. SITE AND SURROUNDING LAND USES

The site is a 102,583-square-foot irregularly shaped lot located at the end of Wahane Place in Kapolei. Small portions of the site contain slopes in excess of 40 percent grade. The existing 16-foot wide project entrance is proposed to be widened to 22 feet. The applicant is concurrently processing a subdivision application (No. 2006/SUB-49) to obtain a six-foot wide, 95-square-foot portion of the adjoining lot to achieve the 22-foot wide driveway.

The low points of the site are at the entrance and turnaround (end) of the driveway. The grade rises up to 50 feet at its peak, approximately one-third into the site. The lot narrows to a depth of approximately 55 feet approximately two-thirds into the site. The south property line borders a steep embankment. The grade difference between the site and existing homes below exceed 20 feet.

The project site is a perimeter lot within a newly developed residential neighborhood. The H-1 highway abuts the site along the north property line, residential units adjoin the site along the southwest property line and along half of the south property line. A reservoir abuts the site along the remaining portion of the south property line. A quarry is located northeast of the site. The reservoir and quarry are located in the AG-2 General Agricultural District.

II. ANALYSIS

The Director of Planning and Permitting has reviewed the project in accordance with the following criteria:

A. The proposed project is permitted in the underlying zoning district and conforms to the requirements of the Land Use Ordinance (LUO) and "Cluster/PD-H Guidebook" ("Guidebook").

1. LUO Sections 21-8.50-1 and 21-8.50-2 – Cluster Housing

The project generally conforms to the Cluster Housing requirements of Section 8.50-1 (Intent of Cluster Housing), Section 8.50-2 (Cluster Site Design Standards) of the LUO and the design guidelines of the "Guidebook," except it does not promote or reflect innovative site design and efficient use of open space, site planning, and road design.

Cluster housing is a development option that provides design flexibility when site conditions become constraints to regular subdivision. The 22-foot street frontage of the site is insufficient for further subdivision. Without a Cluster Housing approval, the maximum number of units permitted on the site would be two (2). In exchange for greater density and flexibility, cluster projects should exhibit creative and efficient use of land, and maximize open space.

The proposed development includes 13 dwelling units, which is a significant increase in density, and an internal private roadway, concrete paving and landscaping. The paving for individual driveways and guest parking areas are

excessive. Five (5) dwellings offer three-car garages; three (3) garages are designed to accommodate three (3) cars abreast.

The three-car garages should be reduced to two-car garages, which is the minimum required parking for each dwelling. Driveways should be designed to accommodate guest parking only (not permanent dwelling parking). This would permit larger landscaped areas and reduce the amount of impervious pavement.

In accordance with the "Guidebook," development should be limited to the less steep portions of the site to avoid severe grading and to provide usable private areas between dwellings. Additionally, slopes steeper than 40 percent should not be developed.

The grading plan indicates that the entire site will be graded. Additionally, areas of less than 40 percent slopes are proposed to be graded into areas of greater than 40 percent slopes. Specifically, these areas are under dwelling Units 10 through 13 and the west side yard of Unit 2. This is inconsistent with the cluster housing development standards.

Unit 4 is located on a knoll in an area of greater than 40 percent slope, which generally should not be developed. A ten-foot cut is required for its driveway and is excessive. However, the knoll is not a significant topographic feature, the area of the 40 percent slope within the project site is minimal, the grading will not result in a visible cut, fill or retaining wall, and the reduction in grade will reduce the dwelling's visibility from the lower Kapolei Knolls subdivision and the H-1 Highway. Therefore, allowing development on this area of 40 percent slope is not inconsistent with cluster housing site planning standards.

The "Road Design" standard of the "Guidebook" generally requires a 20-foot clear pavement width. However, an 18-foot clear pavement width would be acceptable if adequate clearance is provided for fire and emergency apparatus. The 22-foot wide entry proposes a 18-foot wide clear pavement width, four-foot sidewalk and two-foot planting strip, which is inadequate. The grading plan indicates that the proposed retaining walls will not exceed six (6) feet in height. However, the site sections (Sheet C-6) indicate that the walls may exceed six (6) feet. All retaining walls should not exceed six (6) feet in height. A minimum two-foot wide planting strip with minimum four-foot high landscape hedge should be installed to screen retaining walls.

It is therefore reasonable to require that the site plan be revised to reflect reduced driveways/driveway areas and two-car garages/carports, no finished grades in excess of 40 percent, a revised roadway design and no retaining walls in excess of six (6) feet.

2. LUO Section 21-8.50-11 – Director's Decision

The project should be revised to reduce driveway paving, increase landscaped open space, minimize grading, and limit all retaining walls to six (6) feet in height, to conform with subsections (a) through (d). To ensure compliance with subsection (e), the applicant should also be required to address the concerns

regarding drainage and site development outlined in Section B, "Infrastructure", below.

3. **LUO Section 21-3.70-1. R-5 Residential District Development Standards**

The project complies with most R-5 development standards except that the proposed retaining walls appear to exceed the height limit for R-5 Residential District. More accurate information on existing topography and proposed finished grades are needed to determine if the new retaining walls (supporting fill) exceeding six (6) feet occur within the required yards. The retaining wall heights may need to be revised, if they exceed six feet within required yards. Hence, as a condition of approval, the applicant should be required to provide a survey showing existing conditions including topography along with site sections and elevations. This information should show existing and proposed grades. Building height envelopes, as measured from the existing and/or finished grade, should also be shown to verify compliance with the district standards.

4. **LUO Section 21-6.10 through 6.140, Off-Street Parking and Loading Requirements**

The project complies with the off-street parking requirements of the LUO. No loading spaces are required or proposed. Guest parking spaces are proposed to be provided within each dwelling lot. No common guest parking space is required or provided.

If private guest parking spaces cannot be provided on each dwelling lot, one (1) guest parking space per every four (4) dwellings that cannot provide the guest parking space will be required. The common guest parking space(s) should be centrally located within the project site.

B. The site is suitable for the proposed use considering size, location, topography, infrastructure and natural features.

The project site exceeds the minimum lot size required in the R-5 Residential District, and can accommodate the proposed improvements. There are no unique natural features on the site worthy of retention, nor are any public scenic views or open spaces anticipated to be negatively affected by the proposed project.

The applicant proposes to replace the existing six-inch sewer service lateral from Wahane Place with an eight-inch line that will run within the private internal roadway. Wastewater from Units 10 through 13 will flow to the turnaround at the lowest elevation and pumped up over the high point of the site and connect to the gravity system. The new eight-inch line within Wahane Place will connect to an existing eight-inch line in Wahane Street. The DPP Wastewater Branch approved a Sewer Connection Application (2006/SCA-0315) for 13 four-bedroom dwelling units on June 1, 2006.

The drainage system includes three (3) collection and discharge lines. The west and central lines are collected at two (2) existing privately owned drainage easements. The east line will accommodate the four (4) easterly lots. Drainage will be collected in percolation areas within the site. An auxiliary drywell will be provided for overflow.

The DPP Civil Engineering Branch (CEB) will require a drainage report and had the following comments related to drainage and storm quality:

1. The project appears to be a "Category 4" project. In addition to the drainage report, an erosion control report is required.
2. The plans should clearly show the location and ownership of existing drainage and flowage easements. Improvements within the easements should be shown. The applicant should obtain approvals for connection to the private system prior to approval of this application.
3. A license for the indirect connections is required and permanent post-construction Best Management Practices are required.

The applicant proposes to grade the entire site and construct retaining walls and concrete ditches along the south property line in areas adjacent to the steep embankment. According to the "Rockfall Risk Evaluation," portions of the site have been filled. And, although stable, the fill areas may not be suitable for supporting foundations and pavements.

The evaluation further states that "rockfall risk mitigation is necessary on the cut slope above the residences" and recommends grading the embankment to a 3H:1V slope with a shallow swale. Grading the embankment will impact the grade and grading of the project site, which will impact the project design. In addition to the recommendation in the report, alternate rockfall mitigation methods should be explored.

The CEB requests more information and clarification of the "Rockfall Risk Evaluation" (Appendix I):

1. Appendix I shall be expanded to address slope stability of the project site (pre-and post-development) and include a statement regarding the suitability of the site for the proposed project in terms of slope stability and rockfall hazards.
2. There are seemingly conflicting statements in the "Conclusions and Recommendations." Item 1 states "there is little to no naturally occurring rockfall risk at the site." Item 3 states "rockfall risk mitigation is necessary on the cut slope above the residences."

As a condition of approval, the applicant should expand the evaluation and reconcile any discrepancies, in accordance with the CEB's comments, submit a plan showing areas of previous fill and consider alternate rockfall mitigation. If work is proposed within the adjoining properties, the applicant shall obtain the landowners' approval prior to any grading or site work.

- C. The proposed use will not alter the character of the surrounding area in a manner substantially limiting, impairing, or precluding the use of surrounding properties for the principal uses permitted in the underlying zoning district.**

The project site is in the R-5 Residential District, which provides for urban residential development, and is within an established residential neighborhood. With a revised site layout, an acceptable rockfall mitigation plan and adequate Infrastructure Improvements, the project will be compatible with the surrounding properties. Requiring a revised landscape and fencing plan will ensure that the necessary buffering is provided to minimize the project's noise and visual impacts on adjacent properties.

EXHIBIT B
Unit Types and Sizes of Units

<u>Unit No.</u>	<u>Unit Type</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify Net Other Area</u>	<u>Total Area (sf)</u>	<u>Yard Area (sf)</u>
1	A	4/3	1,779	651	Lanai/Entry/Garage	2,430	7,676
2	B	3/2½	1,873	607	Lanai/Entry/Garage	2,480	6,636
3	C	3/2	1,629	611	Lanai/Entry/Garage	2,240	5,596
4	D	3/2	1,886	603	Lanai/Entry/Garage	2,489	5,211
5	E	3/2	1,694	586	Lanai/Entry/Garage	2,280	4,912
6	C	3/2	1,629	611	Lanai/Entry/Garage	2,240	6,945
7	ER	3/2	1,694	586	Lanai/Entry/Garage	2,280	5,639
8	DR	3/2	1,886	603	Lanai/Entry/Garage	2,489	5,206
9	F	4/3	2,128	664	Lanai/Entry/Garage	2,792	5,839
10	G	3/2½	1,721	526	Lanai/Entry/Garage	2,247	6,786
11	H	3/2½	1,872	530	Lanai/Entry/Garage	2,402	5,411
12	G	3/2½	1,721	526	Lanai/Entry/Garage	2,247	4,543
13	I	3/2½	1,711	528	Lanai/Entry/Garage	2,239	4,172

Total Number of Units: 13

* The approximate net area of each Unit type as set forth above is measured from the exterior surface of the unit's perimeter walls and includes all of the walls, columns, shafts and partitions within its perimeter walls, whether load-bearing or non-load-bearing and whether among the Common Elements or not. **The net living area and the net other area are approximate only.**

Other documents and maps may give floor area figures that differ from those above because a different method of determining the floor area may have been used. The areas of the units are likely to vary somewhat. Even units of the same type may differ in their actual areas. The Developer makes no representations or warranties whatsoever as to the net living area and the net other area of any particular unit.

EXHIBIT C
Permitted Alterations to the Units

Section L of the Declaration provides as follows:

"L. ALTERATION WITHIN THE PROJECT

1. General Provisions. Except as otherwise expressly provided in this Declaration to the contrary, repair, alteration, reconstruction, restoration, or replacement of the Common Elements (or any portion thereof) (but excluding Limited Common Elements) or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map, as it then exists, shall be undertaken by the Association only pursuant to an amendment of this Declaration and the Condominium Map. Except as expressly provided otherwise in this Declaration, any such amendment shall be duly executed by or pursuant to the affirmative vote of a majority of the Unit Owners and all Unit Owners whose Units are directly affected, and in accordance with complete plans and specifications therefor first approved in writing by the Board, which approval shall not be unreasonably withheld or delayed. Promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration, or addition, the Association shall duly Record and file of record such amendment, as and to the extent required by the Act, together with a complete set of floor plans of the Project as so altered, certified as-built by a licensed, registered architect or professional engineer.

2. Alterations by Unit Owners. The provisions of this Section L.2 shall not apply to Alterations made by or on behalf of Declarant. Declarant's rights to make Alterations are set forth in Section L.4. Provided that no changes are made to the Unit's footprint or which increase the floor area of a Unit or which otherwise conflicts with the Cluster Housing Permit, each Unit Owner may, with the written consent of (A) the Kapolei Knolls Design Review Committee (if required), (B) Declarant, if Declarant owns any Unit in the Project (which consent may be given or withheld in the sole discretion of Declarant), (C) the Board of Directors (which consent may be given or withheld in the Board's reasonable discretion), and (D) the appropriate agencies of the State of Hawaii and the City and County of Honolulu (if such agencies so require), (E) the holders of first mortgage liens affecting such Unit(s) (if the lien holder requires such approval), make the following additions, or alterations solely within his or her Unit or Yard Area: (A) to install, maintain, remove, and rearrange partitions (including walls, floors, and ceilings) and other structures solely within such Unit from time to time within such Unit; (B) to finish, alter, or substitute any plumbing, electrical, or other fixtures attached to the ceilings, floors, and walls as shall be appropriate for the utilization of such Unit or Limited Common Element by such Owner or the Occupants thereof; (C) to paint, paper, panel, plaster, tile, finish, recarpet, alter, and do or cause to be done such other work on the surfaces of the ceilings, floors, roofs and walls of the Dwelling ; (D) to make any other improvements, renovations, or additions deemed appropriate by such Owner (each, an "Alteration").

3. Amendment To Declaration and Condominium Map. In the event of an Alteration pursuant to and in compliance with Sections L.2 that alters (a) the depiction of the particular Unit(s) or Limited Common Elements as they may be shown on the Condominium Map, (b) the description thereof in the Declaration or (c) the Limited Common Elements appurtenant to a Unit, the Unit Owner or Owners making the change shall amend this Declaration and, if applicable, the Condominium Map to set forth such change or alteration, which amendment(s) may be executed by the Owner or Owners of the affected Unit or Units without the need for execution by any other Person, and such amendment(s) shall become effective upon the Recordation thereof; provided, however, that all required consents have been obtained. The provisions of Section T of this Declaration notwithstanding, such amendment shall not require the vote, consent, or joinder of any other Unit Owner or any other Person having any interest in the Project, other than the consent of the Board and/or Declarant and any mortgagee, if required above. Every Unit Owner, as Unit Owners and as members of the Association and, if applicable, the Board of Directors, all holders of liens affecting any of the Units of the Project and each and every other party acquiring an

interest in the Project or any part thereof, by acquiring such Unit, lien or other interest: (y) consents to and agrees that he, she or it shall, if required by law or by any such Owner who shall have changed or altered a Unit as aforesaid (the "Altering Owner"), join in, consent to, execute, deliver and Record all instruments and documents necessary or desirable to effect the amendment of this Declaration and/or the Condominium Map; and (z) appoints the Altering Owner and the Altering Owner's assigns his, her or its attorney-in-fact and/or agent with full power of substitution to execute, deliver and record such documents and to do such things on his, her or its behalf, which grant of such power, being coupled with an interest, is irrevocable and being a durable power of attorney and/or agency, shall not be affected by the disability of any such party. Alterations made pursuant to Section L.4(a) by or on behalf of Declarant shall not require the vote or consent of the Board or any other person.

4. Declarant's Reserved Rights. Any other provision in this Declaration to the contrary notwithstanding and without limiting any other provision in this Declaration, prior to (a) the time that the fee simple interest in all Units in the Project have been sold and the conveyance thereof Recorded, and (b) the Recording by Declarant of the "as built" statement (with plans, if applicable) required by Section 514B-34 of the Act with respect to all Units in the Project and all Units in any additional phase or increment to the Project, Declarant shall have the right, from time to time, without being required to obtain the consent or joinder of any Person or group of Persons, including the Association, any Unit Owner or any mortgagee, lienholder, Unit purchaser, or any other Person who may have an interest in the Project, to do the following:

(a) Pre-Closing Alterations. To make alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) that change the Unit type of, change the floor plan of (including, without limitation, establishing a new floor plan), change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Unit and/or the Limited Common Elements appurtenant thereto, which is not sold and the conveyance thereof Recorded;

(b) Post-Closing Alterations. To make other alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) that make minor changes in any Unit in the Project or in the Common Elements, which do not affect the physical location, design or size of any Unit that has been sold and the conveyance thereof Recorded;

5. Maintenance Expenses for Common Elements Converted to Limited Common Elements. Any part of the Common Elements of the Project that, because of the alterations as provided for in this Section L, serves or is used by exclusively one or more, but not all, Units shall become a Limited Common Element appurtenant to and for the exclusive use of such Unit or Units, among the Limited Common Elements listed in EXHIBIT "B", and any costs in connection therewith shall be borne as provided in Section I.1 of this Declaration. Documentation of the conversion of such Common Elements to the status of Limited Common Elements need only be by such amendments to the Condominium Map and this Declaration as may be required under this Section L, executed by such parties as provided in this Section L."

EXHIBIT D
Common Interests

Unit Number	Undivided Common Interest of Each Unit
1	7.6924% (.076924)
2	7.6923% (.076923)
3	7.6923% (.076923)
4	7.6923% (.076923)
5	7.6923% (.076923)
6	7.6923% (.076923)
7	7.6923% (.076923)
8	7.6923% (.076923)
9	7.6923% (.076923)
10	7.6923% (.076923)
11	7.6923% (.076923)
12	7.6923% (.076923)
13	7.6923% (.076923)

EXHIBIT E
Common Elements

The Common Elements of the Project shall specifically include, but are not limited to, the following:

1. The land underlying the Project, in fee simple.
2. All landscaping, yards, trees, grounds, gardens, planters, plants, landscaping, recycling areas, barbecue areas, refuse facilities, recreational facilities, and recreational amenities located in Easement L-1 or not located within a Unit or within the Yard Area Limited Common Element of a Unit.
3. The perimeter wall along the northwesterly, north, east and south boundary lines of the Project and the perimeter wall along the easterly sides of Units 6-9; provided that the maintenance, major renovation, and replacement of all or any portion of these walls shall be shared between the Unit Owner and the Association.
4. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance, and safety, or normally in common use.
5. All ducts, electrical equipment, vents, shafts, lines, conduits, cables, transformers, wiring, pipes and other central and appurtenant transmissions facilities and installations over, under and across the Project, including the Common Road, to the point of their respective connections to improvements comprising a part of the Units or the Limited Common Elements appurtenant thereto, that are utilized by or serve more than one Unit for services such as, but not limited to, those providing power, light, water, irrigation, gas, sewer, refuse, drainage, telephone, air conditioning, and radio and television signal distribution.
6. The Common Element #1 (Common Road), Common Element #2 (Park), Easement L-1 for landscaping purposes and Easement M-1 for centralized mailboxes purposes located in Unit 2 and all related improvements and other facilities, located as shown on the Condominium Map.
7. All the benefits, if any, inuring to the Land or to the Project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A" to the Declaration.
8. All other parts of the Project not included in the definition of a Unit.

EXHIBIT F
Limited Common Elements

Certain Common Elements, called "Limited Common Elements", are designated and set aside for the exclusive use of certain Units, and such Units shall have appurtenant thereto easements for the exclusive use of such Limited Common Elements as follows:

1. Yard Area:

The land area appurtenant to each Dwelling, as described in the Declaration and as shown on the Condominium Map, and bearing the same Yard Area number as the Unit number assigned to the Dwelling, is a limited common element. Yard Areas are not legally subdivided lots. Yard Areas include the land beneath the Dwelling bearing the same number as the Yard Area, the yard area at the front, sides and rear of the Dwelling as demarked (at the sole election of Declarant) by (1) appropriate physical monuments at the corners of the Yard Area and/or locations shown on the Condominium Map; or (2) by metes and bounds noted on the Condominium Map or contained in a Supplemental Declaration.

2. Lanais/Entries:

Each Unit shall have, as a Limited Common Element, the lanai or lanais and, if included, an entry, that are appurtenant to the Unit, the locations of which are depicted on the Condominium Map.

3. Garages:

The air space within the perimeter walls or other exterior boundaries of each carport or garage area, and the interior surfaces of such perimeter walls, are limited common elements appurtenant to the Dwelling(s) to which the parking stalls therein are appurtenant.

EXHIBIT G
Encumbrances Against Title

1. Real Property Taxes, if any, that may be due and owing. For additional information contact Real Property Assessment Office, City and County of Honolulu.

Tax Key: (1) 9-1-112-206 Area Assessed: 102,584 sq. ft.

2. The terms and provisions contained in the following:

INSTRUMENT : PRE-CONDEMNATION RIGHT OF ENTRY AGREEMENT

DATED : October 19, 1971
FILED : Land Court Document No. 565880
RECORDED : Liber 8059 Page 309
PARTIES : STATE OF HAWAII, by its Director of Transportation,
TRUSTEES UNDER THE WILL AND OF THE ESTATE
OF JAMES CAMPBELL, DECEASED, and OAHU
SUGAR COMPANY, LIMITED

3. The terms and provisions contained in the following:

INSTRUMENT : RIGHT OF ENTRY AGREEMENT

DATED : January 13, 1972
FILED : Land Court Document No. 566790
RECORDED : Liber 8074 Page 30
PARTIES : STATE OF HAWAII, by its Director of Transportation,
and HAWAIIAN INDEPENDENT REFINERY, INC., a
Hawaii corporation

4. The terms and provisions contained in the following:

INSTRUMENT : AMENDED DOCUMENT LISTING CONDITIONS AND
PRE-CONDITIONS TO RECLASSIFICATION

DATED : November 14, 1989
FILED : Land Court Document No. 1684751

(Not noted on Transfer Certificate(s) of Title referred to herein)

5. RESTRICTION OF VEHICULAR ACCESS RIGHTS

SHOWN : on Map 227 as set forth by Land Court Order No.
37259, filed, April 6, 1973

6. The terms and provisions contained in the following:

INSTRUMENT : CONDITIONS APPLICABLE TO AN AMENDMENT OF

DISTRICT BOUNDARY FROM AGRICULTURE TO
URBAN

DATED : March 23, 1990
FILED : Land Court Document No. 1719515

Said instrument was amended by instruments dated October 1, 1993, filed as Land Court Document No. 2075338, and dated October 23, 1995, filed as Land Court Document No. 2274882.

7. The terms and provisions contained in the following:

INSTRUMENT : UNILATERAL AGREEMENT AND DECLARATION FOR
CONDITIONAL ZONING

DATED : June 16, 1992
FILED : Land Court Document No. 1921873

Said Unilateral Agreement and Declaration was amended by instruments dated July 15, 1992, filed as Land Court Document No. 1933665, and dated October 8, 1999, filed as Land Court Document No. 2581666.

8. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS (PROPERTY CC&Rs)

DATED : December 21, 1995
FILED : Land Court Document No. 2281118

The foregoing includes, but is not limited to, matters relating to water reservation.

GENERAL ASSIGNMENT OF DECLARANT'S RIGHTS dated February 20, 2002, recorded as Document No. 2002-031023, by and between SCHULER HOMES, INC., a Delaware corporation, "Assignor", and D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability company, dba Schuler Homes, "Assignee". (Not noted on Transfer Certificate(s) of Title referred to herein)

9. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF RESERVATION OF RIGHTS
REGARDING UNILATERAL AGREEMENT AND
DECLARATION FOR CONDITIONAL ZONING FOR
KAPOLEI CITY

DATED : December 21, 1995
FILED : Land Court Document No. 2281119

GENERAL ASSIGNMENT OF DECLARANT'S RIGHTS dated February 20, 2002, recorded as Document No. 2002-031023, by and between SCHULER HOMES, INC., a Delaware corporation, "Assignor", and D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability company, dba Schuler

Homes, "Assignee". (Not noted on Transfer Certificate(s) of Title referred to herein)

10. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF RESERVATION OF RIGHTS
REGARDING DRAINAGE EASEMENT

DATED : December 21, 1995
FILED : Land Court Document No. 2281120

GENERAL ASSIGNMENT OF DECLARANT'S RIGHTS dated February 20, 2002, recorded as Document No. 2002-031023, by and between SCHULER HOMES, INC., a Delaware corporation, "Assignor", and D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability company, dba Schuler Homes, "Assignee". (Not noted on Transfer Certificate(s) of Title referred to herein)

11. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF RESERVATION OF RIGHTS
REGARDING SECOND FARRINGTON MAIN WATER
FACILITIES AGREEMENT

DATED : December 21, 1995
FILED : Land Court Document No. 2281121

GENERAL ASSIGNMENT OF DECLARANT'S RIGHTS dated February 20, 2002, recorded as Document No. 2002-031023, by and between SCHULER HOMES, INC., a Delaware corporation, "Assignor", and D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability company, dba Schuler Homes, "Assignee". (Not noted on Transfer Certificate(s) of Title referred to herein)

12. The terms and provisions contained in the following:

INSTRUMENT : LIMITED WARRANTY DEED

DATED : March 27, 1996
FILED : Land Court Document No. 2299392

13. The terms and provisions contained in the following:

INSTRUMENT : GRANT OF UTILITY EASEMENT (KAPOLEI KNOLLS)

DATED : March 29, 1996
FILED : Land Court Document No. 2299397

14. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF RESTRICTIVE COVENANTS
(PRIVATE PARK) (KAPOLEI KNOLLS)

DATED : December 3, 1998

FILED : Land Court Document No. 2504706

GENERAL ASSIGNMENT OF DECLARANT'S RIGHTS dated February 20, 2002, recorded as Document No. 2002-031023, by and between SCHULER HOMES, INC., a Delaware corporation, "Assignor", and D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability company, dba Schuler Homes, "Assignee". (Not noted on Transfer Certificate(s) of Title referred to herein)

15. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF RESTRICTIVE COVENANTS
(PARK DEDICATION SECTION 22-7 REVISED
ORDINANCES OF HONOLULU) (ONE DWELLING
UNIT PER LOT RESTRICTION) (KAPOLEI KNOLLS
SUBDIVISION PHASE 1)

DATED : December 3, 1998

FILED : Land Court Document No. 2504707

GENERAL ASSIGNMENT OF DECLARANT'S RIGHTS dated February 20, 2002, recorded as Document No. 2002-031023, by and between SCHULER HOMES, INC., a Delaware corporation, "Assignor", and D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability company, dba Schuler Homes, "Assignee". (Not noted on Transfer Certificate(s) of Title referred to herein)

16. The terms and provisions contained in the following:

INSTRUMENT : KAPOLEI KNOLLS DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS

DATED : December 3, 1998

FILED : Land Court Document No. 2504708

The foregoing includes, but is not limited to, matters relating to association liens which may be superior to certain mortgages.

Said Declaration was amended by instrument dated January 14, 1999, filed as Land Court Document No. 2515848.

Said Declaration was further amended by instrument dated July 14, 1999, filed as Land Court Document No. 2562150.

GENERAL ASSIGNMENT OF DECLARANT'S RIGHTS dated February 20, 2002, recorded as Document No. 2002-031023, by and between SCHULER HOMES, INC., a Delaware corporation, "Assignor", and D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability company, dba Schuler Homes, "Assignee". (Not noted on Transfer Certificate(s) of Title referred to herein)

Said Declaration was further amended by instrument dated November 15, 2002, filed as Land Court Document No. 2863912.

Said Declaration was further amended by instrument dated January 28, 2003, filed as Land Court Document No. 2887964.

Said Declaration was supplemented by Supplemental Declaration to Kapolei Knolls Declaration of Covenants, Conditions, Restrictions and Easements Partially Relinquishing Control of Association dated January 28, 2003, filed as Land Court Document No. 2887965.

Said Declaration was further amended by instrument dated March 18, 2003, filed as Land Court Document No. 2905355.

GENERAL ASSIGNMENT OF DECLARANT'S RIGHTS dated February 20, 2002, recorded as Document No. 2003-137424 and filed as Land Court Document No. 2965525, by and between SCHULER HOMES, INC., a Delaware corporation, "Assignor", and D.R. HORTON - SCHULER HOMES, LLC, a Delaware limited liability company, dba Schuler Homes, "Assignee".

Said Declaration was supplemented by Supplemental Declaration of Annexation dated June 25, 1999, filed as Land Court Document No. 2561242; and also amended by instrument dated January 28, 2003, filed as Land Court Document No. 2887963.

17. The terms and provisions contained in the following:

INSTRUMENT : WARRANTY DEED

DATED : February 20, 2002

FILED : Land Court Document No. 2780545

18. The terms and provisions contained in the following:

INSTRUMENT : WARRANTY DEED AND RESERVATION OF RIGHTS

DATED : October 9, 2004

FILED : Land Court Document No. 3182324

19. The terms and provisions contained in the following:

INSTRUMENT : WARRANTY DEED (WITH RESERVATION OF RIGHTS)

DATED : July 27, 2005

FILED : Land Court Document No. 3305532

20. ADJUSTABLE RATE MORTGAGE

MORTGAGOR : KAPOLEI VISTAS, LLC, a Hawaii limited liability company

MORTGAGEE : FINANCE FACTORS, LIMITED, a Hawaii corporation

DATED : July 26, 2005

FILED : Land Court Document No. 3305533

AMOUNT : \$442,500.00

EXHIBIT H
Boundaries of the Units

The perimeter of each Unit shall be the exterior perimeter of the Yard Area and all air space encompassed within the perimeter, as shown on the Condominium Map. Each of the Units shall include all walls, partitions, floors, ceilings, roofs, and improvements within the Dwelling located within the Unit, including the garage and driveway, as shown on the Condominium Map, all built-in appliances and fixtures and all furnishings and appliances originally installed, excluding therefrom, however, all elements, if any, herein established as common elements.

EXHIBIT I
Developer's Reserved Rights

Any other provision in the Declaration to the contrary notwithstanding and without limiting any other provision in the Declaration, prior to (a) the time that the fee simple interest in all Units in the Project have been sold and the conveyance thereof Recorded, and (b) the Recording by Declarant of the "as built" statement (with plans, if applicable) required by Section 514B-34 of the Act with respect to all Units in the Project and all Units in any additional phase or increment to the Project, Declarant shall have the right, from time to time, without being required to obtain the consent or joinder of any Person or group of Persons, including the Association, any Unit Owner or any mortgagee, lienholder, Unit purchaser, or any other Person who may have an interest in the Project, to do the following:

(a) Pre-Closing Alterations. To make alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) that change the Unit type of, change the floor plan of (including, without limitation, establishing a new floor plan), change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Unit and/or the Limited Common Elements appurtenant thereto, which is not sold and the conveyance thereof Recorded

(b) Post-Closing Alterations. To make other alterations in the Project (and, if appropriate, to amend this Declaration and the Condominium Map accordingly) that make minor changes in any Unit in the Project or in the Common Elements, which do not affect the physical location, design or size of any Unit that has been sold and the conveyance thereof Recorded.

Section E of the Declaration includes the following Declarant's reserved rights:

(c) Drainage Easements and Road. Declarant shall have and hereby reserves to itself, the Association, and their respective successors and assigns, an easement upon, across, over, in, and under the Drainage Easements and the Common Element #1 (Road) for drainage purposes, and for the purpose of constructing, using, reconstructing, replacing, installing, maintaining, monitoring, repairing, and removing the Drainage Facilities related thereto, and for changing, correcting, or otherwise modifying the grade or drainage channels of any portion of the Property so as to improve the drainage of water onto, within, and from the Property, together with a right of access over and across all Units and Yard Areas in the Project, as reasonably necessary for the exercise of said rights (provided, however, that such right of access shall not unreasonably interfere with the use of any Unit and/or Yard Area); together, also, with the right to grant easements therein for such purposes to governmental or quasi-governmental authorities, the Association, or other Persons as deemed appropriate by Declarant.

(d) Declarant's Rights Regarding Operation, Maintenance, Etc. Declarant shall have the unilateral right to designate, delete, grant, use, convey, transfer, cancel, accept, relocate, and otherwise deal with any easements and/or rights-of-way over, under, across, or through the Common Elements of the Project for any reasonable purpose, which may include, but shall not be limited to, those purposes that are necessary for the operation, care, upkeep, maintenance, or repair of any Unit, the Common Elements, or any easements for utilities or for any public or private purpose. This shall include, but shall not be limited to, the right to grant, cancel, assign, and otherwise deal with easements over the Common Elements in favor of the Kapolei Knolls Association in connection with the Kapolei Knolls Association's maintenance, repair, and replacement of certain Common Elements for drainage purposes. Declarant shall also have the unilateral right to alter the traffic circulation pattern throughout the Project and to grant to owners of adjacent properties an easement through the roads and/or parking areas of the Project for access purposes (including for vehicular and pedestrian access).

(e) Declarant's Rights Regarding Utilities, Access, Etc. Declarant shall have a nonexclusive easement for access and utility purposes over, under, across, along, and upon the Common Element #1

(Road), together with the right to designate, delete, grant, convey, transfer, assign, cancel, accept, relocate, realign, reserve, and otherwise deal with any easements and rights of way at any time (perpetual or otherwise) for utilities (including, without limitation, water, gas, electric power, and communication utilities, electromagnetic and optical transmission facilities), sanitary and storm sewers, drainage, cable television transmission facilities, refuse disposal, landscape development and maintenance, driveways, parking areas, access roadways, and other purposes, over, across, under and through any Units still owned by Declarant and the Common Elements of the Project, including, without limiting the generality of the foregoing, the right of entry to construct, reconstruct, operate, maintain, repair, and relocate such lines, facilities, and appurtenances and to grant, assign, and/or transfer any such easements or rights of way to governmental or quasi-governmental authorities, utility or service companies, homeowner's or unit owner's associations or other entities and the right to grant, dedicate, designate, use, and enjoy easements and/or rights-of-way for access purposes appurtenant to any portion of the land described in and covered by this Declaration. These reserved rights shall be exercised in a manner that will not materially impair or interfere with the use of any Unit that is not owned by Declarant. Declarant also reserves the right to assign or transfer the rights and obligations of any such easements and rights of way to the Association, which rights and obligations shall be accepted and assumed by the Association. Each Owner, by purchasing a Unit, consents to any such designation, deletion, granting, conveyance, assignment, transfer, cancellation, acceptance, relocation, realignment, and reservation of easements and/or rights of way as provided above without the necessity of any Owner or the Association or those claiming by, through or under an Owner or the Association entering into any further agreement respecting such action or document; provided, however, that such Owner and the Association and those claiming by, through or under an Owner or the Association agree to join in and execute such documents and instruments and do such other things as may be necessary or convenient to effect the same promptly at the request of Declarant without payment of additional consideration. Declarant shall have the right, without being required to obtain the consent or joinder of any Unit Owner, lienholder or other persons, to unilaterally execute, acknowledge, and deliver any and all instruments, including, without limitation, all amendments to the Project Documents, necessary or appropriate for the purpose of carrying out the provisions and exercising the rights, powers, and privileges granted or reserved by this Section E.6. Any such action shall be deemed taken by Declarant as the true and lawful attorney-in-fact of the respective Unit Owners and lienholders.

(f) Sales, Marketing, Etc. Declarant, and its agents, employees, contractors, licensees, successors, and mortgagees, shall have the right and an easement, without the consent or joinder of any party with an interest in the Project, including any other Unit Owner and/or mortgagee, to conduct extensive sales, leasing, rental, marketing, and other commercial activities on and at the Project, including the use of any Unit (and appurtenant Limited Common Elements) owned by Declarant (and any other Unit, with the express permission of the Owner of such Unit) and the Common Elements (excluding Limited Common Elements exclusively appurtenant to other Units) for model units, sales, leasing, rental, marketing, and other commercial activities, temporary occupancy and management offices, parking and extensive sales, leasing, rental displays and activities, and the posting and maintenance of banners, signs, and other advertisements and sales displays relating to such sales, leasing, rental, marketing and other commercial activities. Any temporary sales center located on the Project shall be and is hereby reserved at no cost or charge for the exclusive use of Declarant and its agents as an office for sales and other uses. Unless Declarant, in its sole discretion, terminates the rights earlier, the rights reserved in this Section E.7 shall continue until ninety (90) days after the closing of the sale of the last unsold Unit in the Project.

(g) Punchlist. Declarant and its agents, employees, contractors, licensees, and mortgagees shall have an easement over, under and upon, and the right to use, any portion of the Project, including the Common Elements, Limited Common Elements, and any Unit, as may be reasonably necessary or convenient for the completion of improvements to and correction of defects and other "punchlist" items in the Project. The rights reserved in this Section E.10 shall continue until thirty-six months after the later of: (a) the Recording of the "as built" verified statement required by Section 514B-34 of the Act, as to

improvements covered by such statement; or (b) the "date of completion" of such improvements as defined in Section 507-43(f), Hawaii Revised Statutes; or (c) December 31, 2027.

(h) Nuisances Related to Construction, Sale, Etc. Declarant and its agents, employees, contractors, licensees, successors, assigns, and mortgagees shall have an easement over, under and upon all portions of the Project to create and cause noise, dust, traffic congestion, vibration, odors, and other nuisances or annoyances created by and resulting from any work connected with or incidental to the development, construction, and sale of any Unit or other improvement to the Project, any additional phase or increment to the Project, or any other project that Declarant may develop on property adjacent to or in the immediate vicinity of the Project. Each and every Owner or other person acquiring any interest in the Project waives any and all rights, claims, or actions that might otherwise be asserted against Declarant, its agents, employees, contractors, licensees, successors, mortgagees, and assigns, based on any such noise, dust, traffic congestion, vibration, odors, and other nuisances or annoyances.

(i) Land Use Permits. Declarant shall have the reserved right, to and until December 31, 2027, to amend this Declaration, to enter into any agreements, to grant easements, and to do all things necessary and convenient to satisfy the requirements of any land use permits pertaining to the Project, including, without limitation, the Cluster Housing Permit, and to execute, file, and deliver any and all documents necessary to effect the same, including, but not limited to, any amendments to this Declaration and to the Condominium Map, and to secure any other governmental permits as Declarant may deem necessary.

(j) Declarant's Right to Amend Project Documents. To the extent necessary or required in connection with the reserved rights set forth above in this Section E, such parties shall have the unilateral right to amend this Declaration, the Bylaws and/or the Condominium Map to effect the same.

of operation, certain budget items, especially insurance in today's insurance market, may change. The buyer must be aware that such amounts are only estimates and may change for reasons beyond the control of Developer, and, by taking title to a unit, the buyer accepts and approves any such changes. The buyer must also be aware that such estimates do not include the buyer's obligation for payment of real property taxes. The buyer understands that such estimates are not intended to be and do not constitute any representation or warranty by the Developer, including but not limited to any representation or warranty as to the accuracy of such estimates. The Developer advises that costs and expenses of maintenance and operation of a condominium project are very difficult to estimate initially and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements age. Maintenance charges can vary depending on services desired by unit owners. The Buyer should examine the maintenance charges schedule to see what services are included in the schedule. Buyers should also be aware that the estimates provided are as of the date reflected in the schedule and do not reflect the actual charges that may be incurred upon the formation of the Association and the actual contracting for such services such as insurance and maintenance, etc.

Estimate of Residential Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services (Common Elements)(*)		
Water	200.00	2,400.00
Electricity	100.00	1,200.00
Repairs and Maintenance	100.00	1,200.00
Management		
Property Management	419.00	5,028.00
Administrative Expenses	11.00	132.00
Insurance (**)		
Fire and Hurricane Insurance	2,600.00	31,200.00
Other Insurance	160.00	1,920.00
Reserves(***)		
Improvement Reserve	100.00	1,200.00
Taxes and Government Assessments(*)	40.00	480.00
Professional Fees	40.00	480.00
Master Association Dues(****)	<u>0.00</u>	<u>0.00</u>
TOTAL	3,770.00	45,240.00

I, Guy Tamashiro, employed by West Oahu Realty Commercial, a division of West Oahu Realty, Inc., the condominium managing agent for the Kapolei Vistas 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.


Signature

3/3/09
Date

The foregoing estimates of initial maintenance fee assessments and maintenance fee disbursements assume that all dwelling unit maintenance will be the responsibility of each homeowner, not the Association.

* Upon conveyance of a Unit, each Unit owner will be responsible for obtaining and paying for their own utilities, taxes, and governmental assessments, unless the Association determines that it is in the best interests of the Association to include such costs in the Common Assessments.

** Unit owners will be responsible for purchasing and maintaining property insurance on their Units and/or Yard Areas. No property insurance for the Units and/or the Yard Areas will be provided by the Association, unless the Association determines that it is in the best interests of the Association to include such costs in the Common Assessments.

*** The Developer discloses that in arriving at the figure for "Reserves" in the estimate above, neither Kapolei Vistas, LLC (the Developer) nor West Oahu Realty Commercial (the Project's initial managing agent) has conducted a "reserve study" in accordance with Hawaii Revised Statutes § 514B-148, and replacement reserve rules, Hawaii Administrative Rules Subchapter 6, Title 16, Chapter 107.

Pursuant to HRS § 514B-148, 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. This reserve amount is not based on a reserve study required by Hawaii law. The reserve study will be performed by the Association of Unit Owners.

**** Master Association dues are payable by each Unit owner directly to the Kapolei Knolls Community Association. Currently, these dues are \$45.00 per month for each owner.

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

EXHIBIT K
Summary of Specimen Sales Contract

The specimen Deposit Receipt and Sales Agreement ("Sales Contract") contains, among others, the following terms and provisions (which may be modified or otherwise limited by provisions not summarized):

1. The Purchase Price shall be paid in four (4) payments, the last of which shall be paid to Escrow, subject to other terms, on the earlier of (a) the Date of Pre-closing, or (b) ten (10) days prior to the Scheduled Closing Date, except that mortgage proceeds from Buyer's Permanent Loan may be paid two (2) days prior to the Scheduled Closing Date.
2. The Purchase Price does not include the Project start-up fee, maintenance fees, closing costs, prorations, and additional costs payable by Buyer under the Sales Contract.
3. The Sales Contract shall become a legally binding contract upon the last to occur of (i) Buyer's actual or deemed execution and return of the receipt for Public Report with an effective date issued by the Real Estate Commission, as may be amended which shall also include the Project's recorded Declaration and Bylaws, project Rules, a letter-sized (herein "Public Report"), (ii) Buyer's actual or deemed execution and return of the receipt of a notice of the Buyer's thirty-day cancellation right on a form prescribed by the commission; (iii) and Buyer's actual or deemed waiver or the expiration, of Buyer's right to cancel as more particularly provided in §514B-86 of the Hawaii Revised Statutes, as amended. Prior to the time the Sales Contract becomes a binding sales contract, the Sales Contract may be terminated at any time, with or without cause, at the option of either party, by written notice of such termination delivered to the other party.
4. If Buyer fails to execute and return the receipt and notice of right to cancel within thirty (30) calendar days after the delivery to Buyer of the documents set forth in Section 3 above, then Seller may at its sole option terminate the Sales Contract. Upon such termination, Seller shall cause Escrow to refund to Buyer all payments previously made by Buyer, less interest and less Escrow's cancellation fee, and Seller shall have no further liability under the Sales Contract.
5. If Buyer does not present to Seller the "Cash Evidence" of Buyer's ability to pay the total purchase price within three (3) calendar days of Buyer's execution of the Sales Contract, then Seller shall have the right and option to terminate the Sales Contract and upon such termination, Escrow shall refund to Buyer all monies previously paid by Buyer, less interest and less Escrow's cancellation fee and any other actual expenses incurred by reason of Buyer having signed the Sales Contract.
6. If Buyer will be utilizing mortgage financing to pay a portion of the Purchase Price, then Buyer shall be solely responsible for applying for and obtaining the Buyer's Permanent Loan. All financing and the terms and conditions thereof, shall be a matter of concern solely between Buyer and the Buyer's Permanent Lender and shall not affect the rights or obligations of Seller or Buyer. The sale and purchase of the Unit shall not be contingent upon Buyer's ability to retain the interest rate quoted at the time of approval of the loan by Buyer's Permanent loan. Buyer shall be solely responsible for any loan fees or other charges payable to Buyer's Permanent lender in processing, issuing or canceling Buyer's Permanent Loan.
7. If Buyer will be paying the entire Purchase Price in cash and Seller so requires, then no later than sixty (60) days from the date this sales contract becomes binding, and again no earlier than ninety (90) days prior to the Scheduled Closing Date, Buyer must submit to Seller written evidence from Buyer's bankers or accountants or other persons reconfirming Buyer's ability to pay the Purchase Price in cash on the Date of Closing. If Seller, in its sole discretion, is not satisfied as to Buyer's continued ability to make such cash payments, then Buyer shall be in default under the Sales Contract.

8. All payments made by Buyer under the Sales Contract will be deposited with Escrow under the terms of the Escrow Agreement.
9. If Buyer so elects, all funds received by Escrow from or at the direction of Buyer may be deposited into an interest bearing account or accounts in a federally insured bank or savings and loan institution selected by Seller. Buyer shall pay all costs and expenses incurred or charged by Escrow for the purpose of setting up, maintaining and closing such interest bearing account(s). Except in the event of a default by Seller (in which case the default provisions summarized hereinbelow shall govern), all interest earned from such account(s) from the date of Seller's acceptance of the Sales Contract shall be credited to Seller's account; provided that no interest shall be credited to Seller (i) for the period prior to Seller's acceptance of the Sales Contract; or (ii) on funds held by Escrow for less than sixty (60) calendar days after Seller's acceptance of the Sales Contract. Any interest earned on funds in escrow which is not required by the terms of the Sales Contract to be credited to the account of Seller shall be paid to Seller.
10. The Buyer acknowledges, understands, and agrees that, subject to §514B-92, HRS, prior to closing and recordation of the Buyer's deed, the deposits made by the Buyer for the purchase of the Unit (including monies collected for any Option Package Costs) may be disbursed by Escrow Agent prior to the completion of the Unit and the Project to pay for the Seller's construction costs of the Project's improvements and to pay for architectural, engineering, finance and legal fees and other incidental expenses of the Project. The requirements and procedures for such use of the Buyer's funds are set forth in §514B-92 and the Escrow Agreement.
11. Seller has reserved the right to make certain modifications to the Declaration, By-Laws, Project Rules, Condominium Map, and other documents (i) as may be required by law, any title insurance company, any institutional mortgagee, or any governmental agency; and to conform the documents to updated requirements or standards of any governmental agency, or (ii) prior to the conveyance of the Unit to the Buyer as Seller otherwise deems appropriate; provided that no such modification shall
 - (a) substantially and materially impair or interfere with the Buyer's prospective use of the Unit;
 - (b) substantially and materially reduce the usable space within the Unit or substantially and materially alter the arrangement of the rooms within the Unit or require a substantial material physical change of the Unit;
 - (c) render unenforceable (for commercially reasonable reasons) the Buyer's mortgage loan commitment;
 - (d) substantially increase Buyer's share of common expenses; or
 - (e) substantially reduce the obligations of Seller with respect to the Project.
12. Any model shown to Buyer is displayed only for illustration and Seller shall not be required to deliver the Unit in exact accordance with any model. None of the appurtenances and furnishings shown in any model is included in the Sales Contract, unless Seller agrees in writing to deliver the same for part of the Purchase Price. Despite models or drawings displayed to Buyer, Seller has made no representations, warranties or assurances to Buyer regarding the size, height, location or composition of any improvement to be constructed on or adjacent to the Project. Seller may substitute the materials, appliances and other items in the Unit and on the Project with materials, appliances and other items of substantially equal quality and utility, without adjustment to the Purchase Price. If Seller is unable to complete or install in the Unit any optional item, decorator item, fixture, furnishing or other improvement, and such failure is caused by circumstances beyond Seller's reasonable control, the Close of Escrow shall not be delayed so long as occupancy of the Unit is approved by the applicable governmental authority.

13. If Seller offers color selections for the standard appliances or any other standard items in the Unit, then Buyer shall make such selections within five (5) business days after receipt of written notice from Seller or Seller's agent requiring Buyer to make such selections. If Buyer fails to make such selections within the allotted time period, Seller shall be authorized to make the color selections on behalf of Buyer. If any of the color selections become unavailable for any reason, Buyer shall select, within five (5) business days after notice thereof, another color selection from the alternative choices offered by Seller, or Seller shall be authorized to make such selection on behalf of Buyer. The unavailability of any original color selection shall have no effect on Buyer's obligations hereunder and shall not in any way constitute grounds for any claim whatsoever against Seller.
14. Buyer acknowledges the conditions pertaining to the Project set forth in Exhibit 1 attached hereto.
15. BUYER INTENTIONALLY WAIVES, RELINQUISHES AND SUBORDINATES THE PRIORITY OR SUPERIORITY OF ANY LIEN OR OTHER LEGAL OR EQUITABLE INTEREST ARISING UNDER THE PURCHASE AGREEMENT IN FAVOR OF THE LIEN OR CHARGE ON THE PROJECT OR THE SECURITY INTERESTS OF SELLER'S LENDER, INCLUDING BUT NOT LIMITED TO ANY LIEN, MORTGAGE OR OTHER CHARGE SECURING A LOAN MADE TO FINANCE THE ACQUISITION OF THE LAND AND THE COSTS OF CONSTRUCTION AND OTHER COSTS DURING SUCH CONSTRUCTION AND ANY AND ALL ADVANCES THEREFOR, WHETHER CONTRACTUAL OR VOLUNTARY, UNTIL THE FINAL CLOSING AND DELIVERY BY SELLER OF THE UNIT DEED TO BUYER.
16. Buyer consents to Seller's assignment to Lender, as security, of Seller's interests in the Sales Contract and Buyer's deposits with Escrow. In the event Lender acquires Seller's interest in the Sales Contract pursuant to said assignment, Buyer shall, at Lender's option, perform to, attorn to, and recognize Lender as the Seller under the Sales Contract.
17. Seller unconditionally covenants and agrees that construction of the Unit shall be completed within three (3) years from the date that Buyer's right to cancel the Sales Contract has lapsed, provided, however that said three (3) year period shall be extended for any period of time during which Seller is actually and necessarily delayed in completing construction of the Unit if said delay is due to fire, earthquake, acts of God, the elements, war or civil disturbance, strikes or other disturbances, government legislation or controls, or economic controls making it impossible to obtain the necessary labor or materials, or other matters or conditions legally supportable under Hawaii as being beyond the control of Seller and which cause completion of construction of the Unit within said three (3) year period to be impossible.
18. Seller reserves the right to exercise all of the powers as a member of the Association as to all unsold Units in the Project. So long as Seller owns an interest in any Unit in the Project, and until the election of the Board of Directors and officers of the Association of Unit Owners, Seller may exercise all of the powers of the Board of Directors and officers.
19. The estimates of monthly maintenance charges and assessments for the Unit as shown in the Public Report for the Project, as may be amended, are not intended to be and do not constitute any representation or warranty by Seller.
20. Neither Seller nor any of its representatives has made any representation or reference as to rental of the Apartment, income from the Apartment or any other economic benefit to be derived from the rental of the Apartment, including, but not limited to, any reference or representation to the effect that Seller or any affiliate of Seller will provide, directly or indirectly, any services relating to the rental of the Apartment.
21. After the Sales Contract has become a binding contract, Buyer shall have the right to rescind the Sales Contract if there is a material change in the Project.

22. The closing of the sale of the Unit shall constitute an assignment by Seller to Buyer of any and all warranties given to Seller by the contractor for the Project in connection with the Unit, including any contractor's to promptly correct any of its work found to be defective or not in conformance with the construction contract following the date of substantial completion of the work. The benefit of such an agreement shall accrue to Buyer on the Date of closing without further instruments or documents. Seller shall cooperate with Buyer in asserting any claims based on any such warranty.
23. If Buyer is purchasing the Unit pursuant to Hawaii Revised Statutes §514A-101 et seq., governing sales to prospective owner occupants, then Buyer may not sell or offer to sell, lease or offer to lease, rent or offer to rent, assign or offer to assign, convey or otherwise transfer any interest in the Unit until at least three hundred sixty-five (365) consecutive calendar days have elapsed since the recordation of the Unit Deed. The Buyer has or will sign an affidavit which will or does state that Buyer shall notify the Commission immediately upon any decision to cease being an owner-occupant of the Unit. Any violation of the terms of the Affidavit shall be subject to prosecution, levy of fines or penalties set forth in Hawaii Revised Statutes §§514B-98.5, -99, and -99.3.
24. If the Buyer shall default in any payment when required, or shall fail to perform or shall breach any other obligation required of the Buyer hereunder, and if the Seller shall notify the Buyer in writing of such default or breach, then the Buyer shall have 20 days after the Buyer's receipt (or deemed receipt) of such notice to correct (or cure) such default or breach. If the default or breach is not corrected (or cured) within such 20-day period, then the Seller may, at the Seller's option and in addition to any other rights contained herein, do any one or more of the following:
- (a) (i) The Seller may terminate the Sales Contract by written notice to the Buyer and collect liquidated damages as set forth below. In the event of such termination, the parties understand and agree that in view of the Seller's financial commitments with respect to the Project the connection between the sale, cancellation or default with respect to one Unit and the sale, cancellation or default with respect to other Units in the Project and the nature of the real estate market in Hawaii, that the injury to the Seller will be uncertain as to nature and amount and difficult to ascertain. As a reasonable estimate of the Seller's damages resulting from such default, the parties agree that the sums previously paid by the Buyer under this Agreement shall at the Seller's option belong to the Seller as liquidated damages. It is understood that the damages suffered by the Seller by virtue of a default later in time will likely be greater than such a default occurring at an earlier point in time.
- (ii) The Seller may file a lawsuit for damages.
- (iii) The Seller may pursue any other remedy permitted at law or in equity.
- (iv) All costs, including reasonable attorneys' fees, incurred by the Seller by reason of default by the Buyer shall be paid by the Buyer promptly upon the Seller's demand.
- (b) If the Buyer shall default in making any payment when due and the Seller elects not to terminate this Agreement as provided above, then, upon Closing, the Buyer shall be required to pay the Seller, through Escrow Agent, a late charge of one percent per month (based on the amount of such payment), prorated on a daily basis, which shall accrue from the Scheduled Closing Date until such payment, together with such late charge, is paid. At any time prior to the time that such payment and late charge is paid in full, the Seller may, at its option and in lieu of collecting such late charge, terminate this Agreement as provided above.

- (c) In addition to all other remedies the Seller has under the Sales Contract, in the event closing does not occur on the Closing Date established by the Seller by reason of the Buyer's failure to comply with any provision of the Sales Contract, the Buyer shall be responsible for and pay and/or reimburse the Seller for all charges incurred by the Seller, including that portion of the interest on the Seller's Loan allocable, on a prorata basis, to the Unit, accruing from and after the scheduled Closing Date, through and including the actual date of closing. Because such damages cannot be calculated precisely, it is agreed that a reasonable estimate of the damages is \$200.00 per day, which amount will be paid by the Buyer to the Seller.
25. If the Seller shall be in material default under the terms and conditions of the Sales Contract (i) prior to Closing, then the Buyer shall provide written notice to the Seller of such default by the Seller. After the Seller receives the Buyer's written notice, the Seller shall have 10 days to either cure the default or commence curing the default. In the latter event, the Seller shall have 30 days after commencement to cure the default. If the Seller does not cure the default within the applicable time period, then, if the Buyer is not in material default under the Sales Contract, the Buyer shall be entitled, as the Buyer's sole and exclusive remedy, to terminate the Sales Contract by written notice to the Seller and Escrow Agent and to receive a refund of all deposits with accrued interest, plus liquidated damages in the amount of \$1,000.00. Upon such termination of the Sales Contract by the Buyer, the Seller shall be released from all further obligations under the Sales Contract, except as set forth in this subsection. The Seller and the Buyer understand and have agreed that in the event of default by the Seller the injury or damages to the Buyer will, in view of the nature of the real estate market in Hawaii and the Buyer's finances and commitments, be difficult and/or expensive to determine. Therefore, the parties have mutually agreed that such liquidated damages amount is a reasonable estimate of the Buyer's fair compensation for any damages resulting from such default. The Buyer also agrees that, in light of its right to the liquidated damages referenced above, the Buyer will not (and shall not have the right to) record or file a lis pendens against the Unit or the Project. If there is a dispute between the parties with respect to whether the Seller defaulted under the Sales Contract, then the dispute resolution procedures set forth in Article IV, Section 1.6 of the Sales Contract shall be followed.
- (ii) If the Seller shall be in material default under the terms and conditions of the Sales Contract after Closing, then the dispute resolution procedures set forth in Article IV, Section 1.6 of this Agreement shall be followed.
26. (a) If the Buyer dies prior to Closing, or in the case of a corporation, partnership or limited liability entity, dissolves prior to Closing, then the Seller (not the Buyer) shall have the right to terminate the Sales Contract and return the Buyer's payments, without interest and less escrow cancellation fees and all costs incurred by the Seller, Escrow Agent or any lending institution in processing the Sales Contract or the loan application. Upon such termination, both the Seller and the Buyer (including the Buyer's estate and legal representatives) shall be released from all obligations and liability under the Sales Contract.
- (b) If, prior to Closing, casualty by fire or otherwise occurs and damages any portion of the Unit or any other portion of the Project and the Seller determines, in its sole discretion, that such casualty shall likely delay by more than six months (according to the Seller's development schedule) the ability of the Seller to deliver the completed Unit to the Buyer, then the Seller shall have the right to terminate this Agreement by giving written notice to the Buyer. With any such notice, the Seller shall cause the deposits to be returned to the Buyer. The Buyer acknowledges that, in the event of such termination, the Buyer shall have no other remedy because of such damage, and the parties shall be released from all other obligations under this Agreement. If, within 60 days after such casualty, the Seller does not send a notice to the Buyer informing the Buyer of the Seller's intent to terminate this Agreement as provided above, then the Seller shall have waived its right to terminate this Agreement as a result of the casualty and shall repair the

damage and/or complete construction of the Unit as soon as reasonably practicable, and Closing shall be delayed as necessary to allow the completion of such repair and construction work.

27. Closing shall occur on the date determined as follows (the "Scheduled Closing Date"): (a) If more than 45 days has elapsed from the date of completion (as such term is defined in HRS §507-43) of the Unit, then the closing date shall be as selected by mutual agreement, but no event more than ninety (90) calendar days from the Effective Date of the Sales Contract; or (b) If the date of completion of the Unit has not been determined on the Effective Date of the Sales Contract, then the Closing Date shall be as selected by mutual agreement but no later than ninety (90) days from the date that the date of completion (as defined in HRS §507-43) of the Unit is determined.
28. The Seller may, at its option, preclose the sale of the Unit. Such "preclosing" shall occur as follows: on or about sixty (60) calendar days prior to the Scheduled Closing Date, the Seller shall give the Buyer at least ten (10) calendar days' prior written notice that all documents necessary for closing must be executed and deposited with Escrow Agent by a certain date, and the Buyer hereby agrees to execute all necessary documents for such preclosing, including, without limitation, the deed by which the Unit is conveyed, all promissory notes, mortgages and other loan documents necessary for the Buyer's financing of the purchase of the Unit, the conveyance tax certificate, any additional Escrow instructions and a closing statement based on the Seller's estimate of the date the sale will close. On the date of the preclosing described above, the Buyer agrees to pay into Escrow all sums due from the Buyer at Closing, excluding only the portion of the final payment of the Total Purchase Price that will be paid with mortgage loan proceeds, which portion shall be due two days before the Scheduled Closing Date. This Agreement shall constitute the Seller's and the Buyer's written grant of authority to Escrow Agent to date all documents as of the Scheduled Closing Date for the transfer of title and adjust the estimated prorations in accordance with the provisions of the Sales Contract. The Buyer or the Buyer's duly authorized officer or representative agrees to come to Escrow Agent's office on a date and at a time to be arranged with Escrow Agent for the preclosing.
29. Buyer or Buyer's agent shall inspect the Unit and will sign an inspection sheet to be furnished by Seller or the contractor listing all defects or damages to the Unit, if any. The Seller will attempt to complete and/or correct all punchlist items, if any, prior to closing or within 20 days thereafter. The Buyer agrees that if the Seller's contractor any of the Buyer's punchlist items, the Architect shall determine the dispute, and such determination will be conclusive and binding on the Buyer and Seller. The Buyer acknowledges that the existence of defects or damages to the Unit shall not affect the Buyer's obligations to make the required payments under the Sales Contract and consummate the sale, and Buyer covenants and agrees to consummate the sale pursuant to the Sales Contract and to accept possession of the Unit as long as such defects or damages do not render the Unit unfit for occupancy and the Seller agrees to correct such defects or damages within a reasonable time.
30. Time is of the essence of the obligations of Buyer under the Sales Contract. Risk of loss to the Unit and Project shall be borne by Seller until the Date of Closing.
31. Section I. General Terms of the Sales Contract provides for the Negotiation, Mediation and Arbitration of disputes between the Seller, Buyer and contractors doing work in the Project. Before the procedures set forth in such Section I can be implemented with respect to any claim for a construction defect by or on behalf of the Buyer against a "Contractor" (as referenced below), the Buyer acknowledges and agrees as follows:

THE HAWAII CONTRACTOR REPAIR ACT (HAWAII REVISED STATUTES CHAPTER 672E) ("CHAPTER 672E") CONTAINS IMPORTANT REQUIREMENTS THAT THE BUYER MUST FOLLOW BEFORE THE BUYER MAY PURSUE A DISPUTE, INITIATE THE NEGOTIATION, MEDIATION AND ARBITRATION PROCEDURES DESCRIBED ABOVE OR OTHERWISE COMMENCE AN ACTION RELATING TO ANY ALLEGED

CONSTRUCTION DEFECT AGAINST A "CONTRACTOR" (AS THAT TERM IS DEFINED IN CHAPTER 672E) RELATING TO THE UNIT, THE PROJECT OR THE PROJECT'S COMMON ELEMENTS. NINETY DAYS BEFORE THE BUYER INITIATES ANY ACTION, THE BUYER MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS THE BUYER ALLEGES ARE DEFECTIVE. UNDER CHAPTER 672E, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. THE BUYER IS NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER CHAPTER 672E, AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT THE BUYER'S ABILITY TO INITIATE ANY OTHER ACTION AGAINST THE CONTRACTOR, INCLUDING THOSE SET FORTH IN SUBSECTION (b) ABOVE.

After the procedures required by Chapter 672E have been met, if the Buyer desires to pursue the alleged construction defect dispute against a Contractor, the Buyer shall be obligated to follow the Negotiation, Mediation and Arbitration procedures set forth in Section I. The Buyer understands, acknowledges and agrees that this Section I shall not expand or give the Buyer the right to bring or pursue a Dispute against any party (including the Seller) that the Buyer does not otherwise have under the Sales Contract.

Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings given them under the Sales Contract.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE SALES CONTRACT. WHILE A BUYER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF BUYER'S RIGHTS AND OBLIGATIONS UNDER THE SALES CONTRACT, BUYER MUST REFER TO THE SALES CONTRACT TO DETERMINE BUYER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE SALES CONTRACT, THE SALES CONTRACT WILL CONTROL.

EXHIBIT 1

CONDITIONS ACKNOWLEDGED BY BUYER

1. Seller's Easement for Sales Activities. Under the terms of the Declaration, Seller and its representatives, licensees, and invitees have the right and an easement to conduct extensive sales activities on the Common Elements (including, but not limited to, the Limited Common Elements) and from any Unit owned or leased by Seller. This right includes, but it is not limited to, the right: (a) to permit purchasers and prospective purchasers and their family members and guests, to come onto the Project through the Common Elements intended for access to and from any nearby roads, streets or highways; (b) to permit purchasers and prospective purchasers to park motor vehicles in any unassigned parking stalls; (c) to show the Project (including, but not limited to, model Units) to purchasers and prospective purchasers (who will have a right of ingress and egress for these purposes); (d) to use Units owned or leased by Seller as model Units, sales, management, and/or administrative offices; and (e) to use banners, signs or other extensive sales displays and activities at the Project. This easement applies to activities conducted in connection with the initial sale of any Unit in the Project. Buyer understands, acknowledges and accepts that these easements and the use of them may result in increased traffic, noise, and related inconveniences. Buyer gives up (in legal terms, "waives, releases and discharges") any rights, claims or actions Buyer may have, now or in the future, against Seller and its representatives, licensees, invitees, successors and assigns and arising from or with respect to the exercise of this easement.
2. Seller's Easement for Noise, Dust, Etc. Seller and its representatives, licensees, and invitees, have an easement over, under and upon the Project and all of its parts, to create and cause noise, dust, soot, smoke, odors, surface water runoff, vibrations, and other nuisances or hazards in connection with (a) the exercise of the easements Seller has reserved under the Declaration, or (b) the exercise of the Seller's reserved rights or any other rights of Seller as described in the Declaration. Buyer (i) understands, acknowledges and accepts that these activities may result in noise, dust, soot, smoke, odors, surface water runoff, vibrations and other nuisances and hazards, (ii) consents to this activity, and (iii) gives up (in legal terms, "waives, releases and discharges") any rights, claims or actions that Buyer may have, now or in the future, against Seller and/or its representatives, licensees, invitees, successors and assigns with respect to such easement. Buyer shall assume the risk of any property damage, personal injury or loss in property value which may arise out of or from these activities.
3. Seller's Easements for Access. Seller and its representatives, licensees, invitees (including any governmental officials that Seller may invite), successors and assigns, have reserved under the Declaration an easement over, under and upon the Project, including the Common Elements, Limited Common Elements, and any Unit, as may be reasonably necessary or convenient to complete any Improvements and to correct any defects and other punch list items in the Common Elements or any Unit or to the exercise of any of the other Seller's Reserved Rights under the Declaration. The easement to complete Improvements or correct defects or punchlist items terminates sixty (60) months after the later to occur of (i) the filing/recording date of the first deed for an Unit in the Project; or (ii) the "date of completion" (as the term is used in Chapter 507, Part II, Hawaii Revised Statutes) of the Improvement to be completed or corrected.
4. Seller's Reserved Right to Utilize Common Elements. Seller reserves the right, for itself, its representatives, licensees and invitees, to utilize the Common Elements for ingress and egress, for the exercise of any of Seller's reserved rights under the Declaration, for access to parking spaces and model Units within the Project, and in order to show the Common Elements to prospective purchasers.
5. Seller's Reserved Right to Grant Easements. Seller reserves the right to grant to any public or governmental authority or utility company rights-of-way and other easements which are for the sale

benefit of the Project, or which do not materially and adversely interfere with the use, nor materially and adversely impair the value, of the Project or any Unit in it, over, across, under and through the Common Elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof.

6. School Information. Seller has made no representations, warranties or assurances to Buyer that the Project will be included within any particular school district. Buyer is responsible for determining the availability of schools and the same are subject to change by the applicable school district.
7. Changes in Price, Size and Design. Seller has made no promises, representations or assurances to Buyer regarding the pricing, size, design or configuration of any Units in the Project other than the Unit, and Buyer acknowledges that as market conditions or other facts change, which matters may be subject to change, including reduction in prices of such other Units in the Project or sales incentives offered in connection therewith, and changes in size, design or product type of such other Units in the Project.
8. View Impairment. Neither Seller nor any of its authorized agents, representatives or employees has made any representations, warranties or promises concerning any view, present or future, that may be enjoyed from all or any portion of the Unit or the Project. The views from the Unit or Project may change, be affected or obstructed by (i) construction or installation of buildings, improvements, structures, walls and/or landscaping by Seller or owners of property outside the Project and/or (ii) the growth of trees, landscaping and/or vegetation within or outside the Project. The Declaration does not contain any provisions intended to protect the view from any Unit or any other portion of the Project.
9. Tax and Insurance Estimates. Any sum estimated for taxes or insurance affecting the Unit or Project may increase or decrease depending upon fluctuation of real property taxes or insurance rates.
10. Noise: Traffic. Noise, dust, vibrations, and/or traffic in the vicinity of the Project may increase if and when any structures are constructed on lands adjacent to or in the vicinity of the Project. Buyer and every other person who has any interest in the Project or who has the right to use the Project or any part of it gives up (in legal terms, "waives, releases and discharges") any rights, claims or actions that such person may have, now or in the future, against Seller and its representatives, licensees, successors and assigns, and arising directly or indirectly out of or from such obstruction of views, additional noise, dust, vibrations, and/or additional traffic by reason of such further development.
11. Security. Seller has the right, but not the duty to take steps designed to make the Project safer than it otherwise might be. Seller and each of its representatives are not in any way to be considered insurers or guarantors of safety or security within the Project, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate or effective safety or security measures. Seller makes no representation or warranty that any tire protection, burglar alarm, or other safety or security system or measures, including anything intended to limit access to the Project, (i) will be effective in all cases and cannot be compromised or circumvented; (ii) will prevent all losses; (iii) will limit access to the Project; or (iv) will provide the detection or protection which it is designed or intended to provide. Each person using the Project assumes all risks of personal injury, death, or loss or damage to property resulting from the acts of third parties.
12. Environmental Issues - Mold. Mold and mold spores are present throughout the environment and residential condominium construction cannot practicably be designed to exclude the introduction of mold spores. All mold is not necessarily harmful, but certain strains of mold have been found to

have adverse health effects on susceptible persons. Moisture is the primary mold growth factor that can be controlled in a condominium setting. Affirmative steps taken by owners of Units in the Project ("Owners") to minimize or control moisture in their respective Units can minimize or eliminate mold growth in a residential condominium. Owners will be advised via the Bylaws regarding positive steps that should be taken to reduce or eliminate the occurrence of mold growth in their Units and thereby minimize any possible adverse health effects that may be caused by mold. Seller can not ensure that mold and mold spores will not be present in the Project. The failure of an Owner to follow the steps set forth in the Bylaws may increase the risk of mold growth and mold spores being present in their Units. Seller shall not be liable for any actual, special, incidental or consequential damages based on any legal theory whatsoever, including, but not limited to, strict liability, breach of express or implied warranty, negligence or any other legal theory, with respect to the presence and/or existence of molds, mildew and/or microscopic spores at the Project unless caused by the sole negligence or willful misconduct of Seller.

13. Condominium Map. Nothing in the Condominium Map is intended to be or is a representation or warranty by Seller. For example, bathrooms may have more or fewer sinks than shown on the Condominium Map, and the bathroom tubs may be shaped differently than shown on the Condominium Map.

EXHIBIT L
Summary of Condominium Escrow Agreement

The Condominium Escrow Agreement ("Escrow Agreement") dated as of October 7, 2008, was made by and between Title Guaranty Escrow Services, Inc. ("Escrow Agent") and Kapolei Vistas, LLC ("Developer"). The Escrow Agreement contains among other provisions the following (which may be modified or otherwise limited by provisions not summarized herein):

1. Sales Contracts Deposited in Escrow. Whenever Developer enters into a sales contract with a purchaser for the sale of a Unit in the Kapolei Vistas condominium project (the "Project"); Developer shall deliver an executed copy of the sales contract to Escrow Agent. The sales contract shall require that all payments due thereunder be made directly to Escrow Agent to be held and disbursed in accordance with the Escrow Agreement. If the purchaser intends to purchase the Unit as an "owner-occupant pursuant to Chapter 514B, Part B, Hawaii Revised Statutes ("H.R.S."), said purchaser shall deliver an owner-occupant affidavit to Escrow Agent in the form and content required by H.R.S. §514B-97.

2. Receipt of Funds by Escrow Agent. Escrow Agent shall receive and hold in escrow and disburse in accordance with the Escrow Agreement all payments under sales contracts for Units in the Project and all sums of money from any other source relating to the Project. Within a reasonable time after receiving any such funds, Escrow Agent shall deposit the same in an interest bearing account or accounts at a federally insured bank, savings and loan association, or trust company authorized to do business in the State of Hawaii. Any interest earned on such deposits shall accrue as specified in the sales contract.

3. Conditions to be met Prior to Disbursement of Funds. Escrow Agent shall make no disbursement of funds deposited with it unless:

(a) Developer has delivered to purchaser a true copy of the Public Report including all applicable amendments, with effective date(s) issued by the Real Estate Commission and a receipt of such Public Report signed by the purchaser.

(b) The purchaser shall have waived the right to cancel or shall be deemed to have waived the right to cancel in accordance with HRS §514B-86(c).

(c) Developer shall have delivered evidence to Escrow that the purchaser has received the notice of the thirty-day right of cancellation, such as a signed receipt of the thirty-day notice of cancellation or receipt for copies of the Public Report or notice sent by certified or registered mail or such evidence satisfactory to Escrow.

(d) Developer has affirmed to Escrow that there has been no material change in the Project after the sales contracts became binding that would afford the purchasers a new right of rescission. If such change has occurred, then Developer has affirmed that Developer has delivered to purchasers a description of the material change and a notice of the purchasers' thirty-day right of cancellation and purchasers have waived the right to rescind or shall be deemed to have waived the right to rescind in accordance with HRS §514B-87(b).

4. Return of Funds and Documents. Escrow Agent shall return deposited sums, with interest to the extent provided in the sales contract, less Escrow Agent's cancellation fee and other costs up to a maximum of \$250.00, to a purchaser if:

(a) Developer and such purchaser instruct Escrow Agent in writing to return such funds to such purchaser; or

(b) Developer notifies Escrow Agent of Developer's exercise of the option to cancel or rescind the sales contract entered into by such purchaser pursuant to any right of cancellation or rescission provided for therein or otherwise available to Developer with respect to which, in accordance with the sales contract, Buyer is entitled to a return of funds deposited by it with Escrow Agent; or

(c) The purchaser exercises such purchaser's right to cancel the sales contract pursuant to HRS §514B-86 or if applicable, HRS §514B-89; or

(d) The purchaser shall have notified Escrow of purchaser's right to cancel the sales contract pursuant to HRS §514B-87.

5. Unclaimed Funds. Escrow Agent shall notify each purchaser entitled to a return of funds by registered, certified or regular mail. If any purchaser does not claim the refund within sixty (60) days, Escrow Agent shall deposit the funds with a bank or depository selected by Escrow Agent in the name of Developer as trustee for the purchaser. Thereafter, Escrow Agent shall have no further obligation or liability with respect to such funds and purchaser.

6. Closing. Except for the sales contract and any note and mortgage, Escrow Agent shall arrange for and supervise the execution, recording, and delivery of all documents, as necessary, related to the Project and shall "close" the sale of the Unit.

7. Partial Closings. The Developer anticipates partial closings (i.e. closings for some but not all of the Units) and Escrow Agent agrees to cooperate and facilitate such partial closings.

8. Defects in Documents. Within five (5) business days of the date of closing, Escrow Agent shall record all documents necessary to effect the transfer of legal title to the purchaser, provided said documents are not defective in any way. If any documents are defective, Escrow Agent shall notify Developer thereof and correct such defects if they are within Escrow Agent's capacity to correct.

9. Purchaser's Default. Developer shall notify Escrow Agent when payments are due from a purchaser, who shall then be notified by Escrow Agent. Escrow Agent shall notify Developer of any defaults by a purchaser. If Developer certifies to Escrow Agent in writing that Developer has terminated the sales contract in accordance with the terms thereof then Escrow Agent shall thereafter treat all funds of the purchaser paid on account of such sales contract as funds of Developer. Upon the written request of Developer, Escrow Agent shall pay such funds to Developer, less any cancellation fee. Thereafter, Escrow Agent shall have no further obligation or liability with respect to such funds or purchaser.

10. Protection of Escrow Agent. Escrow Agent shall have no liability for acting in accordance with the terms of the Escrow Agreement, notwithstanding a notice to the contrary from Developer, any purchaser, or any third person. Escrow Agent shall not be responsible for the validity or sufficiency of any documents received by it, shall be entitled to assume that said documents have been properly executed and that any written certification or instrument from Developer is true and accurate. In the event of any dispute, difference, or conflicting demand upon Escrow Agent, Escrow Agent shall not be required to determine the same or take any action in the premises, but may await settlement of the controversy by appropriate legal proceedings or otherwise, including the resolution of an interpleader action initiated by Escrow Agent. Developer and each purchaser shall pay to Escrow Agent on demand, and indemnify and hold harmless Escrow Agent against, all costs and damages arising out of the Escrow Agreement, except for any act or omission of Escrow Agent that is not generally accepted in the Honolulu

business community as a reasonable business practice. Escrow Agent shall not be required to mail any notice or keep any records required under the owner/occupant provisions of H.R.S. Chapter 514A.

11. Miscellaneous. The Escrow Agreement is binding upon and inures to the benefit of the parties hereto and their successors and assigns. The Escrow Agreement may be terminated on fifteen (15) days' written notice to either party. In the event of any conflict between the Escrow Agreement and H.R.S. Chapter 514B, the statutory provisions shall control. Escrow Agent shall furnish Developer with semi-monthly reports that cover the status of each sales contract in escrow.

12. Compensation. For each sale of an Apartment closed by Escrow Agent, Escrow Agent shall be paid an escrow fee. The escrow fee shall be \$1,000.00 plus the applicable Hawaii general excise tax per Unit. The premium for the standard owner's title insurance policy and ALTA lender's title insurance policy issued with respect to each Unit shall be \$1,300.00. An additional *tee* at \$250.00 shall be charged to the purchaser for each mortgage loan obtained by the purchaser from a lender not designated by Developer. Should the purchaser obtain a mortgage loan from any out-of-state lender, a fee at \$500.00 shall be charged to the purchaser for such mortgage. The compensation to Escrow Agent with respect to the closing of the sale of any Unit shall be due and payable upon the earlier of: (i) transfer to a purchaser of legal title to such Unit; and (ii) final disbursement of the purchase price of such Unit and other sums held by Escrow Agent with respect hereto.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, ONE MUST REFER TO THE ACTUAL ESCROW AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL AND NOT THIS SUMMARY.

EXHIBIT M
Special Use Restrictions

Section G of the Declaration includes the following special use restrictions:

"Subject to the rights reserved to Declarant in the Project Documents, the Project and each of the Units are intended for and shall be restricted to the following purposes and uses, which, together with any other restrictions contained in the Project Documents, are intended and shall be deemed to be cumulative.

1. Single-Family Residential Purposes. Except as provided in this Section G, the Units in the Project shall be occupied and used only as short-term or long-term single-family residential dwellings and other uses permitted by this Declaration and the Bylaws. The Owners of the Units shall have the absolute right, without obtaining the consent or joinder of any other Owners, to sell, lease, rent, or otherwise transfer their respective Units (including the Limited Common Elements appurtenant thereto), subject to all provisions of the Act and the Project Documents. Owners shall be entitled to lease or rent out (or have a third party lease or rent out) their Unit to others on a short-term or long-term basis that is not in conflict with the provisions set forth above; and provided, further, that the restrictions set forth above shall not, in and of themselves, prohibit multiple Owners from owning a Unit as joint tenants or tenants in common. All lease or rental agreements of a Unit shall be in writing, shall be subject to inspection by the Board, and shall provide that the lease or rental is subject to all applicable laws and the Project Documents and that the failure of the lessee or tenant to comply with the terms of the Project Documents shall be a default under the lease or rental agreement.

2. No Visible Commercial Use. Except with respect to Units owned by Declarant and except as provided in this Section G, and subject to the right of the Owners to rent their Units for residential dwelling purposes, the Units shall not be used or occupied for any trade, business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purposes; provided, however, that the Units may be used for professional and administrative occupations or for other reasonable business activities that have no signs or other external evidence thereof, provided such occupations are otherwise in compliance with the Project Documents, as determined by the Board and/or the Kapolei Knolls Association, are in compliance with all applicable laws, are secondary to the use of the Unit as a permanent or temporary Unit, do not disturb other Owners or Occupants, as determined by the Board and/or the Kapolei Knolls Association, do not involve regular visits to the Unit by clients, customers, or the general public and do not involve any nuisances, as determined by the Board and/or the Kapolei Knolls Association. So long as Declarant owns a Unit in the Project, no "open houses" or similar activity providing the sale of a Unit shall be permitted at the Project or at any Unit, other than those Units owned by Declarant.

3. Declarant's Units. Anything in this Declaration to the contrary notwithstanding, Declarant may use any Unit owned by Declarant, or any other Unit with the permission of the Owner, for a model unit, a sales office, or such other purposes as Declarant shall deem appropriate.

4. No Additional Dwellings. No ohana dwelling (as that term is defined in the Revised Ordinances of Honolulu) or second dwelling shall be permitted on any Yard Area.

5. Owners' Transfer Rights.

(a) No Timeshares. No Unit or any interest therein shall be sold, transferred, conveyed, leased, occupied, rented, or used for or in connection with any timesharing purpose or under any timesharing plan, arrangement, or program, including without limitation any so-called "vacation license," travel club membership," or "time-interval ownership" arrangement. The term "timesharing" or "timeshare" as used in this Section G.4(a) shall be deemed to include, but is not limited to, any plan, program, or arrangement under which the right to use, occupy, own, or possess a Unit rotates among

various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association, or club membership, license, rental, or use agreement, co-tenancy agreement, partnership, or otherwise.

(b) Owners' Right to Sell, Lease, and Transfer. Subject to Section G.5(a), Unit Owners shall have the absolute right to sell, lease, rent, or otherwise transfer their respective Units subject to all provisions of the Act and the Project Documents. No Unit may be leased or rented for an initial term of less than ninety (90) days (or such longer period as may be required by ordinance of the County to avoid classification of the Unit as a "transient vacation unit"). Also, no Owner may rent any Unit in any manner by which the Occupants of the Unit are provided customary hotel or similar services, such as room service, maid service, laundry or linen service, or bell service. Any lease or rental agreement of a Unit shall provide that it shall be subject in all respects to the provisions of the Project Documents and that the failure of the lessee or tenant to comply with the terms of the Project Documents shall be a default under the lease or rental agreement.

6. No Injury to Project. A Unit Owner shall not suffer anything to be done or kept in his or her Unit or any Limited Common Element appurtenant to his or her Unit or any other part of the Project, for any purpose that will (a) jeopardize the safety or soundness of any building in the Project, (b) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and Occupants, (c) result in the cancellation or increase the premium of any insurance required for the Project, or (d) reduce the value of the Project or any building in the Project.

7. Rules Regarding Guest Stall. Use of those parking stall specifically designated as "guest" stall on the Condominium Map may be governed by rules and regulations adopted in accordance with the Bylaws to assure equitable use of the stalls by all Owners and their tenants or guests.

8. Promotional Purposes. As long as there are Units in the Project that have not been conveyed by Declarant to a third party, Declarant shall have the right to use any Unit that it owns and any Limited Common Elements appurtenant thereto for promotional purposes, and shall have the right to have guests stay in such Units for any length of time; provided that such guests shall abide by and be subject to all of the provisions of the Project Documents. Declarant may grant license rights to the Limited Common Elements appurtenant to any Unit owned by Declarant to the Association or to a third party to the extent permissible under the law. Additionally, Declarant will have the right to utilize Units that it owns or any Limited Common Element that is appurtenant to any Unit that it owns as sales offices or as a place that is utilized to provide services to the Owners or other Occupants of the Project, to the extent such use or uses are permitted under applicable law. Declarant shall also have the right to construct a temporary sales center trailer on a portion of the Land and to use such trailer and the surrounding area for sales and marketing purposes.

9. Use of Common Elements. Each Unit Owner may use the Common Elements in accordance with the purposes permitted under this Declaration, subject to:

- (a) The rights of other Unit Owners to use the Common Elements;
- (b) Any Owner's (or Owners') exclusive right to use of the Limited Common Elements as provided in this Declaration;
- (c) The right of the Owners to amend this Declaration to change the permitted uses of the Common Elements; provided that, subject to subsection 514B-140(c) of the Act:
 - (i) Changing Common Element open spaces or landscaped spaces to other uses shall not require an amendment to this Declaration; and
 - (ii) Minor additions to or alterations of the Common Elements for the benefit of individual Units are permitted if the additions or alterations can be accomplished without substantial

impact on the interests of other Owners in the Common Elements, as reasonably determined by the Board;

(d) Any rights reserved in this Declaration to amend this Declaration to change the permitted uses of the Common Elements;

(e) The right of the Board, on behalf of the Association, to lease or otherwise use for the benefit of the Association those Common Elements that the Board determines are not actually used by any of the Unit Owners for a purpose permitted in this Declaration. Unless the lease is approved by at least sixty-seven percent (67%) of the Owners, the lease shall have a term of no more than five years and may be terminated by the Board or the lessee on no more than 60 days prior written notice; provided that the requirements of this paragraph shall not apply to any leases, licenses, or other agreements entered into for the purposes authorized by Section 514B-140(d) of the Act; and

(f) The right of the Board, on behalf of the Association, to lease or otherwise use for the benefit of the Association those Common Elements that the Board determines are actually used by one or more Unit Owners for a purpose permitted in this Declaration. The lease or use shall be approved by at least sixty-seven percent (67%) of the Owners, including all directly affected Unit Owners that the Board reasonably determines actually use the Common Elements, and the Owners' Mortgagees; provided that the requirements of this paragraph shall not apply to any leases, licenses, or other agreements entered into for the purposes authorized by Section 514B-140(d) of the Act.

10. Owners' Responsibilities. Each Unit Owner shall have the following responsibilities with respect to the Owner's Unit, and the appurtenant limited common element Yard Area:

(a) Improvements and Pests. Except as otherwise specifically provided in this Declaration, the Bylaws, any Supplemental Declaration, or any agreement with the Association, the performance and cost of all maintenance and repair of each Yard Area, the Dwelling, and all structures, driveways, parking areas, landscaping, and other Improvements located on or within such Yard Area, including without limitation, painting and re-roofing of the Dwelling, shall be the sole responsibility of the Owner of the Unit to which such Dwelling and Yard Area is appurtenant. Each Owner shall maintain all Improvements, including landscaping, upon or within such Owner's Dwelling and Yard Area, in a state of good condition and repair in accordance with this Declaration. No Owner or Occupant of a Dwelling or Yard Area shall landscape or plant in any area controlled by the Association or otherwise interfere with the landscaping and maintenance of such landscaping as performed by the Association. No such Owner or Occupant shall interfere in any manner with the proper and effective operation of the irrigation facilities, if any, located in or on such common areas or easement areas, including any automatic or electric timer system(s) associated with such facilities. Further, each Owner acknowledges and agrees that the Owner is responsible for the control of pests (termites, insects, rodents, and the like) in or around the Dwelling and Yard Area and Improvements to the Dwelling and Yard Area. Notwithstanding anything to the contrary in this Declaration or the Bylaws, responsibility for maintenance shall include responsibility for repair and replacement, as necessary.

(b) Maintenance.

(i) Appearance of Improvements. Each Owner shall maintain the exterior appearance of the Dwelling and Improvements to their Yard Area in a neat and attractive manner, consistent with the surrounding areas in accordance with the provisions of this Declaration and the applicable provisions of the Kapolei Knolls Project Documents. No Owner shall alter the exterior color scheme of the Unit except in accordance with the applicable provisions of the Design Requirements.

(ii) Improper Maintenance and Use of Yard Areas. In the event any portion of any Dwelling or Yard Area is so maintained as to present a public or private nuisance or an unreasonable condition (as determined by the Board) with respect to other Owners or Occupants, or as to

substantially detract from the appearance or quality of the surrounding Yard Areas or other areas of the Project, or in the event any portion of a Yard Area is being used in a manner which violates this Declaration, the Project Rules, the Bylaws, or any applicable Supplemental Declaration, or in the event the Owner of any Yard Area fails to perform any of his/her/their obligations under this Declaration, the Bylaws, any applicable Supplemental Declaration, or Project Rules, the Board may by resolution adopted by an affirmative vote of a majority of the members of the Board, make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto, give notice to the offending Owner that, unless corrective action is taken within fifteen (15) days from the date of the notice and completed by the deadline set forth in the notice, the Board may cause such action to be taken at the Owner's cost. if, at the expiration of said fifteen-day period of time, the requisite corrective action has not been started or if started has not been completed within the deadline set forth by the Board, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be a Special Assessment against the offending Owner and the Owner's Yard Area, secured by a Special Assessment lien enforceable in accordance with Section I of this Declaration.

(c) Design Guidelines. Each Owner shall comply with the Design Guidelines as established by the Kapolei Knolls Association.

(d) Grade of Yard Areas. Each Owner shall maintain the grade and ground cover of the Owner's Yard Area so as to prevent soil erosion and excessive water run-off onto any neighboring Yard Area, Common Element or adjoining property, and the ponding of any water on the Yard Area. Such erosion and ponding may contribute to expansion or shrinking of soils underlying improvement and damage the area.

(e) Landscaping.

(i) The Owner of a Unit shall install and construct the landscaping of his/her/their Yard Area and shall thereafter maintain the landscaping in a neat and attractive manner, and shall conform to any additional landscape maintenance standards established in the Design Requirements and which may be established under the Declaration. If any Owner fails to maintain the landscaping on the Yard Area in a neat and attractive manner, the Board may require that corrective action be taken as set forth in Section (b) (ii) of this Section G.10 above. All landscaping in Yard Areas, including without limitation, plants, flowers, bushes, shrubs, or foliage of any kind, must be at least two (2) feet away from the Dwelling in order to prevent possible termite damage to the Dwelling.

(f) Trees and Planting Strip Area. The Association and/or Declarant may plant trees in Yard Areas or in the common area along the Common Element #1 (Road) in the Project (the "Planting Strip Area"). No trees planted by the Declarant shall be removed, changed, or relocated without the prior written consent of the Declarant. Each Owner shall be responsible for the proper maintenance and care of any trees planted on Owner's Yard Area and/or any Planting Strip Area adjacent to Owner's Yard Area. Under no circumstances may the Owner alter the Planting Strip Area without permission of the Board of Directors.

(g) Existing Drainage Facilities and Easements. No Owner shall alter the existing drainage pattern on any Yard Area, nor shall any Owner modify any existing drainage facility located on the Owner's Yard Area. Yard Area Owners shall be responsible for maintaining the existing drainage pattern on Owners' respective Yard Areas. The Owner of a Yard Area on which any drainage easement is located shall be responsible, at the Owner's cost, for the maintenance, repair, and cleaning, as required, of the drainage easement area located on the Owner's Yard Area."

Section 4.4 of the Master Declaration includes the following special use restrictions:

(a) Single-Family Use. Each Lot or Dwelling Unit (if so designated in a Supplemental Declaration) in the Residential Area shall be used only for the construction and occupancy of a Single-

Family Dwelling Unit and typical residential activities incidental thereto. All such Lots shall be used, improved, and devoted exclusively to Single-Family residential use. No gainful occupation, profession, trade or other non-residential use shall be conducted on any such Lot except qualified home businesses as prescribed by applicable State of Hawaii and/or County laws and regulations. No Lot shall be occupied by more than one Single-Family. Lots 1 through 202, inclusive, and Lots 204 through 214, inclusive, are encumbered by that certain Declaration of Restrictive Covenants (Park Dedication Section 22-7 Revised Ordinances of Honolulu) (One Dwelling Unit Per Lot Restriction) (Kapolei Knolls Subdivision Phase I).

(b) Reserved.

(c) Garages. No garage shall be used for other than the parking of trailers, transportation vehicles or recreational vehicles, provided, however, that a garage may be used for laundry, storage purposes or minor repairs not otherwise prohibited, so long as such use is not visible from any sidewalk or Road. No garage shall be used for living, cooking or sleeping purposes.

(d) Violation of Law or insurance. No Owner or Occupant shall permit anything to be done or kept in or upon such Owner's Lot or in or upon any Common Area which will result in the cancellation, or increase in premium, or reduction in coverage of insurance maintained by the Association or which would be in violation of any law.

(e) Signs. No sign of any kind shall be displayed to the public view or from any Lot without the approval of the Design Review Committee, except: (i) a single sign, no larger than 2 feet by 3 feet, as may be used by an Owner in connection with the sale or leasing of the Owner's Lot; (ii) such signs as may be used by Declarant in connection with the development and sale or leasing of Lots, Parcels or other property in the Property and the Project in general; (iii) such signs as may be required by legal proceedings, or the prohibition of which is precluded by law; and (iv) as may be approved by Declarant or the Board, such signs as may be required for traffic control and regulation of Roadways or Common Area.

(f) Animals. No animals, including without limitation horses or other domestic farm animals or poultry of any kind, may be kept, bred or maintained in or on any Lot or in or upon any Common Area, except a reasonable number of commonly accepted household pets such as dogs, cats, aquarium fish and birds, in accordance with the Association Rules. For purposes of this Section, however, the phrase "reasonable number of commonly accepted household pets" is applied to dogs and cats and shall mean and include not more than two dogs and three cats per household at any given time. No animals shall be kept, bred or raised within the Property for commercial purposes. In no event shall any domestic pet be allowed to run free away from its owner's Lot without a leash, or conduct itself so as to create an unreasonable annoyance. The limitations set forth in this section regarding number of commonly accepted household pets shall be effective from and after July 1, 1999. As such, all persons owning property subject to this Declaration and having more than two dogs and/or three cats in their household prior to July 1, 1999, shall be "grandfathered" in and not in violation of this section of the Declaration.

(g) Nuisances: Construction Activities. No Owner shall permit or suffer anything to be done or kept about or within such Owner's Lot, or on or about the Property, which will obstruct or interfere with the rights of other Owners or Occupants, or annoy them by unreasonable noises or otherwise, nor shall an Owner commit or permit any nuisance or commit or suffer any illegal act to be committed therein or thereabout. Each Owner shall comply with the Association Rules and the requirements of all health authorities and other governmental authorities having jurisdiction over the Property. Normal construction activities and parking in connection with the building of Improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials will be piled only in such areas as may be approved by the Design Review Committee. In addition, any construction equipment and building materials stored or kept on any Lot during construction of improvements may be kept only in areas approved by the Design Review Committee, which also may require screening of the storage areas. The Board in its sole

discretion shall have the right to determine the existence of any unreasonable annoyance or nuisance under this Declaration.

(h) Boats and Motor Vehicles. Except as specifically permitted by the Association Rules: (i) no boats, trailers, busses, motor homes, campers or other vehicles shall be parked or stored in or upon the Roads or stored upon a Lot except within an enclosed garage as permitted by the Design Guidelines or as permitted under subsection (iii) below; (ii) no vehicle shall be repaired, serviced or rebuilt on any Lot (except within an enclosed garage) or upon the Roads; and (iii) nothing shall be parked on the Roads except in such parking areas as may be designated by the Board or as designated by the City and County of Honolulu if the roads are dedicated. The Board may remove, or cause to be removed, any unauthorized vehicle at the expense of the owner thereof in any manner consistent with law. The provisions of this Section 4.4(h) shall not be deemed to prohibit commercial and construction vehicles, in the ordinary course of business, from making deliveries or otherwise providing service to or within the Property.

(i) Lights. No spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot which in any manner will allow light to be directed or reflected on any other Lot, except as may be expressly permitted by the Association Rules or the applicable Design Guidelines.

(j) Antennas. No radio, television or other antennas of any kind or nature, or device for the reception or transmission of radio, microwave or other similar signals, shall be placed or maintained upon any Lot except as may be permitted by the Association Rules or in accordance with the Design Guidelines. Declarant and/or the Association may erect an aerial or other apparatus for a master antenna or cable system, should any such master system or systems be utilized by Declarant or the Association and require any such exterior apparatus.

(k) Garbage. No garbage or trash shall be kept, maintained or contained in any Lot so as to create a strong or offensive odor or be visible from another Lot or the Roads except temporarily, in containers approved by Association Rules, for pickup. No incinerators shall be kept or maintained in any Lot. No refuse pile, garbage or unsightly objects shall be allowed to be placed, accumulated or suffered to remain anywhere on a Lot, provided that non-commercial, non-odoriferous, contained and reasonably concealed composting and mulching shall be permitted.

(l) Mining. No Lot shall be used in any manner to explore for or remove any water, oil or other hydrocarbons or minerals of any kind or earth substance of any kind. Nothing herein shall prohibit or restrict Declarant or any other owner or operator of a water system serving the Property with Declarant's approval from exploring and drilling for, pumping and removing water from the Property, or the installation and operation of water wells by Declarant.

(m) Safe Condition. Without limiting any other provision in this Section 4.4, each Owner shall maintain and keep such Owner's Lot at all times in a safe, sound and sanitary condition and repair and shall correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by other Owners of their respective Lots.

(n) Fires. Other than barbecues, in properly constructed barbecue pits or grills, and fire pits in compliance with the Association Rules and the Design Guidelines, or as otherwise expressly permitted in the Association Rules, no open fires shall be permitted on Lots nor shall any other similar activity or condition be permitted which would tend to increase the insurance rates for the Association or for other Owners.

(o) Drainage. No Owner shall erect, construct, maintain, permit or allow any fence or other Improvement or other obstruction which would interrupt the existing drainage of the land. For the purpose hereof, "existing" drainage is defined as the drainage which exists at the time the Lot is conveyed to an Owner by Declarant, or later grading changes which are shown on plans approved by the Design Review Committee as provided in Section 6.4. The 'existing drainage may include drainage from Common Area

or other property across any Lot. Each Owner shall maintain the drainage system, if any, constructed or otherwise in place with the Dwelling Unit upon its conveyance to an Owner by Declaration. Each Owner shall be solely responsible for all surface water escaping the Owner's Lot and any and all damages resulting therefrom. This Section 4.4(o) shall not be deemed to restrict or otherwise affect rights reserved to Declarant to alter or change drainage patterns within or upon the Property.

(p) Rental of Lots. An Owner who leases or otherwise grants occupancy rights to such Owner's Lot to any Persons shall be responsible for assuring compliance by the Occupant with all of the provisions of this Declaration, any Supplemental Declaration, the Articles, Bylaws, Association Rules and Design Guidelines, all as amended and supplemented from time to time, and shall be jointly and severally responsible for any violations by the Occupant thereof.

(q) Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of Improvements on any property shall be removed immediately after the completion of construction.

(r) Maintenance of Lawns and Plantings. Each Owner of a Lot shall keep all appropriate areas of the Lot (including setback areas and slope areas on the Lot) landscaped and shall keep all shrubs, trees, hedges, grass and plantings of every kind located on such Owner's Lot (including setback areas and slope areas), neatly trimmed, shall keep all such areas properly cultivated and free of trash, weeds and other unsightly material and shall maintain all paved and concrete areas, including driveways and parking areas, in good condition and repair.

(s) Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot which shall induce, breed or harbor infectious plant diseases or noxious insects, rodents or other pests. All earth and fill material under concrete slabs shall be chemically treated for subterranean termites by a reliable, established and licensed termite control company. Treatment shall be guaranteed in writing against subterranean infestation for such period of time as is determined by the Board from time to time, and a certified copy of this guaranty shall be filed with the Board.

(t) Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except: (1) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a Dwelling Unit, appurtenant structures, or other Improvements; or (ii) that which Declarant or the Association may require for the development operation and maintenance of the Property.

(u) Offensive Activity. No Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any Lot that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be conducted upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property adjacent to the Lot. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Property.

(v) Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any Lot.

(w) Timeshare and Transient Rentals Prohibited. No timeshare, interval ownership, transient vacation rentals or other similar use or ownership shall be permitted within any Lot, unless authorized by a Supplemental Declaration Recorded by Declarant and made applicable to specific Lots. Bed and breakfast type commercial operations are specifically prohibited.

(x) Clotheslines, Tanks, Etc. All clotheslines, dumpsters, above-ground tanks, and other similar items shall be located or screened so as to be concealed from view of any other Lot or adjacent Roadway.

(y) Guns and Projectiles. The discharge of firearms, including blanks, and other projectiles within the Property is prohibited except by police officers and security personnel while acting in their official capacities. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. The term "projectiles" includes, but is not limited to, sling shots and bows and arrows, regardless of size.

(z) Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation shall be permitted on any Lot except within an enclosed Dwelling Unit. Exterior sculptures, fountains, flags, and similar items must be approved by the Design Review Committee.

(aa) Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless it is an integral and harmonious part of the architectural design of a structure and is approved by the Design Review Committee.

(bb) Excavation. No excavation shall be made except in connection with Improvements approved as provided in this Declaration. For purposes of this Section 4.4(ab), "excavation" shall mean any disturbance of the surface of the land (except to the extent reasonably necessary for approved landscape planting) which results in a disturbance of earth, rock, or other substance a depth by removal or fill of more than 112 inches below or above, respectively, the natural surface of the land.

(cc) Continuity of Construction. All Improvements commenced on any Lot shall be prosecuted diligently to completion, pursuant to the applicable Design Guidelines.

(dd) Restriction on Further Subdivision and Consolidation. No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner, and no portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Board, which approval must be evidenced on the map, plan or other instrument creating the subdivision, easement or other interest. This provision shall not in any way prohibit, restrict or otherwise limit Declarant from subdividing, condominiumizing, separating, consolidating or resubdividing Lots or any other property at and when it is owned by Declarant."