DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	THE TOWN HOMES AT KA MAKANA AT HOAKALEI, INCREMENT 1
Project Address	91-1319, 91-1327, and 91-1335 Keone'ula Boulevard Ewa Beach, Hawaii 96706
Registration Number	6789
Effective Date of Report	April 15, 2009
Developer(s)	Hoakalei Residential, 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.]

A. The Town Homes at Ka Makana at Hoakalei and Hoakalei Resort.[1]

(1) The Town Homes at Ka Makana at Hoakalei. This condominium project is located within the first residential phase of the Hoakalei Resort master planned community known as Ka Makana at Hoakalei. Ka Makana at Hoakalei consists of approximately 143.4 acres of land and is proposed to be developed incrementally over several phases. A total of approximately 894 dwelling units, including approximately 128 multi-family units (including the Units in the Project), may be developed at Ka Makana at Hoakalei under Planned Development Housing Permit No. 2005/PDH-2 issued by the City Department of Planning and Permitting. This Project is the first increment of town homes that are anticipated to be developed at Ka Makana at Hoakalei.

Hoakalei Resort. The long-range plan for the Hoakalei Resort calls for certain recreational and commercial components, including a golf course, full-service man-made marina, hotel/timeshare units, retail/commercial center, and approximately 2,300 residential units. Purchase of a unit in The Town Homes at Ka Makana at Hoakalei, Increment 1 shall not entitle a purchaser any right to use of any such recreational components or amenities when and /or if ever built except to the extent disclosed herein.

The currently approved master plan for the Hoakalei Resort is depicted in various advertising materials and displays but portions of the master plan are still conceptual in nature and subject to change and reconfiguration as the Hoakalei Resort is developed. The Hoakalei Country Club golf course will serve as a basin in the regional Kaloi drainage system. This system will service all of the residences in the Hoakalei Resort, the adjacent Ocean Pointe development, as well as the developments upland from the Hoakalei Resort and Ocean Pointe. There are no guarantees that all of the components will be developed or that the components will be developed as depicted or described in these various advertising materials and displays.

All owners of a unit in this condominium project will be subject to the provisions of the Declaration of Covenants, Conditions, and Restrictions for the Hoakalei Resort Community (the "Master Declaration"), Declaration of Covenants, Conditions, and Restrictions for Ka Makana at Hoakalei (the PD-H Declaration"), and the Ka Makana at Hoakalei Architectural Guidelines (see Exhibits "P", O" and "N" for a description of each document, respectively). All owners will also automatically become members of the Hoakalei Resort Community Association, which is the community association for the Hoakalei Resort, and the Ka Makana at Hoakalei Community Association, Inc., which is the community association for Ka Makana at Hoakalei. Unit owners will be responsible for the payment of their respective shares of the expenses incurred by these associations in the maintenance of the Town Homes at Ka Makana at Hoakalei, Ka Makana at Hoakalei, and the Hoakalei Resort. The monthly fees for the various associations are estimated in the budgets attached as Exhibit "J".

[1] Nothing stated in this public report shall be construed as a representation or warranty by Developer or its affiliates that any of the above, with the exception of the condominium units that are part of this public report, will be developed, nor shall anything stated in this public report be construed to require the Developer or its affiliates to develop the second phase of this Increment 5.

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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	☒ Fee Simple	☐ Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☒ Yes	☐ No
Fee Owner's Name if Developer is not the Fee Owner	N/A	
Address of Project	91-1319, 91-1327, and 91-1335 Keone'ula Boulevard Ewa Beach, Hawaii 96706	
Address of Project is expected to change because	N/A	
Tax Map Key (TMK)	(1) 9-1-146-024	
Tax Map Key is expected to change because	N/A	
Land Area	Approximately 1.06 acres	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	N/A	

1.2 Buildings and Other Improvements

Number of Buildings	Three (3)
Floors Per Building	Two (2)
Number of New Building(s)	Three (3)
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood, glass, steel, and allied construction materials.

1.3 Unit Types and Sizes of Units

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

16	**Total Number of Units**

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

1.4 Parking Stalls

Total Parking Stall in the Project:	32 stalls
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit **B** 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. N/A	

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit **C.**

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 **D.**

1.7 Common Interest

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

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

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

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 **F**.
Described as follows: See Exhibit **F**.

Common Element	**Number**
Elevators	N/A
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 **G**.
Described as follows: See Exhibit **G**.

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below:	
☒	Pets: Limited to two (2) generally recognized domestic house pets
☐	Number of Occupants:
☒	Other: No transient or hotel use, no time sharing permitted.
☐	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 **H** describes the encumbrances against title contained in the title report described below.
Date of the title report: March 9, 2009
Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning					
	Type of Use	No. of Units	Use Permitted by Zoning		Zoning
☒	Residential	16	☒ Yes	☐ No	R-5
☐	Commercial	N/A	☐ Yes	☐ No	N/A
☐	Mix Residential/Commercial	N/A	☐ Yes	☐ No	N/A
☐	Hotel	N/A	☐ Yes	☐ No	N/A
☐	Timeshare	N/A	☐ Yes	☐ No	N/A
☐	Ohana	N/A	☐ Yes	☐ No	N/A
☐	Industrial	N/A	☐ Yes	☐ No	N/A
☐	Agricultural	N/A	☐ Yes	☐ No	N/A
☐	Recreational	N/A	☐ Yes	☐ No	N/A
☐	Other (specify)	N/A	☐ Yes	☐ No	N/A
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			☒ Yes ☐ No		
Variances to zoning code have been granted.			☒ Yes ☐ No		
Describe any variances that have been granted to zoning code			N/A		

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots

In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.

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

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

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

N/A

1.15 Conversions

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

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

1.16 Project In Agricultural District

Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? **If answer is "Yes", provide information below.**	☐ **Yes** ☒ **No**

Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? ☐ Yes ☐ No

N/A

If the answer is "No", provide explanation.

Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? ☐ Yes ☐ No
N/A

If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.

Other disclosures and information:

N/A

1.17 Project with Assisted Living Facility

Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? **If answer is "Yes", complete information below.**	☐ **Yes** ☒ **No**

Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.

N/A

The nature and the scope of services to be provided.

N/A

Additional costs, directly attributable to the services, to be included in the association's common expenses.

N/A

The duration of the provision of the services.

N/A

Other possible impacts on the project resulting from the provision of the services.

N/A

Other disclosures and information.

N/A

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: Hoakalei Residential, LLC Business Address: 91-1001 Kaimalie Street, Suite 205, Ewa Beach, Hawaii 96706 Business Phone Number: (808) 689-7772 E-mail Address: tsagawa@haseko.com
Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).	HASEKO Homes, Inc. – Manager/Member* HASEKO Realty, Inc. – Member* HASEKO Homes, Inc. Toru Nagayama, President and Director Tsutomu Sagawa, Executive Vice President, Secretary, Treasurer and Director Nancy Maeda, Executive Vice President Raymond S. Kanna, Executive Vice President Richard S. Dunn (R), Vice President Toshifumi Kiuchi, Vice President HASEKO Realty, Inc. Toru Nagayama, President and Director Richard S. Dunn, Executive Vice President Tsutomu Sagawa, Secretary and Treasurer
2.2 Real Estate Broker	Name: HASEKO Realty, Inc. Business Address: 91-1001 Kaimalie Street, Suite 205 Ewa Beach, Hawaii 96706 Business Phone Number: (808) 689-7772 E-mail Address: rdunn@haseko.com
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, First Floor Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: HASEKO Construction, Inc Business Address: 91-1001 Kaimalie Street, Suite 205 Ewa Beach, Hawaii 96706 Business Phone Number: (808) 689-7772
2.5 Condominium Managing Agent	Name: Certified Management, Inc. Business Address: 3179 Koapaka Street, 2nd Floor Honolulu, Hawaii 96819 Business Phone Number: (808) 836-0911
2.6 Attorney for Developer	Name: Michael H. Lau Morihara Lau & Fong LLP Business Address: 841 Bishop Street, Suite 400 Honolulu, Hawaii 96813 Business Phone Number: (808) 526-2888

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 20, 2009	3841279

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	April 13, 2009	3847350

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 20, 2009	3841280

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	1994
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	☐	
Have Been Adopted and Date of Adoption	☒	March 20, 2009
Developer does not plan to adopt House Rules	☐	

3.5 Changes to the Condominium Documents

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

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

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

☐	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
☒	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows: See Exhibit **I**.

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

The Initial Condominium Managing Agent for this project is (check one):	
☒	Not affiliated with the Developer
☐	None (self-managed by the Association)
☐	The Developer or any affiliate of the Developer
☐	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.
Exhibit **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, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
☒	Electricity for the common elements
☐	Gas for the common elements
☒	Water
☒	Sewer
☐	TV Cable
☒	Other (specify) **See disclosure in Section 6 regarding bundled cable, telephone & internet service.**

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
☒	Electricity for the Unit only
☐	Gas for the Unit only
☐	Water
☐	Sewer
☐	TV cable
☐	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

☒	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.
☒	Escrow Agreement dated: January 22, 2008 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit **L** contains a summary of the pertinent provisions of the escrow agreement.
☐	Other:

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

☐	There are no blanket liens affecting title to the individual units.
☒	There are blanket liens that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Purchaser may not be able to purchase the unit and Seller
Financing Statement	Will fully refund all deposits made by the Purchaser.

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: 10 Year Limited Warranty commencing on conveyance date of Unit. See Exhibit **M** for a summary of the pertinent provisions of the warranty.
Appliances: Generally one (1) year manufacturer's warranty. See Exhibit **M**.

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

Status of Construction: Commencement of construction is estimated to begin in March 2009.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: Two (2) years from the date that the sales contract becomes binding (subject to extension for force majeure as defined in the sales contract).
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: N/A

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

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

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

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

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

5.7 Rights Under the Sales Contract

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

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

A. Interstate Land Sales Full Disclosure Act. This public report has not been accepted by the Department of Housing and Urban Development under the Interstate Land Sales Full Disclosure Act. As set forth in the specimen sales contract submitted with this public report, the Developer will complete construction of each unit and have the unit ready for normal occupancy within a period of two (2) years from the date that the sales contract for that particular unit is signed; provided, however, that said two (2) year period shall be extended in the event completion is delayed by matters and/or conditions beyond the control of the Developer.

B. Termite Monitoring System Disclosure. Developer on its own initiative will be installing and paying for the costs of the use of a termite monitoring system on each building of the development, commencing on the date title for the first Unit in a building is transferred to the first homeowner and expiring twelve months thereafter. Any use of a termite monitoring system for a particular building within the development beyond such period will be at the election and the cost of the Association or individual unit owners as the case may be.

C. Roadway and Traffic. Portions of the condominium project are bordered by two roadways, Keone'ula Boulevard and Kamakana Street. Keone'ula Boulevard is a major roadway which generally runs in an east to west direction and provides the primary access route from Fort Weaver Road to Ka Makana at Hoakalei, the proposed Hoakalei Resort, and the adjacent Ocean Pointe development. Keone'ula Boulevard will also pass through the proposed marina and mixed use areas within the Hoakalei Resort. Although Keone'ula Boulevard will terminate at the western most boundary of the Hoakalei Resort, the City and County of Honolulu and/or the State of Hawaii could extend Keone'ula Boulevard in the future so that it connects with Kalaeloa, the former Barbers Point Naval Air Station. In addition, current plans contemplate the possible connection of another roadway in a future phase of the Ka Makana at Hoakalei development ("Area IV") that generally runs in a north-south direction between to the area adjacent to the Barber's Point Golf Course. Kamakana Street, which intersects Keone'ula Boulevard near a portion of the condominium project and generally runs in a north-south direction, is currently planned to connect to Geiger Road via a roadway or series of connecting roads located on lands not owned by Seller or its affiliates. Due to the proximity of the Project to Keone'ula Boulevard, there may be increased noise, dust, traffic and other nuisances, annoyances, or hazards to persons residing within the development.

D. Area Schools. There are a number of existing and proposed public schools in the area operated by the State of Hawaii Department of Education ("DOE"). The determination of a school's district boundaries and what school the children of residents at the Project will be able to attend are determined by the DOE in its sole discretion. Developer or its affiliates have no input, influence, or control over how the school district boundaries are or will be established. Purchasers should contact the DOE if they have any questions on what school(s) their children will attend.

E. Public Facilities. Although not located in the immediate vicinity of the Project, Developer's affiliate has conveyed or dedicated or is in the process of conveying or dedicating certain lands located north of Keone'ula Boulevard to be utilized for public purposes. Under current plans, certain lands have been or will be conveyed or dedicated for the construction of a district park and fire station. These public facilities, while located near the Hoakalei Resort, are intended to be utilized by the Ewa Beach community, including residents of the nearby Ocean Pointe community, as well as the Hoakalei Resort.

F. Bundled Telecommunications/Internet Service Package. Developer's affiliate has entered into a five (5) year contract with Oceanic Time Warner Cable ("OTW") for the provision of bundled digital telephone, broadband internet, and digital cable television services ("Bundled Services") covering Ka Makana at Hoakalei, including the Project. In exchange for entering into this contract, OTW will be providing the Bundled Services at a discount over the rates a customer would normally pay if such customer individually subscribed to such services. Although owners of Units in the Project will have the option of obtaining similar services from other providers (if available), the owner will still be obligated to pay for the Bundled Services through a monthly charge that is assessed as part of the monthly Ka Makana at Hoakalei Community Association dues regardless of whether the owner is actually utilizing the Bundled Services or obtaining similar services from other providers. The prices for the Bundled Services are subject to change on an annual basis.

G. Access to Community Facility. Developer's affiliate is required to construct a community facility (as that term is defined under the Land Use Ordinance) within Area IV pursuant to Planned Development Housing Permit No. 2005/PDH-2. Although definitive plans for the community facility (which will be referred to as the Ka Makana Swim Club) have not been finalized, preliminary plans for the community facility may include a fitness center, manager's office, restrooms, a swimming pool, spa, cabanas, barbeques, a tennis court, and associated parking. The community facility, which is intended to be an amenity for all residents within Area IV (including residents from the Project) and may be used by residents and their authorized guests, will conform to the Land

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Use Ordinance, the Declaration of Covenants, Conditions and Restrictions of Ka Makana at Hoakalei, including any house rules that may be adopted, and any other requirements which may be imposed by the Department of Planning and Permitting and any other governmental agency having jurisdiction over the construction, placement or use of such facility. Development and construction of the community facility is not expected to occur until sometime in 2010 or later as part of the development of a future phase of Area IV. The expenses related to maintaining and/or repairing the community facility will be allocated among all residents of Area IV, including Unit owners of the Project, through the monthly dues assessed by the Ka Makana at Hoakalei Community Association. Although the community facility is intended to be an amenity for Area IV, Developer's affiliate has reserved the right to grant access and use of the community facility by residents and their authorized guests of a development to be constructed on Lot 17876, which is located near the community facility but which may or may not be developed as part of Area IV (the "Other Development Area"). The costs of maintaining the community facility will be appropriately allocated to the Other Development Area if the Other Development Area is given access to utilize the community facility.

H. Other Matters.

(1) Bike Path. The sidewalks fronting the mauka side of Keone'ula Boulevard are being designed and constructed to incorporate a bike path as part of a widened sidewalk area. Unit owners are advised to exercise caution when walking on such sidewalk areas.

(2) No On-Street Parking. No on-street parking will be permitted on Keone'ula Boulevard.

(3) Honouliuli Wastewater Treatment Plant. The City and County of Honolulu's ("City") Honouliuli Wastewater Treatment Plant ("HWTP") is located approximately one mile north of the Project. Depending on wind and other conditions, it is possible that odors from the HWTP may be detectable from the Project under certain circumstances. In addition, there is a 50 foot wide easement in favor of the City for its sewage outfall that runs in a north-south direction through portions of the Area IV development. Developer or its affiliates will be constructing a grassed linear park over considerable sections of this easement area. The easement allows the City the right to repair, maintain, and replace the sewer outfall and associated appurtenances. At least two manholes for the sewage outfall are located within Area IV, including one within the linear park and a second one located near the community facility. Purchaser acknowledges and agrees that the City, its employees, contractors and agents shall have the right to access the easement area, including the manholes, for such purposes. It is intended that the linear park will be conveyed and/or dedicated to Ka Makana at Hoakalei Community Association, with the resulting cost to maintain the linear park being included as part of the maintenance fees assessed to all homeowners of the Project. Neither Seller nor its affiliates shall have any liability to the Purchaser, the Purchaser's heirs, executors, assigns, or agents for any matter arising out of or related to the City's repair, maintenance, or replacement of the sewer outfall and associated appurtenances, including any sewage spills, odors, or any other hazards associated with the sewer outfall.

(4) Overhead Flights and Aircraft Noise. The Project is located within the vicinity of the Honolulu International Airport and the Kalaeloa Airport (formerly the Barbers Point Naval Air Station), and aircraft (including military aircraft) may fly in the proximity of or directly over the Project. The overflights and other airport-related activities may result in noise, vibrations, nuisances, disturbances or hazards to persons and property on or within the Project as a result of such overflights and other airport-related activities.

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.

HOAKALEI RESIDENTIAL, LLC
Printed Name of Developer

By: _____
Duly Authorized Signatory*

March 20 , 2009
Date

Toru Nagayama, President of HASEKO Homes, Inc., as Manager of Developer
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

EXHIBIT A

The Town Homes at Ka Makana at Hoakalei, Increment 1

Unit Types and Sizes of Units

RESIDENTIAL BUILDING TYPES.

The Project includes three (3) detached residential buildings, designated as Buildings 1, 3, and 5, as shown on the Condominium Map. None of the buildings will have basements.

There are two (2) residential building types in the Project, as shown on the Condominium Map and the following table:

Building Number	Building Type
1	TH41
3	TH42
5	TH41

The building types are described below:

Type TH41. Each Type TH41 building contains a total of six (6) Units. The end units are one-story structures of Unit Model Types 10.10 and 10.10E, respectively. For purposes of this Project, placement of Unit Model Types 10.10 and 10.10E may be constructed on either end of the building. The remaining four (4) Units are two-story structures with interior stairways, consisting of Unit Model Types 10.20 and 10.30. The layout and location of each Unit are as shown on the Condominium Map.

Type TH42. Each Type TH42 building contains a total of four (4) Units. The end units are one-story structures of Unit Model Types 10.10 and 10.10E, respectively. The remaining two (2) Units are two-story structures with interior stairways, consisting of Unit Model Type 10.20. The layout and location of each Unit are as shown on the Condominium Map.

GARAGE BUILDING TYPES.

The Project includes six (6) garage buildings as shown on the Condominium Map. There is one (1) two-car garage for each Unit in the residential buildings.

Each TH41 garage building serves three (3) Units, of which two (2) garages are attached to the townhome building structure and the remaining garage is detached from the townhome building structure. Each TH42 garage building serves two (2) Units, of which both garages are attached to the townhome building structure. Each two-car garage has a gross area (depending on unit type) of approximately 392 to 397 square feet. The layout and location of each garage are as shown on the Condominium Map.

UNIT TYPES.

The eight (8) different Unit types in the Project are as described below:

Model 10.10: Single story unit, with three bedrooms, two bathrooms, a walk-in closet, living room, dining room, kitchen, laundry area, an attached two-car garage, and an appurtenant lanai that is for the exclusive use of said unit. The net living area (which excludes the garage and lanai) is approximately 1,101 square feet.

Model 10.10R: This Unit Type contains the reverse floor plan layout from that shown on the Condominium Map for Model Type 10.10E, with the same rooms and net living areas as said Model Type 10.10.

Model 10.10E: Single story unit, with three bedrooms, two bathrooms, a walk-in closet, living room, dining room, kitchen, laundry area, an attached two-car garage, and an appurtenant lanai that is for the exclusive use of said unit. The net living area (which excludes the garage and lanai) is approximately 1,122 square feet.

Model 10.10ER: This Unit Type contains the reverse floor plan layout from that shown on the Condominium Map for Model Type 10.10E, with the same rooms and net living areas as said Model Type 10.10E.

Model 10.20: Two-story, three bedroom, three bath unit. The unit has a living room, dining room, kitchen, one bathroom, one bedroom, and a walk-in closet on the first floor, connected by interior stairs to the second floor, containing two bedrooms, two bathrooms, and one walk-in closet. The unit also has a two-car attached garage, together with an appurtenant lanai that is for the exclusive use of said unit, and a laundry area located between the garage and lanai area. The net living area (which excludes the garage and lanai, but includes the laundry area) is approximately 1,244 square feet.

Model 10.20R: This Unit Type contains the reverse floor plan layout from that shown on the Condominium Map for Model Type 10.20, with the same rooms and net living areas as said Model Type 10.20.

Model 10.30: Two-story three bedroom, two and one-half bath unit. The unit has a living room, dining room, kitchen, and one-half bath/powder room on the first floor, connected by interior stairs to the second floor, containing three bedrooms, two bathrooms, a laundry area, and a walk-in closet. The unit also has a two-car detached garage, together with an appurtenant lanai that is for the exclusive use of said unit. The net living area (which excludes the garage and lanai) is approximately 1,247 square feet.

Model 10.30R: This Unit Type contains the reverse floor plan layout from that shown on the Condominium Map for Model Type 10.30, with the same rooms and net living areas as said Model Type 10.30.

Unit Type	Quantity	BR/Bath	Net Living Area*	Net Other Areas	Other Areas (garage, etc.)	Area
10.10	3	3/2	1,101	0	395	1,496
10.10E	3	3/2	1,122	0	395	1,517
10.20	6	3/3	1,244	0	392	1,636
10.30	4	3/2.5	1,247	0	397	1,644

* Net Living Area is the floor area of the unit measured from the interior surface of the unit perimeter and party walls. The Net Living Area does not include the floor area of the ground floor lanai, balcony, entry area or the garage.

EXHIBIT B

The Town Homes at Ka Makana at Hoakalei, Increment 1

Parking Stall Numbers

Parking for each unit is provided by a 2-car garage appurtenant to the unit. The garages are also identified on the Condominium Map by the two (2) regular size parking stalls assigned to each unit as listed below:

Unit No.	Parking Stall Nos.
101	101, 102
102	103, 104
103	105, 106
104	107, 108
105	109, 110
106	111, 112
301	113, 114
302	115, 116
303	117, 118
304	119, 120
501	121, 122
502	123, 124
503	125, 126
504	127, 128
505	129, 130
506	131, 132

EXHIBIT C

The Town Homes at Ka Makana at Hoakalei, Increment 1

Boundaries of the Units

The boundaries of each unit in this condominium project shall be the perimeter and party walls, floors and ceilings of each unit. The units shall not be deemed to include: the ground floor lanai (regardless of whether or not the lanai is extended or enclosed); the second floor balcony (regardless of whether or not the balcony is enclosed); the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls; the unfinished floors and ceilings located within or surrounding each unit; or any pipes, wires, conduits or other utility or service lines running through such unit which are utilized for, or serve, more than one (1) unit; all of which shall be deemed common elements. Each unit shall be deemed to include: the appurtenant two-car garage; all the walls and partitions which are not load-bearing within the perimeter or party walls; the separate laundry area located adjacent to the two-car garage and the ground floor lanai, if any; the interior decorated or finished surfaces of all perimeter, party and load-bearing walls; the interior decorated or finished surfaces of all floors, ceilings and roofs; the interior stairways; all doors (including the garage door) and door frames, including the exterior unfinished surfaces thereof; all windows and window frames, including the exterior unfinished surfaces thereof; all doorknobs; and all fixtures originally installed or contained therein.

EXHIBIT D

The Town Homes at Ka Makana at Hoakalei, Increment 1

Permitted Alterations to the Units

Alterations to the units in this condominium project are permitted under Section R of the Declaration, which provides the following:

1. General.

(a) Except as otherwise provided in this Declaration, 1) restoration, repair or replacement of the Project or of any building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from the Condominium Map, or 2) any other addition or alteration constituting a "material addition or alteration" under Section 514B-140 of the Condominium Property Act (collectively, the "Proposed Alterations"), shall be undertaken by the Association or any Unit owner(s) only pursuant to an amendment of this Declaration, duly executed by or pursuant to the approval or written consent of Unit owners holding at least seventy-five percent (75%) of the total Common Interests of the Project, together with the approval or written consent of (i) all Unit owners whose Unit or Limited Common Elements appurtenant thereto are directly affected (as determined in a reasonable manner by the Board) by the Proposed Alterations; (ii) the holders of first mortgage liens encumbering any Unit directly affected by the Proposed Alterations (if the lien holders require such approval), and (iii) the Board, which approval or consent shall not be unreasonably withheld.

(b) The Proposed Alterations shall be in accordance with plans and specifications for the Proposed Alterations prepared by a licensed architect or licensed professional engineer and approved by (i) the Board, (ii) the Design Review Committee in accordance with the Design Guidelines, and (iii) the appropriate agencies of the State of Hawaii and the City and County of Honolulu (if such agencies so require).

(c) Promptly upon completion of any Proposed Alteration which is different in any material respect from the Condominium Map, the Association or Unit owner(s), whomever requested the Proposed Alteration, shall duly file or record in the Office of the Assistant Registrar an amendment to the Declaration and the Condominium Map showing the Project as so altered, certified as built by a registered architect or licensed professional engineer.

(d) Notwithstanding the foregoing, any amendment to the Declaration required or necessary for any Proposed Alteration of a Unit by an owner which alteration is in accordance with options, if any, shown on the floor plans for that particular Unit type in the Condominium Map shall not require the approval or written consent of the Unit owners (except those Unit owners whose Unit or Limited Common Elements appurtenant thereto are directly affected); PROVIDED, HOWEVER, that since construction of any such options, if any, shown on the Condominium Map must also comply with all applicable laws, rules, setbacks, and other governmental requirements, such options, if any, may not be available or permitted for all Units in the Project.

2. Alterations by Unit Owner. Notwithstanding any other provision in this Declaration to the contrary, the owner of a Unit may make any alterations or additions within a Unit or to a Limited Common Element appurtenant to and for the exclusive use of the Unit, and the owner of any two adjoining Units may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the Units and if the structural integrity of the Building is not thereby affected and provided further that any such additions or alterations permitted in this sentence shall constitute "nonmaterial additions and alterations" under Section 514B-140(c) of the Condominium Property Act. The alterations or additions permitted by this Section R.2 shall require only the written approval of the Unit owner's plans and specification therefor, by (a) the Board; (b) the holders of first mortgage liens affecting such Unit(s) (if the lien holders require such approval); (c) the appropriate agencies of the State of Hawaii and the City and County of Honolulu (if such agencies so require); and (d) all other Unit owners thereby directly affected (as determined in a reasonable manner by the Board). Such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining Units, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such Unit shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

3. Alterations by Declarant.

(a) General. Notwithstanding any other provision in this Declaration to the contrary, prior to the later of (i) the recording in the Office of the Assistant Registrar of the Unit deed conveying the last unsold Unit in the Project to a purchaser; or (ii) the filing or recording by Declarant of the "as built" verified statement (with plans, if applicable) required by Section 514B-34 of the Condominium Property Act (but in no event later than twenty-four (24) months after the "date of completion" of the Project, as that term is used in Chapter 507, Part II, Hawaii Revised Statutes, as amended), Declarant, without notice to, or the approval, consent or joinder of, the Association, any Unit owner, lienholder, or any other person, shall have the right (which includes the right to amend this Declaration and the Condominium Map accordingly) to (A) make alterations in the Project which change or reverse the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Unit (and the Limited Common Elements appurtenant thereto) in the Project which is not sold and recorded; (B) recharacterize and redesignate certain Limited Common Elements as may be appurtenant to a Unit as being Common Elements of the Project which is not sold and recorded; (C) recharacterize and redesignate certain Common Elements of the Project as Limited Common Elements appurtenant to a Unit which is not sold and recorded; or (D) make other alterations in the Project, which make minor changes in any Unit in the Project or the Common Elements which do not affect the physical location, design or size of any Unit which has been sold and recorded. As used herein the term "sold and recorded" shall mean and refer to the sale of a Unit in the Project and the recording in the Office of the Assistant Registrar of a Unit deed conveying the interest in the Unit from Declarant to parties not signatory to this Declaration.

(b) Construction of Options. Notwithstanding any other provision in this Declaration to the contrary, prior to the time that all of the Units in the Project have been sold and recorded, Declarant shall have the right to make alterations

in the Project and to amend this Declaration and the Condominium Map accordingly, without notice to, or the approval, consent or joinder of, the Association, any Unit owner, lienholder, or any other person, to construct or modify the Project in accordance with the respective options, if any, shown on the floor plans in the Condominium Map. As used herein the term "sold and recorded" shall mean and refer to the sale of a Unit in the Project and the recording in the Office of the Assistant Registrar of a Unit deed conveying the interest in the Unit from Declarant to parties not signatory to this Declaration.

EXHIBIT E

The Town Homes at Ka Makana at Hoakalei, Increment 1

Unit Common Interests

Each Unit shall have appurtenant thereto an undivided percentage interest in all Common Elements of the Project (the "Common Interest"), which is the proportionate share of the Unit owner's ownership of the Common Elements. The Common Interest shall also reflect the owner's proportionate share in all common profits and expenses of the Project and for all other purposes, including voting on all matters requiring action by the Unit owners.

Unit No.	Common Interest (%)
101	6.2500
102	6.2500
103	6.2500
104	6.2500
105	6.2500
106	6.2500
301	6.2500
302	6.2500
303	6.2500
304	6.2500
501	6.2500
502	6.2500
503	6.2500
504	6.2500
505	6.2500
506	6.2500
Total:	100.0000

The Common Interest is based upon the total number of Units in the Project and generally has been calculated for each Unit by dividing the number one (1) by the total number of Units in the Project with adjustments made to the Common Interest appurtenant to the Units to compensate for rounding errors to ensure that the sum of all Common Interests for all Units in the Project equals one hundred per cent (100%).

EXHIBIT F

The Town Homes at Ka Makana at Hoakalei, Increment 1

Common Elements

1. The underlying land in fee simple.

2. All structural components, such as foundations, floor slabs for the ground floor of any Building, columns, girders, beams, supports, structural framing, all perimeter and/or party walls (except for the decorated or finished surfaces of such perimeter and/or party walls as provided in the Condominium Property Act), the underlying floor and railings of the second floor balcony, if any, including the surface finishes and coatings, and all interior load-bearing walls (except for the decorated or finished surfaces of such load-bearing walls within each Unit as provided in the Act), undecorated or unfinished floors and ceilings, the roofs of the Buildings, and all exterior walkways, railings, walls and fences enclosing any portion of the Project.

3. All yards, gateways, exterior stairways, gates, fences, grounds, landscaping, walls, retaining walls, uncovered parking stalls (including guest stalls, if any), driveways, roadways, lanes, alleyways, pathways, sidewalks, walkways, lanais, entrances and entry areas, exits, loading zones, refuse and trash enclosure areas, and grouped mailbox structures which are not located in any Unit, whether within or appurtenant to the Project.

4. All ducts, vents, shafts, sewer lines, drainlines, storm drain improvements, gutters, electrical rooms or closets, electrical equipment and fixtures, wiring, potable water pipelines, fire hydrants, irrigation pipelines and sprinklers, pipes, and other central and appurtenant transmission facilities, installations over, under and across the Project which serve more than one Unit for services such as power, light, water, drainage, gas, sewer, refuse, telephone and radio and television signal distribution.

5. The roadway lighting located above the garage doors of the Units and, where applicable, any side area lighting that may be located on the side of an end Unit and garage.

6. Any and all other apparatus and installations intended for common use and all devises and other parts of the Land necessary or convenient to the existence, maintenance and safety of the Condominium Property Regime, or normally in common use.

EXHIBIT G

The Town Homes at Ka Makana at Hoakalei, Increment 1

Limited Common Elements

1. Lanai. The ground floor lanai, if any (as shown on the Condominium Map), shall be a Limited Common Element appurtenant to and reserved for the exclusive use of the Unit to which it is attached. The lanai shall be deemed to include any extended or enclosed lanai.

2. Rear Yard. The yard area located in the rear of a Unit (as more particularly described in the Condominium Map) between such Unit and garage building and enclosed by fences shall be a Limited Common Element appurtenant to and reserved for the exclusive use of that particular Unit.

3. Yard Fences. Any fence, including any entry gate, which encloses any portion of a Rear Yard shall be a Limited Common Element appurtenant to and reserved for the exclusive use of the Unit to which the yard is appurtenant. Notwithstanding the foregoing, any such fence which is placed on a common property line and separates two yards shall be a Limited Common Element appurtenant to and reserved for the exclusive use of the Units to which the yards are appurtenant.

4. Entry Areas. The entry area to the front door of each Unit, as shown on the Condominium Map, shall be a Limited Common Element appurtenant to and reserved for the exclusive use of the Unit to which it provides access.

5. Balcony. The airspace above the finished surfaces of the floor and railings of the second floor balcony, if any, (as shown on the Condominium Map), shall be a Limited Common Element appurtenant to and reserved for the exclusive use of the Unit, to which it is attached. The underlying floor and railings of such balcony, including the surface finishes and coatings, shall be deemed to be a part of the Common Elements

6. Concrete Apron. The concrete section of the driveway, which extends from the outside entrance of the enclosed garage of a Unit up to, but not including the beginning edge of the service lane shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Unit.

7. Air Conditioner Compressor Unit. The air conditioner compressor unit and associated refrigerant lines placed in the Rear Yard, as the case may be, as shown on the Condominium Map, shall be a Limited Common Element appurtenant to and reserved for the exclusive use of the particular Unit to which it serves.

8. Solar Water Heating Panels. The solar water heating panel(s) and associated pipes, appurtenances, brackets, and mountings located on the roofs of the Buildings above a Unit shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Unit.

9. Other. Any other Common Elements which are rationally related to less than all of the Units shall be a Limited Common Element appurtenant to such Unit(s) that serve a particular Unit.

EXHIBIT H

The Town Homes at Ka Makana at Hoakalei, Increment 1

Encumbrances Against Title

1. Any and all real property taxes that may be due and owing to the City and County of Honolulu, Department of Finance, Real Property Assessment Office.

2. The terms and provisions, including the failure to comply with any covenants, conditions, and reservations, contained in that certain Limited Warranty Deed, dated December 22, 1989, recorded as Land Court Document No. 1693437, including, but is not limited to, matters relating to water reservation and agricultural activities, including sugar cane burning on nearby lands. The terms and provisions of said Limited Warranty Deed were confirmed by that certain Confirmation of Deed Provisions and Reaffirmation of Reservations, dated September 8, 2008, recorded as Land Court Document No. 3793532.

3. The terms and provisions, including the failure to comply with any covenants, conditions, and reservations, contained in that certain Unilateral Agreement and Declaration for Conditional Zoning, dated November 29, 1993, recorded as Land Court Document No. 2091140, as amended by that certain Amendment to Unilateral Agreement and Declaration for Conditional Zoning, dated February 12, 2002, recorded as Land Court Document No. 2778785, and further amended by that certain Second Amendment to Unilateral Agreement and Declaration for Conditional Zoning, dated October 23, 2002, recorded as Land Court Document No. 2857087, with Consent and Joinder, dated November 1, 2002, attached thereto as Land Court Document No. 2857088.

4. Construction Mortgage with Assignment of Rents, Security Agreement and Fixture Filing, dated as of September 12, 2003, recorded as Land Court Document No. 2993893, made by HASEKO Homes, Inc., and HASEKO (Ewa), Inc., both Hawaii corporations, as Mortgagors, in favor of City Bank, a Hawaii corporation, as Mortgagee, as amended by that certain Amendment to $40,000,000 Mortgage dated October 19, 2004, recorded as Land Court Document No. 3188837.

5. Financing Statement made by Ke Noho Kai Development, LLC, and Spinnaker Place Development, LLC, both Hawaii limited liability companies, and HASEKO (Ewa), Inc. and HASEKO Homes, Inc., both Hawaii corporations, all as Debtor, and Central Pacific Bank, a Hawaii corporation, successor by Merger to City Bank, a Hawaii corporation, as Secured Party, recorded in the Bureau of Conveyances of the State of Hawaii on November 4, 2004 as Regular System Document No. 2004-223885.

6. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

7. Restriction of vehicular access rights, as shown on Map 1381, as set forth in Land Court Order No. 174967, recorded on May 22, 2008.

8. Designation of Easement 9600, for access and utility purposes, as shown on Map 1407, as set forth by Land Court Order No. 176161, recorded on September 3, 2008.

9. As to Easement 9600 only, access rights in favor of others entitled thereto, as set forth by Land Court Order No. 176161, recorded on September 3, 2008.

10. Designation of Easement 9542, for transformer vault purposes, as shown on Map 1381, as set forth by Land Court Order No. 174967, recorded on May 22, 2008.

11. Designation of Easement 9543, for transformer vault purposes, as shown on Map 1381, as set forth by Land Court Order No. 174967, recorded on May 22, 2008.

12. The terms and provisions, including the failure to comply with any covenants, conditions, and reservations, contained in that certain Master Declaration of Covenants, Conditions, and Restrictions for Hoakalei Resort Community, dated November 10, 2008, recorded as Land Court Document No. 3805045, as the same may be amended and/or supplemented from time to time.

13. The terms and provisions, including the failure to comply with any covenants, conditions, and reservations, contained in that certain Declaration of Covenants, Conditions, and Restrictions for Ka Makana at Hoakalei, dated November 10, 2008, recorded as Land Court Document No. 3805046, as the same may be amended and/or supplemented from time to time.

14. The terms and provisions, including the failure to comply with any covenants, conditions, and reservations, contained in that certain Declaration of Restrictive Covenants (Private Park), dated October 15, 2008, recorded as Land Court Document No. 3805047, as the same may be amended and/or supplemented from time to time.

15. Grant of Easement; Mortgagee's Consent; dated October 20, 2008, in favor of Hawaiian Electric Company, Inc., a Hawaii corporation recorded as Land Court Document Nos. 3800943 and 3800944, for utility purposes over, under, upon, across and through Easements 9542 and 9543.

16. The terms and provisions contained in that certain Declaration of Condominium Property Regime of The Town Homes at Ka Makana at Hoakalei, Increment 1, dated March 20, 2009, recorded as Land Court Document No. 3841279, as amended by that certain First Amendment to Declaration of Condominium Property Regime of The Town Homes at Ka Makana at Hoakalei, Increment 1, dated April 13, 2009, recorded as Land Court Document No. 3847350, as the same may be amended or supplemented from time to time.

17. Condominium Map No. 1994, as the same may be amended or supplemented from time to time.

18. The terms and provisions of that certain Bylaws of the Association of Unit Owners of The Town Homes at Ka Makana at Hoakalei, Increment 1, dated March 20, 2009, recorded as Land Court Document No. 3841280, as the same may be amended or supplemented from time to time.

EXHIBIT I

The Town Homes at Ka Makana at Hoakalei, Increment 1

Summary of Developer's Rights to Change the Condominium Project or Condominium Documents

1. Developer's Right to Change Declaration and Bylaws

Developer has reserved the right to amend the Declaration as follows:

(a) At any time prior to the recording in the Office of the Assistant Registrar of the first Unit deed in favor of a purchaser, Developer has reserved the right to amend the Declaration, the Bylaws and the Condominium Map in any manner, without notice to, or the approval, consent or joinder of, the Association or any purchaser of any Unit.

(b) At any time prior to the recording in said Office of the Assistant Registrar of Unit deeds covering 100% of the Units in the Project, Developer has reserved the right to amend the Declaration, the Bylaws and the Condominium Map without the approval, consent or joinder of any purchaser of any Unit or any of the persons then owning any Unit or any lien holder, to make such amendments (i) as may be necessary to correct any technical defects or to make non-substantive changes, or (ii) as may be required by law, the Real Estate Commission of the State of Hawaii, any title insurance company issuing a title insurance policy on the Project or any of the Units, any institutional lender lending funds on the security of the Project or any of the Units, or any governmental agency administering governmental loan programs (including without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Department of Housing and Urban Development, the Veterans Administration, the State Housing Finance and Development Corporation, and any successor entities or agencies), or (iii) as may be necessary or desirable as determined by Developer as a result of conditions or requirements imposed upon Developer by any governmental agency of the state, county, or local government related to the development of the lands comprising the Project or other lands within the Hoakalei Resort to be developed by Developer or any affiliates, or by any governmental agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to the marketing or sale of Units in any such jurisdiction; PROVIDED, HOWEVER, that no such amendment which would change the Common Interest appurtenant to a unit or substantially change the design, location or size of a unit or the Building in which it is located shall be made without the consent to such amendment by all persons having an ownership interest in such Unit.

(c) Notwithstanding the recording of Unit deeds conveying any or all of the Units in favor of any person, Developer has reserved the right to successively amend the Declaration, the Bylaws and the Condominium Map without notice to, or the approval, consent or joinder of, the Association or any purchaser of any Unit or any of the persons then owning or leasing any Unit or any lien holder, to make such amendments: (i) to file or record the "as built" verified statement (with plans, if applicable) required by Section 514B-34 of the Condominium Property Act, so long as (A) such statement is merely a statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts the layout, location, Unit numbers, and the dimensions of an improvement or change in a unit as built; or (B) the plans filed therewith involve only immaterial changes to the layout, location, or

dimensions of the Units as built or any change in any Unit number; or (ii) to exercise or effectuate any other rights reserved to Developer pursuant to the Declaration or the Master Declaration.

2. Developer's Right to Merge.

Developer has reserved the right, in its sole and absolute discretion, without the further act, consent or joinder of the Association or any Unit owner, lien holder or any other persons, to cause and effect an administrative merger or mergers of any two or more Increments, and to execute and record one or more Certificates of Administrative Merger (as described in Section S of the Declaration) and all other instruments necessary or appropriate for the purpose of effecting the merger or mergers contemplated hereby. An administrative merger may occur with respect to any two or more Increments, at the same or at different times, and an administrative merger with respect to any two or more Increments shall not affect the right of Declarant to merge another Increment or Increments at a later date or dates, subject to all of the provisions of Section S of the Declaration.

3. Developer's Right to Withdraw, Etc.

Developer has reserved the right, in its sole and absolute discretion, without the further act, consent or joinder of the Association or any Unit owner, any purchaser, prospective purchaser, lienholder or any other persons, to (i) subdivide the Land in one or more subdivisions (including the right to consolidate, subdivide, and consolidate and resubdivide any portion of the Land or adjoining lands); (ii) designate, add, delete, relocate, realign, reserve and grant all easements, rights-of-way, restricted access, and sight line distance restrictions; (iii) withdraw from the terms of this Declaration through one or more withdrawals, portions of the Land (together with any improvements thereon) not intended by Developer to be part of the Project (the "Non-Project Lands") by amending the Declaration and the Condominium Map from time to time to reflect the withdrawal of the Non-Project Lands; and (iv) to amend the certificates of title issued to Unit owners to reflect the matters set forth in subparts (i) through (iii) above. The withdrawal rights set forth herein shall include the right of Developer to withdraw Non-Project Lands from the applicability of the Declaration, the Bylaws, and the Condominium Map (a) where the land area to be withdrawn is to be dedicated to a governmental entity or to a utility company, (b) due to changes in the boundaries of the Land (1) as may be required by the Honolulu City Council, any agencies of the City and County of Honolulu, or any agencies of the State of Hawaii, or (2) to comply with any ordinance, order, or other decision relating to the subdivision of the Land, or (c) where Developer determines that such withdrawal is not unequivocally contrary to the overall development plan for the Project. Upon the recordation of an amendment to the Declaration and the Condominium Map to reflect the withdrawal of all or any portion of the Non-Project Lands from the Condominium Property Regime established by the Declaration, Developer shall hold fee simple title to the Non-Project Lands so withdrawn free and clear of (1) the Declaration, the Bylaws, and the Condominium Map, and (2) the interest of any Unit owner, purchaser, prospective purchaser, lienholder, the Association, or other person.

THE FOREGOING IS A SUMMARY OF SOME OF THE PERTINENT PROVISIONS OF THE DEVELOPER'S RESERVED RIGHTS IN THE DECLARATION TO CHANGE THE PROJECT AND THE CONDOMINIUM DOCUMENTS AND IS FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE DEVELOPER'S RESERVED RIGHTS. THE FULL TEXT OF THE DECLARATION SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

EXHIBIT J

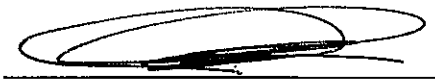
The Town Homes at Ka Makana at Hoakalei, Increment 1

ESTIMATED ANNUAL BUDGET

Hoakalei Resort, LLC does hereby certify that the estimated budget and maintenance fees describing the units for Increment 1, as set forth in the following sheets, were prepared in accordance with generally accepted accounting principles. The budget and maintenance fees are estimates only and are subject to change at any time, including changes resulting from the merger of the Project with other increments of The Town Homes at Ka Makana at Hoakalei.

A purchaser shall commence payment of the monthly estimated maintenance fee effective on the date of conveyance of the unit to the buyer.

HOAKALEI RESIDENTIAL, LLC
By HASEKO HOMES, INC.
a Hawaii corporation
Its Manager



Name: TORU NAGAYAMA
Title: PRESIDENT

March 20, 2009
Date

The Town Homes at Ka Makana at Hoakalei, Increment 1

Estimated Annual Maintenance Fees and Monthly Estimated Fee Per Unit

(16 UNITS)

ESTIMATED ANNUAL BUDGET

ESTIMATE OF MAINTENANCE DISBURSEMENTS (a)	MONTHLY ($)	ANNUAL ($)
Utilities		
Common Electricity	$ 21.88	$ 262.50
Water	$ 546.88	$ 6,562.50
Sewer	$ 656.25	$ 7,875.00
Building and Grounds Maintenance		
Building	$ 15.63	$ 187.56
Grounds (Landscaping)	$ 562.50	$ 6,750.00
Pest Control	$ 65.22	$ 782.64
Rubbish Removal	$ 437.50	$ 5,250.00
Management		
Management Fees	$ 167.50	$ 2,010.00
Administrative Expenses	$ 41.88	$ 502.56
Education Expenses	$ 4.38	$ 52.56
Insurance	$ 726.13	$ 8,713.56
Legal & Professional	$ 12.50	$ 150.00
Taxes/Government Assessments	$ 3.75	$ 45.00
Audit Fees	$ 12.50	$ 150.00
Reserves (b)	$ 53.53	$ 642.36
Totals (c)	$ 3,328.03	$ 39,936.24

(a) All budgeted expenses have been calculated by allocating a portion of the overall proposed expenses in accordance with the ratio of the number of units in Increment 1 (i.e., 16 units) to the total number of proposed units (i.e., 128 units). In the event of a deficit in the actual expenses and the amount actually collected, such deficit shall be subsidized by the Developer until all units within the The Town Homes at Ka Makana at Hoakalei, Increment 1 project have been sold.

(b) A reserve study (per §514B-148(a)(4), HRS and Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules) has not yet been conducted specifically for Increment 1. The reserves are estimates only based upon information obtained by Hoakalei Residential, LLC from the managing agent of The Town Homes at Ka Makana at Hoakalei.

(c) The Developer, on its own initiative, will be installing and paying for the costs of the use of a termite monitoring system on the Project, commencing on the date title for the first Unit in a building is transferred to the first homeowner and expiring twelve months thereafter. The costs of use of the termite monitoring system for a particular building within the Project beyond such period has not been included in the Budget, and any use will be at the election and the cost of the Association or individual unit owners as the case may be.

THE TOWN HOMES AT KA MAKANA AT HOAKALEI, INCREMENT 1

(16 UNITS)

ESTIMATED MAINTENANCE FEES PER UNIT

UNIT NO.	NET LIVING AREA (sq. ft.) **(a)**	COMMON INTEREST (%)	MONTHLY MAINT. FEE ($) (Per Budget p. 1)	MONTHLY KA MAKANA AT HOAKALEI ASSN. FEE ($) (per Budget p. 4)	MONTHLY MASTER ASSN. FEE ($) (Per Budget p. 5)	**TOTAL MONTHLY FEES ($)**	TOTAL ANNUAL FEES ($)
101	1,122	6.2500	208.00	137.12	36.00	381.12	4,573.44
102	1,244	6.2500	208.00	137.12	36.00	381.12	4,573.44
103	1,247	6.2500	208.00	137.12	36.00	381.12	4,573.44
104	1,247	6.2500	208.00	137.12	36.00	381.12	4,573.44
105	1,244	6.2500	208.00	137.12	36.00	381.12	4,573.44
106	1,101	6.2500	208.00	137.12	36.00	381.12	4,573.44
301	1,122	6.2500	208.00	137.12	36.00	381.12	4,573.44
302	1,244	6.2500	208.00	137.12	36.00	381.12	4,573.44
303	1,244	6.2500	208.00	137.12	36.00	381.12	4,573.44
304	1,101	6.2500	208.00	137.12	36.00	381.12	4,573.44
501	1,122	6.2500	208.00	137.12	36.00	381.12	4,573.44
502	1,244	6.2500	208.00	137.12	36.00	381.12	4,573.44
503	1,247	6.2500	208.00	137.12	36.00	381.12	4,573.44
504	1,247	6.2500	208.00	137.12	36.00	381.12	4,573.44
505	1,244	6.2500	208.00	137.12	36.00	381.12	4,573.44
506	1,101	6.2500	208.00	137.12	36.00	381.12	4,573.44

(a) The net living area of the Unit, excluding the garage, the lanai, the rear yard, and the entry area.

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

Ka Makana at Hoakalei Community Association
(894 Units)
Estimated Annual Budget[1]

Budget Item	Amount 2009[2]	Amount At Full Build-Out[3]
Utilities & Services		
Water	19,200.00	25,200.00
Sewer	0.00	10,800.00
Electric	19,200.00	25,200.00
Landscaping Maintenance & Supplies	205,200.00	205,200.00
Other Repair, Maintenance & Supplies	4,800.00	4,800.00
Amenities, Maintenance & Supplies	0.00	47,400.00
Custodial	7,800.00	12,600.00
Management & Administration	0.00	0.00
Management Services	33,700.51	33,700.51
Wages, Salaries & Benefits	78,564.00	78,564.00
Admin, Supplies & Services	22,800.00	25,500.00
Insurance	5,160.00	7,764.00
Taxes & Government Assessments	3,780.00	3,780.00
Legal & Audit	3,000.00	3,000.00
Reserves[4]	59,340.00	59,340.00
TOTAL ANNUAL EXPENSES	462,544.51	542,848.51
Total Annual Ka Makana at Hoakalei Assessments per Unit (894 Units)[5]	517.39	607.21
Total Ka Makana at Hoakalei Assessments Per Unit/Mo.	43.12	50.60
Oceanic Cable Bundle Service Per Unit/Mo.	94.00[6]	94.00
Hoakalei Resort Community Association Assessments Per Unit/Mo.	36.00[7]	36.00
Total Assessments Per Unit/Mo.	**$173.12**[8]	$180.60[9]

1 This budget is an estimate only and is subject to change at any time. The total unit count of 894 at full build-out is tentative and is subject to change as development plans are finalized.

2 This column sets forth the budget based on a full build out of the Ka Makana project not including the maintenance of the Community Facility (Ka Makana Swim Club) which is not planned to be available for use by residents until 2010 or later.

3 This column sets forth the budget based on a full build out of the Ka Makana project including the maintenance of the Community Facility (Ka Makana Swim Club) i.e. this includes the estimated costs that would be incurred to maintain the Community Facility during 2009 if it were available for use.

4 This line item is an estimate only. No reserve study has been conducted.

5 The Total Annual Ka Makana at Hoakalei Assessments per Unit has been calculated by dividing the Total Annual expenses by 894 (the estimated total number of units at full build-out). From the date of first closing of a unit in Ka Makana (expected in late 2008)("First Closing") through the end of calendar year 2009, the Developer will subsidize the Ka Makana at Hoakalei Community Association in an amount equal to the positive difference between the actual out-of-pocket expenses (not including reserves) incurred by the Association from First Closing until the end of calendar year 2009 and the total Ka Makana at Hoakalei Assessments assessed against all Ka Makana residents during such period.

6 This rate will be subject to adjustment effective January 1, 2010. Each unit in Ka Makana will be assessed this amount on a monthly basis regardless of whether or not the homeowner subscribes to the services provided by Oceanic Time Warner Cable.

7 Per month assessments based upon the 2008/2009 budget for the Hoakalei Resort Community Association (see Exhibit D, pg. 3).

8 This amount represents the actual monthly amount to be assessed against each Ka Makana unit that has closed through calendar year 2009.

9 This amount is provided for informational purposes only.

Hoakalei Resort Community Association
Estimated Annual Budget—Full Build-Out[1]

Budget Item	Amount
Wages and Salaries	298,404
Employee Benefits	73,992
Administrative Costs	175,500
Property Management	29,100
Legal	18,000
Other Professional	20,400
Electricity	36,000
Water	121,800
Sewer	27,000
Telephone	10,800
Television	24,000
Exterminating	24,000
Rubbish Removal	54,000
Security	820,848
Custodial	428,100
Maintenance	705,100
Vehicle Costs	19,200
Taxes	4,787
Fixed Expense	120,000
Insurance	63,787
Reserve Contribution[2]	612,001
Total Estimated Annual Costs	3,686,819
Total Estimated Annual Costs Allocable to all Hoakalei Residential Units[3]	993,246
Monthly Assessments per Residential Unit[4]	$36.00

1 This budget sets forth the estimated costs to operate the Hoakalei Resort Community Association at full build-out at an indeterminate future time. The amounts set forth in this budget are estimates only expressed in 2008 dollars and will be subject to change from time to time as development of Hoakalei progresses.

2 This line item is an estimate only. No reserve study has been conducted.

3 Based upon a total of 2,314 residential units at full build-out. Under current plans, the balance of the costs to operate the Hoakalei Resort Community Association will be allocated to the planned districts within Hoakalei including Hotel, Golf, Industrial, Retail, and Marina districts.

4 The monthly assessments per Residential Unit has been computed by dividing the Total Estimated Annual Costs Allocable to all Hoakalei Residential Units by the total number of residential units in Hoakalei that are subject to assessment (i.e. 2,314 units under the assumptions reflected in this budget) and then rounding to the nearest dollar.

Hoakalei Resort Community Association
Estimated Annual Budget 2008-2009[5]

Estimated Costs	Amount
Administrative Costs	8,750
Property Management	24,469
Legal	9,800
Other Professional	0
Electricity	1,400
Water	35,763
Television	7,000
Security	1,400
Maintenance	149,445
Taxes	15
Fixed Expense	n/a
Insurance	23,138
Reserve Contribution[6]	10,316
Total Estimated Costs	271,496
Estimated Income	
Community Association Assessments (@ $36.00/unit/mo)[7]	64,260[8]
Design Fee Receipts	1,400
Interest Income	325
Total Income	65,985
Projected Shortfall	(205,511)[9]
Monthly Assessments per Unit	**$36.00**[10]

5 This budget covers the period from November 1, 2008 through December 31, 2009 (the "Budget Period"). The amounts shown for Estimated Costs and Estimated Income are cumulative and cover the entire Budget Period. The budget is an estimate only and is subject to change at any time.

6 This line item is an estimate only. No reserve study has been conducted.

7 Monthly assessments of $36.00 per unit were taken from the Estimated Annual Budget for the Hoakalei Resort Community Association at Full Build-Out (see previous page).

8 Community Association Assessment income has been calculated based upon the assumption that 17 units will close each month during the Budget Period.

9 The projected Shortfall is calculated by subtracting Total Income from Total Estimated Costs. During the Budget Period, the Developer will subsidize the Hoakalei Resort Community Association in an amount equal to the actual shortfall that is realized by the Association by offsetting the total of all Hoakalei Resort Community Association Assessments assessed against all members of Hoakalei during the Budget Period against the total actual costs of the line items set forth in this budget that are incurred by the Association during the Budget Period. The actual shortfall realized by the Association could be higher or lower than that which is reflected in this Budget.

10 This represents the total Hoakalei Resort Community Association Assessments per residential unit per month during the Budget Period.

EXHIBIT K

The Town Homes at Ka Makana at Hoakalei, Increment 1

Summary of Pertinent Provisions of Sales Contract

A specimen of the Deposit Receipt and Sales Contract (hereinafter the "Agreement") has been submitted to the Real Estate Commission as part of the registration. The Agreement contains the purchase price, description of the unit to be conveyed to a buyer, and the terms and conditions under which a buyer will agree to buy a unit in the Project.

The Agreement provides in part:

1. Financing of Purchase. If the buyer (referred to in the Agreement as the "Purchaser") is required to finance any portion of the purchase price, then the buyer agrees to take certain actions within designated time periods including, but not limited to, submitting a complete loan application package to a qualified lender and obtaining a pre-qualification letter from the lender. Upon notice from Developer, the buyer shall obtain a final loan commitment within certain time periods.

Buyer represents that the financial data to be submitted to Developer or lender is true and accurate. The buyer also agrees to provide written evidence to Developer of buyer's ability to make any requisite cash payments. In order to keep the Developer and/or the Developer's broker informed of the buyer's progress in obtaining a mortgage loan, the buyer shall authorize its lender to transmit to the Developer and/or the Developer's broker any and all information necessary for this purpose including, but not limited to, copies of all correspondence between the buyer and the lender.

Buyer acknowledges that Developer's lender, as a condition of its construction financing of the Project, may require Developer and/or Buyer's lender to forward copies of financial related information submitted by Buyer in connection with Buyer's loan application including, but not limited to, a signed loan application, credit report, bank statements, pay stubs, W-2 forms, tax returns and other information.

The Agreement provides the Developer with certain rights, including the right to terminate the Agreement if the buyer fails to comply with the various requirements.

2. Closing Date. The terms "Closing Date" or "Closing" as used in the Agreement shall mean the date when the Developer and the buyer have each carried out all of their obligations under the Agreement and escrow is closed by the recording in the Land Court of the Unit Deed and also any mortgage in favor of the buyer's lender, and making all payments required from funds received. The projected "Closing Date" will be determined by the Developer alone (the "Scheduled Closing Date"). For purposes of determining when closing may occur, the buyer agrees to abide by the Developer's good faith estimate of the Scheduled Closing Date. The Scheduled Closing Date, however, is based on a number of factors including, without limitation, the type of loan program selected by the buyer, the projected construction schedule for the unit and the Project, which schedule changes frequently due to a variety of factors. Therefore, the Scheduled Closing Date or any other estimate of the Closing Date provided by the Developer is an estimate only and is subject to change. The Developer

may delay or change the Scheduled Closing Date as necessary and the buyer is advised to work with the Developer in coordinating the actual Closing Date.

3. What the Buyer is Required to Do at Closing. On or prior to the Closing Date, the buyer will sign and deliver to escrow all documents which the buyer must sign in order to effect the closing. This will include, without limitation, any mortgage in favor of the buyer's lender. The buyer shall also pay to escrow any cash payment required on account of the balance of the "Total Purchase Price" (as defined in the Agreement) (including those amounts representing the options, upgrades, and floor selections contracted by buyer), and all sums included in the "Estimate of Additional Sums Payable" (as defined in the Agreement) and further described below (subject to adjustment for actual fees payable as determined at closing).

4. Estimate of Additional Sums Payable. The sums included in the Estimate of Additional Sums Payable are in addition to and are not part of the Total Purchase Price. The buyer's closing costs shall include, but shall not be limited to, all escrow fees, all notary fees, costs of title insurance, legal costs for the preparation of any unit deed or any notes and mortgages, all recording costs or fees, loan fees, credit report costs, appraisal fees and all other applicable mortgage costs. In addition, the buyer agrees to pay the buyer's pro-rata share of applicable monthly maintenance and associations' fees (if closing occurs on a day other than the first day of the month), taxes, assessments and other expenses, which shall be prorated between the buyer and the Developer as of the closing date. Also included will be the monthly maintenance and associations' fees and the Association of Unit Owners start-up fee.

5. The Buyer's Acceptance of the Unit. The buyer agrees to close the sale of the unit on time and accept possession of the unit (a) even if the common elements of the Project have not yet been fully completed and/or construction activity is still in progress, and (b) notwithstanding the existence of any defects in or damage to the unit which does not render the unit unusable. The buyer also promises to indemnify and hold harmless the Developer from any loss or damage, including interest and attorneys' fees and costs, resulting from the buyer's failure to close the sale or to accept possession of the unit as required above.

6. Delay in Closing. The Agreement includes provisions to address if the closing is delayed.

7. Conditions of the Project. The Agreement contains various disclosures made in the Agreement regarding the condition of the Project and the surrounding areas that could affect the buyer's use or enjoyment of a unit in the Project, including potential aircraft noise, ongoing construction and sales activities, roadways, or driveways located nearby, the determination by the Department of Education of a school's district boundaries and what school the children of residents of the Project will attend, the proximity of the Project to the proposed fire station, the proximity of the Project to Keone'ula Boulevard and other nearby streets, and possible environmental and utility effects, that neither the Association of Unit Owners nor Developer or its affiliates are responsible for providing security for the Project. The Agreement also contains disclosures regarding the approximate area of the units, potential mold, electricity charges for certain exterior lighting, the Developer's right to modify the plans and specifications for the production homes, the right to substitute materials, the right to increase or decrease the purchase price of any unit not subject to a binding contract, and that certain improvements constructed and installed for aesthetic reasons have no structural purposes.

8. Disclosures Regarding Model Homes; Advertising Materials. The homes in the Project will be mass constructed based on limited styles and floor plans being offered by

the Developer, but with minor variations to the colors, door styles, elevations, yards, landscaping, walkways, entryways and other features to provide each home with a certain degree of uniqueness. The model homes and various advertising materials, brochures and displays are intended to assist the buyer in visualizing the floor plan of the unit that the buyer is purchasing, but are not intended to be exact replicas or depictions of all the units or buildings in the Project. The model homes and yard areas of the model homes also contain numerous upgrades, options and decorator items which are not included with the unit being purchased by the buyer or the building in which the unit is located, or which, if included with the property being purchased, may differ from that shown with the model homes or in the advertising materials, brochures or displays due to various factors.

9. Disclosures Regarding Ongoing Sales and Advertising Activities. The Agreement discloses that the Developer and others shall have the right to conduct extensive sales activities on the common elements (excluding the limited common elements appurtenant to any sold units) and any unsold units and limited common elements appurtenant thereto until the date that all of the residential units proposed for development in Area IV are sold and conveyed.

10. Landscaping; Fences. The Seller will be providing the initial landscaping of the buyer's front and rear yard areas. The maintenance of such landscaping shall thereafter be the responsibility of the buyer. The buyer also acknowledges that the Developer will install the initial fences enclosing, as the case may be, the rear yard or the front yard of the unit the buyer is purchasing, but that the buyer is responsible for maintaining, repairing and replacing such fences. If any such rear yard fence is shared by more than one unit, the obligation to maintain, repair and replace such fence shall be shared jointly by both unit owners.

11. Utility Infrastructure. The buyer acknowledges that additional utility infrastructure may be constructed in the future which provides utility services for the Project, the cost of which is not included in the purchase price of any unit in the Project.

12. Developer's Repurchase Option. The buyer acknowledges and agrees that the Developer has reserved the option to repurchase the unit during the first twelve (12) month period following the close of escrow to the extent the buyer sells, transfers, assigns, rents or offers to sell, transfer, assign, or rent the unit during such twelve (12) month period. The purchase price paid by Developer to buyer upon the exercise of this repurchase option shall be equal to the Total Purchase Price shown on page 2 of the Agreement, plus the amount of any options, upgrades, and floor selections paid by buyer in connection with the unit, and together with the amount of any capital improvements made by the buyer to the unit. The Agreement also describes the conditions in which certain sales, transfers, or assignments or offers to sell, transfer, or assign will not be subject to the repurchase option.

13. Developer's Limited Warranty for the Unit. The buyer acknowledges the Developer's limited warranty regarding the unit and the common elements, which is described in the summary attached to this public report as Exhibit "M".

14. Interest on the Buyer's Deposits. All interest earned on the buyer's deposits shall accrue to the credit of and shall be paid to the Developer unless (a) the buyer instructs escrow to establish a separate interest-bearing account on the buyer's behalf ("Buyer's Account") and pays escrow a processing fee of $25.00 (or such other amount as escrow may establish from time to time) and complies with all other requirements of escrow, or (b) a Buyer's

Account is established pursuant to the escrow agreement (in which case the buyer agrees to pay the processing fee provided thereunder).

15. No Rental Service/Investment Representations. The buyer agrees that the buyer has entered into the Agreement without any reference or representation by the Developer or any sales person: (a) that the Developer or anyone affiliated with the Developer or any unaffiliated third party will provide, directly or indirectly, any services relating to the rental or sale or management on behalf of the buyer; (b) as to projected rental income, occupancy rates or other matters related to the rental of the unit; (c) as to possible tax advantages or other economic benefits accruing to an owner who chooses to rent a unit; or (d) as to projected appreciation in the value of the unit. The buyer agrees to be solely responsible for any rental or other disposition of the unit.

16. Default by Buyer. If the buyer fails to make any payment when it is due or fails to keep any of the other promises or agreements of the buyer set forth in the Agreement, the Developer will give the buyer written notice of such failure. If the buyer does not cure such default or failure within ten (10) calendar days after the Developer sends such notice, the Developer shall have the right to do any one or more of the following:

(a) Cancel the Agreement by giving the buyer written notice of cancellation. The Developer may then keep all sums deposited by the buyer, including any and all interest accrued thereon (notwithstanding the establishment of a Buyer's Account), as "liquidated damages" (i.e., the amount agreed to by the buyer and the Developer as properly payable in settlement for breach of contract), in lieu of actual damages and not as a penalty;

(b) Take advantage of any other rights which the law allows, including, for example, a lawsuit for actual damages suffered, or a lawsuit for "specific performance," which means a lawsuit to require the buyer to pay the total purchase price and keep all of the buyer's promises under the Agreement; and

(c) Collect from the buyer all costs, including reasonable attorneys' fees, court costs, escrow cancellation fees, and any document preparation fees if the deed conveying the property to the buyer has been prepared and delivered to escrow, which may be incurred by the Developer because of the buyer's default.

17. Mediation; Arbitration. Any dispute arising out of the Limited Warranty, the construction, or sale of a unit shall first be resolved by binding arbitration. Except as otherwise provided by law, binding arbitration shall be the sole remedy for resolving such disputes. The arbitration shall be conducted by Construction Arbitration Services, Inc. or such other reputable arbitration service that the warranty administrator shall select, in its sole discretion, at the time the request for arbitration is submitted. The rules and procedures of the designated arbitration organization that are in effect at the time the request for arbitration is submitted will be followed. Said arbitration proceeding shall be governed by the United States Arbitration Act (9 U.S.C. §§ 1-16) to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction. Each party shall bear its own attorneys fees and costs (including expert costs) for the arbitration. The arbitrator shall, as part of any decision, award to the party prevailing at the arbitration any applicable filing fees or other arbitration fees paid by that party.

THE FOREGOING IS A SUMMARY OF SOME OF THE PERTINENT PROVISIONS OF THE AGREEMENT FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE AGREEMENT. THE FULL TEXT OF THE ORIGINAL DOCUMENT SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

NOTE: The Developer is offering the buyer a selection of various floor coverings (i.e., tiling and carpeting) and window coverings for the unit which buyer will select in an addendum to the Agreement. In addition, the Developer is also offering various optional floor plans, appliances and upgrades for the unit, each at various prices, and which, if selected, will also be included in an addendum or addenda to the Agreement. The purchase price for such options, appliances and upgrades are non-refundable once the Agreement is deemed binding under the Condominium Property Act.

EXHIBIT L

The Town Homes at Ka Makana at Hoakalei, Increment 1

Summary of Pertinent Provisions of Escrow Agreement

An executed Escrow Agreement has been submitted to the Real Estate Commission as part of this registration. The Escrow Agreement identifies Title Guaranty Escrow Services, Inc. as the escrow agent ("Escrow"). The Escrow Agreement sets up an arrangement under which Escrow will hold deposits that a buyer makes to the Developer under a Deposit Receipt and Sales Contract (the "Sales Contract") for the purchase of a unit in the Project. The Escrow Agreement provides in part:

1. Payment of Funds to Escrow. The Developer shall pay over to Escrow any monies received by the Developer from a buyer under a Sales Contract, including all disbursements made on loan commitments, if any, from lending institutions to the buyer. Escrow shall deposit all funds so received in accordance with written instructions from the Developer in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State.

2. Return of Funds to a Buyer. A buyer shall be entitled to a refund of the buyer's funds held in Escrow as follows:

(a) Escrow shall refund to the buyer all of the buyer's entire deposit, without interest and less any Escrow cancellation fees, if any one of the following has occurred: (i) the Developer and the buyer request in writing that Escrow return the buyer's funds to the buyer; (ii) the Developer notifies Escrow of the Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the Developer; or (iii) the buyer notifies Escrow of buyer's exercise of buyer's right to cancel the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the buyer .

3. Buyer's Default under Sales Contract. If the Developer terminates a Sales Contract due to a default thereunder by the buyer, Escrow shall thereafter treat all funds of the buyer paid on account of such buyer's Sales Contract as funds of the Developer and not as funds of the buyer. Thereafter, such funds shall be free of the escrow established by the Escrow Agreement and shall be held by Escrow for the account of the Developer.

THE FOREGOING IS A SUMMARY OF SOME OF THE PERTINENT PROVISIONS OF THE ESCROW AGREEMENT FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE ESCROW AGREEMENT. THE FULL TEXT OF THE ORIGINAL DOCUMENT SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

EXHIBIT M

The Town Homes at Ka Makana at Hoakalei, Increment 1

Summary of Pertinent Provisions of Limited Warranties

The Developer provides a limited warranty for the individual units and common elements under the Reservation Agreement and Sales Contract ("Agreement"), a specimen of which has been submitted with this registration. The following is a brief summary of the Developer's limited warranty (capitalized terms have the same meaning set forth in the Agreement):

The Unit and the related Common Elements will be covered under a transferable ten (10) year HOME BUILDER'S LIMITED WARRANTY (the "Limited Warranty"). The Limited Warranty provides coverage for construction defects that occur during the Warranty Period and includes provisions limiting the responsibility and conditions under which it is valid or applicable. The Limited Warranty gives the Purchaser specific legal rights. Seller's obligations under the Limited Warranty are expressly conditioned on prompt notification by Purchaser of any construction defects as set forth in the Limited Warranty. In addition, the Limited Warranty does not cover certain construction defects that result, either directly or indirectly from certain excluded causes or occurrences as set forth in the Limited Warranty. None of Seller's employees, salesmen or other agents are authorized to make any warranty other than the Limited Warranty, nor can they extend or in any way alter the Limited Warranty.

(a) Acknowledgment and Receipt. Purchaser will receive a sample of the Limited Warranty (PWC Form No. 117) and agrees to read the sample Limited Warranty in its entirety prior to the Closing Date. Purchaser's failure to read the sample Limited Warranty and to obtain any needed assistance in understanding the Limited Warranty shall not in any way change either the Purchaser's or the Seller's rights, duties and obligations under the Limited Warranty. Prior to Closing, Purchaser shall deliver to Escrow a fully executed document entitled "Warranty Acknowledgement of Receipt and Agreement to Read."

(b) Warranty Period. The term of the Limited Warranty is ten (10) years from the Closing Date. The resale of the Unit by Purchaser will not extend the ten-year term. Notwithstanding the above, however, the Warranty Period for Common Elements of a building or structure commences on the date title for the first Unit in the structure or building is transferred to the first homeowner. The exact dates for the commencement and expiration of the Warranty Period for the Unit will be described in the "Limited Warranty Validation Form" to be mailed to Purchaser by the independent third-party warranty administrator following Closing.

(c) Warranty Coverage. Coverage under the Limited Warranty is limited to construction defects which occur during the warranty period indicated on the Limited Warranty Validation Form and which are reported to the Seller or its designated agent pursuant to the notification requirements contained in the Limited Warranty. The Limited Warranty shall apply to workmanship actually performed and materials actually installed in the Unit or the Common Elements. Specific terms of the warranty coverage are included in the "Limited Warranty Validation Form" and the Limited Warranty.

(d) Binding Arbitration. The Limited Warranty requires that all disputes between Seller and Purchaser concerning the Limited Warranty, sale or construction of the Unit be resolved

by binding arbitration pursuant to provisions under the Limited Warranty. The Purchaser gives up any rights to have the dispute resolved by a court of law or jury trial.

(e) Customer Care Program. In addition to the Limited Warranty, during the first twelve (12) month period following the Closing of the unit, Seller will initiate and provide to Purchaser at no additional charge a customer care program (the "Program") for defects in materials and workmanship that would otherwise not be deemed to be a "construction defect" under the Limited Warranty. Terms of the Program, which include performance standards the Seller will follow for use during the first year and certain exclusions of the Program, are set forth in the homeowner manual that will be provided to Purchaser upon the Closing of the sale of the unit. Notwithstanding anything contained herein to the contrary, the Program is extended only to the original purchaser of the unit and shall terminate upon the sale of the unit by that purchaser.

(f) Manufacturers' Warranties. Seller will assign and pass through to the Purchaser any manufacturer's warranties covering any appliances and other consumer products for their unexpired terms, to the extent such warranties exist and to the extent that Seller has the right and power to make such an assignment. Purchaser shall follow the procedure set forth in the manufacturer's warranty if any defects should appear in that item, and any service request should be made directly to the service representative for the manufacturer. Appliances or consumer products are excluded from the Limited Warranty, unless they constitute a construction defect. Seller makes no representation or warranty with respect to the energy consumption of, or efficiency of, any appliance, equipment, or consumer product, or with respect to energy or utility costs.

(g) Limitations of Warranty and Seller Liability. Except for the Limited Warranty, Seller makes no other warranties, express or implied, and SELLER EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF HABITABILITY, ANY IMPLIED WARRANTY OF MERCHANTABILITY, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR USE, ANY IMPLIED WARRANTY OF WORKMANSHIP, AND ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE UNIT, OR THE PROJECT. EXCEPT FOR THE OBLIGATIONS OF SELLER SPECIFICALLY SET FORTH IN THE LIMITED WARRANTY, SELLER SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER LEGAL THEORY (REGARDLESS OF WHETHER SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES).

(h) Claim Procedure. If any defect appears which Purchaser believes should be covered by this Limited Warranty, Purchaser shall give Seller written notice describing the defect in detail at the following address: Hoakalei Residential, LLC, 91-1001 Kaimalie Street, Suite 205, Ewa Beach, Hawaii 96706, Attn: Customer Service. Seller will not reimburse Purchaser for any repair or other action taken by Purchaser without Seller's prior written consent.

THE FOREGOING IS A SUMMARY OF SOME OF THE PERTINENT PROVISIONS OF THE LIMITED WARRANTY FOR THE CONVENIENCE OF THE PURCHASER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE LIMITED WARRANTY. THE FULL TEXT OF THE ORIGINAL DOCUMENT SHOULD BE EXAMINED AND CONTROLS OVER THE ABOVE SUMMARY.

EXHIBIT N

The Town Homes at Ka Makana at Hoakalei, Increment 1

Description of Ka Makana at Hoakalei Architectural Guidelines

Ka Makana at Hoakalei ("Ka Makana") is the first residential phase within the Hoakalei Resort, a master-planned resort community (see Section A on page 1a of the developer's public report for a description of Ka Makana and Hoakalei Resort). Being part of a master-planned community, developmental guidelines are necessary to promote the community's evolution in a manner consistent with the original design principles, as approved by the City and other governmental agencies.

To accomplish this purpose and to maintain the Ka Makana special character, Ka Makana Architectural Guidelines (the "Architectural Guidelines") have been prepared to regulate construction, additions, modifications, and site improvements visible from the street or neighboring properties. A copy of the proposed Architectural Guidelines has been submitted to the Real Estate Commission as part of this registration.

The Architectural Guidelines, which are both prescriptive and restrictive, are intended to be illustrative of acceptable improvements and seek to provide an overall framework for future modifications within this Project and Ka Makana. The Architectural Guidelines contain various rules and guidelines, including but not limited to, architectural guidelines, examples of acceptable improvements, materials and color schemes, and Architectural Review Committee application procedures.

The Architectural Review Committee, which has been established pursuant to the Declaration of Covenants, Conditions, and Restrictions for the Hoakalei Resort Community (see Exhibit P for a description of this document), is or will be responsible for reviewing applications for compliance with the Architectural Guidelines.

THE FOREGOING IS A DESCRIPTION OF THE ARCHITECTURAL GUIDELINES FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THESE ARCHITECTURAL GUIDELINES. THE FULL TEXT OF THE ARCHITECTURAL GUIDELINES SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

EXHIBIT O

The Town Homes at Ka Makana at Hoakalei, Increment 1

Description of the Declaration of Covenants, Conditions, and Restrictions for Ka Makana at Hoakalei

As mentioned in Section A on page 1a of the developer's public report, the Project is located within the residential project known as Ka Makana at Hoakalei ("Ka Makana") and is therefore subject to the terms and conditions set forth in the Declaration of Covenants, Conditions, and Restrictions for Ka Makana at Hoakalei, dated November 10, 2008, recorded as Land Court Document No. 3805046, as amended and/or supplemented (the "Ka Makana Declaration").

The purpose of the Ka Makana Declaration is to facilitate the development, ownership, and use of the "Property" (as defined in the Ka Makana Declaration) and to provide for the formation of the Ka Makana at Hoakalei Community Association, Inc. (the "Community Association") that administers the Property. The following is a brief description of some of the significant provisions of the Ka Makana Declaration (unless defined herein, capitalized terms shall be defined as set forth in the Ka Makana Declaration).

1. Scope. The Property to be encumbered by the Ka Makana Declaration will initially consist of the first phase of Ka Makana (i.e., Area IVA, Phase 2) as described in the exhibit attached to the Declaration). Although the Developer has reserved the right to annex additional lands for future phases of Ka Makana, including all or any portion of the property generally described as being located within the "Subdivision Project" (as that term is defined in the Ka Makana Declaration), the Developer is not obligated to annex any such additional phases to the Ka Makana Declaration at this time.

The Developer has also reserved the right to develop the future phases of the Subdivision Project as separate projects and merge such projects with Ka Makana. Additionally, the Developer also reserves the right to withdraw any portions of land from the Ka Makana Declaration, including but not limited to any lands which are annexed to Ka Makana. The Developer's rights to withdraw, annex, and merge portions of the Property may be exercised at any time prior to the "Last Conveyance Date" (which is the date that the last residential unit proposed to be developed within Ka Makana and the balance of the Subdivision Project is sold). The Developer's rights to withdraw, annex, and merge the Property (or portions thereof) are generally covered in Sections 2.2, 2.3 and 2.4 of the Ka Makana Declaration.

2. Amendment. Generally, the Ka Makana Declaration can be amended only with the vote of 75% of the units within the Property. However, prior to the Last Conveyance Date, such amendments will require the approval of the Developer and the Developer has reserved the right to amend the Ka Makana Declaration unilaterally (i) for any reason prior to conveying any unit within the Property; (ii) as to any unit, lot, or group of units/lots, where the same are owned by Developer; (iii) for the purpose of correcting technical defects, to make non-substantive changes, to comply with the requirements of various governmental loan programs, or to comply with various governmental or statutory requirements; (iv) for any other changes that do not have a material adverse effect on the rights of any "Owner" (as defined in the Ka Makana Declaration); or (v) to annex, merge, or withdraw any property pursuant to the Ka Makana Declaration or to change the designation of the "Common Area" (as defined in the Ka Makana Declaration). The Developer and HASEKO (Ewa), Inc., an

affiliate of the Developer (the "Master Declarant") have the right to amend the Ka Makana Declaration unilaterally at any time to exercise their rights that are otherwise reserved or referenced in the Ka Makana Declaration. Under other circumstances, the Owners shall have the right to amend the Ka Makana Declaration only with the approval of the Developer (see generally Section 2.1).

3. Association Membership/Voting. Membership in the Community Association will be divided into two classes: (a) Class A members are all Owners (including Developer as to each unit Developer owns) and there will be one vote for each unit; and (b) the sole Class B member shall be the Developer. The Class B member shall have the right to select all Community Association board members until the fourth (4^{th}) anniversary of the date that the first unit in the Property is conveyed to a Person other than a Builder. Following this, the Class B member shall have the right to select a majority of the Community Association board members until the later to occur of (i) the date when 75% of all of the units to be constructed under the "Subdivision Permit" (as defined in the Ka Makana Declaration) have been sold to Persons other than Builders (but no later than December 31, 2036), or (ii) the tenth (10^{th}) anniversary of the date that the first unit in the Property is conveyed to a Person other than a Builder. If the sale of 100% of the units occurs prior to the tenth (10th) anniversary date, then Developer's rights to select Board members shall terminate. Generally, in all matters other than the election of board members, there shall only be one class of membership (see generally Article III).

4. Community Association Powers and Duties. The Community Association has broad powers to administer the Property. Generally, the Community Association has the power: (i) to acquire, hold, and dispose of property; (ii) to pay, compromise, or contest real property taxes and assessments on the Common Area and other Community Association property; (iii) to enforce the Ka Makana Declaration; (iv) to enter into contracts for the purpose of carrying out its duties under the Ka Makana Declaration (including management contracts); (v) to collect assessments; (vi) to maintain books and records of its receipts and expenditures; and (vii) to maintain the Common Area which will initially consist of the service lanes, pedestrian pathways, utility lots, and the interior and perimeter mini-parks (except that the perimeter mini-parks will be maintained for an indefinite period of time by the Master Association as provided in the Master Declaration). In addition to the Common Area, the Community Association shall initially maintain, repair, and replace the roadway landscaping (e.g. sidewalk planting strips) within dedicated roadways (not otherwise maintained by the Master Association), irrigation lines serving such areas, the private non-dedicated storm drain improvements and private utilities located within the service lanes, the grouped mailbox structures, landscaping within the well sites, and any service lane lighting located on the garage improvements of any units. The Community Association also has the authority to maintain other improvements in the exercise of the board's discretion.

5. Use of Common Areas. Generally, the Owners have a non-exclusive right and easement to use the Common Areas subject to: (i) any restrictions set forth in any Rules adopted by the Community Association; (ii) any restrictions, encumbrances, easements, and rights of way which may be reserved at the time any Common Areas are transferred to the Community Association; (iii) any road, utility, or similar easements and rights of way which may be required by any governmental entity, or that may be taken under power of eminent domain, or granted or conveyed by the board; and (iv) other rights reserved to the Developer or Master Declarant in the Ka Makana Declaration. Owners may not relinquish rights to use the Common Areas and thereby avoid their obligations for assessments.

6. Assessments. The Community Association has the right to assess Owners common assessments for the expenses incurred by the Community Association (see generally Article VI). The common assessments to be levied on each unit shall be computed by multiplying the sum of all common expenses plus capital expenses within the Property by a fraction, the numerator of which is one (1), and the denominator of which is the total number of units within the Property, as adjusted from time to time. The Community Association is also entitled to levy special assessments as follows: (i) against an Owner when an Owner defaults in the performance of its obligations under the Ka Makana Declaration, (ii) to make up a shortfall in receipts due to Owner delinquencies; (iii) where the budget is exceeded due to unanticipated circumstances; or (iv) for other reasons determined by the board. Nonpayment of any assessments will give rise to a lien against the Owner's unit in an amount equal to the unpaid assessments plus interest, attorney's fees, and costs of collection. The board may foreclose on such lien as provided by law.

Until the Last Conveyance Date, the Developer may annually elect either to pay to the Community Association either the common assessments due on its unsold units or, the difference between the amount of all common assessments assessed against all units (other than those units owned by Developer) subject to assessment and the amount of the actual expenditures required to operate the Community Association during the fiscal year.

7. Owner's Maintenance and Use Restrictions. Article VII of the Ka Makana Declaration sets forth the scope of the Owners' obligations with respect to the maintenance of their units and also contains general guidelines and restrictions concerning animals and pets, vehicle repairs, antennas and satellites dishes, landscaping, pools, guns, air conditioning units, lighting, window coverings, house decorations, vehicle washing, and other matters.

8. Additional Developer Reserved Rights. Article VIII of the Ka Makana Declaration provides that the Developer and the Master Declarant may assign their rights reserved under the Ka Makana Declaration to any third party. In addition, the Developer reserves the right to conduct sales activities within the Property and has reserved the right in its sole discretion to modify its development plans for the Property.

9. Community Facility; Cross-Easements. Developer has reserved the right to enter into cross-easements or cost-sharing agreements with the owners/developers and/or association of unit owners of the A-2 Parcel, whereby the owners of the residential units with the A-2 Parcel are granted the rights to use the Community Facility and/or other portions of the Common area on such terms and conditions as Developer shall determine in its sole discretion; provided that such agreement shall confer such rights and obligations relating to the use, maintenance, and operation of the Community Facility (or other portions of the Common Area as the case may be), and the proportionate allocation of the costs and expenses incurred in connection therewith, as are consistent with the general principles pertaining to the allocation of such costs among the Owners as otherwise provided in the Declaration.

10. Insurance. The Community Association is required to carry the following types of insurance: (i) blanket property casualty insurance on all insurable improvements within the Common Area; (ii) commercial general liability insurance (with umbrella liability coverage); (iii) worker's compensation insurance (where required by law); (iv) directors and officers liability insurance; (v) fidelity insurance; (vi) non-owned and hired automobile liability coverage, (vii) such additional insurance as the board may determine from time to time. Premiums for insurance carried by the Community Association shall be common expenses which will be included in the common assessments.

11. Easements. Article X of the Ka Makana Declaration provides for encroachment easements in favor of improvements which encroach upon neighboring units or the Common Area if such encroachment occurs due to unintentional placement or settling or shifting of such improvements. The Developer has also reserved for itself, the Master Declarant, and their respective designees blanket perpetual easements as well as the right to designate, grant, dedicate, realign, relocate, or cancel perpetual easements for various purposes including access and utility purposes across the service lanes and Common Area, and across individual units within any specific easement areas designated on any subdivision map for any portion of the Property. Such easements may be assigned to the Community Association or the Master Association on such terms and conditions as are acceptable to the Developer. The Developer has also reserved the right to reserve easements over the Common Area for access and utility purposes serving other developments within "Ka Makana" (as defined in the Ka Makana Declaration). The Community Association shall generally have a right of entry over any portion of the Property (including any units) in order to carry out its duties under the Ka Makana Declaration.

12. Term. The term of the Ka Makana Declaration shall be for a period of sixty (60) years from the date that the Ka Makana Declaration is recorded. Thereafter, the Ka Makana Declaration shall automatically be extended for successive periods of ten (10) years unless an instrument in writing, approved by an affirmative vote of 75% of the total votes in the Association and signed by two officers of the Association, has been recorded within the year preceding the extension, agreeing to amend, in whole or in part, or terminate this Declaration, in which case, this Declaration shall be amended or terminated as specified therein.

THE FOREGOING IS A GENERAL DESCRIPTION OF THE KA MAKANA DECLARATION FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE KA MAKANA DECLARATION. THE FULL TEXT OF THE KA MAKANA DECLARATION SHOULD BE EXAMINED AND CONTROLS OVER THIS DESCRIPTION.

EXHIBIT P

The Town Homes at Ka Makana at Hoakalei, Increment 1

Description of the Master Declaration of Covenants, Conditions, and Restrictions for the Hoakalei Resort Community

As mentioned in Section A on page 1a of the developer's public report, in addition to being part of the Ka Makana development, the Project is also a part of the Hoakalei Resort master-planned mixed use community and will therefore be subject to the terms and conditions set forth in that certain Master Declaration of Covenants, Conditions, and Restrictions for the Hoakalei Resort Community, dated November 10, 2008, recorded as Land Court Document No. 3805045, as the same may hereafter be amended and/or supplemented from time to time (the "Master Declaration"). The Master Declaration was prepared and executed by Developer and Developer's affiliated companies, HASEKO (Ewa), Inc. ("Land Owner") and Hoakalei Development, LLC (the "Master Declarant").

The purpose of the Master Declaration is to facilitate the development, ownership, and use of the "Hoakalei Resort Community" (as defined in the Master Declaration) and to provide for the formation of the Hoakalei Resort Community Association (the "Master Association") that administers the Hoakalei Resort Community. The following is a brief description of some of the significant provisions of the Master Declaration (unless defined herein, capitalized terms shall be defined as set forth in the Master Declaration).

1. Scope. The Land Owner is the owner of and Master Declarant is the master developer of the Hoakalei Resort Community. Land Owner has conveyed part of the Hoakalei Resort Community to Developer for the purpose of developing Ka Makana. If developed as initially planned, the overall Hoakalei Resort Community will be comprised of areas which have been master planned by Master Declarant as residential, retail, hotel, marina, golf and industrial areas. The residential areas may be comprised of single family residences, multi-family residences, and apartment residences, including fractional projects. The retail areas may be comprised of retail establishments located upon lots or upon leaseholds of parts of certain lots in the Hoakalei Resort Community. The hotel areas may be comprised of hotels, timeshare and fractional projects, condominium-hotel projects or similar transient land uses. The marina areas may include, among other uses, condominium boat slips and other marina related land or water uses adjacent to or in the vicinity of the marina to be constructed in the Hoakalei Resort Community. The industrial areas may be comprised of industrial uses in the vicinity of the marina. The golf areas may be comprised of golf greens, clubhouses, golf course storage and support facilities, and parking facilities. Presently, only a limited portion of the Hoakalei Resort Community consisting solely of residential uses has been annexed to the Master Declaration (the annexed portion is referred to as the "Covered Property" in the Master Declaration). The Master Declarant is not obligated to develop and annex to the Master Declaration any part of the Hoakalei Resort Community not already part of the Covered Property. The rights reserved to Master Declarant include the right to develop and or to annex as much or as little of the Hoakalei Resort Community to the Master Declaration as it may decide, in its sole discretion. Including without limitation, the right not to annex the hotel, retail, golf course, marina, retail and

other areas (other than the Covered Property) that are depicted as part of the Hoakalei Resort Community in the Declaration.

2. Association Membership/Voting. Membership in the Master Association is divided into three classes: (a) Class A members are all Owners (excluding Master Declarant until the Class B membership has been terminated and is converted to Class A membership) and will be entitled to a vote equal to the Equivalent Unit for each Separate Interest owned (the assignment of Equivalent Units for the individual Separate Interests is set forth in Exhibit C to the Master Declaration). The Class B member shall mean the Master Declarant until the Class B membership terminates and is converted to a Class A membership and will be entitled to a vote equal to three (3) times the Equivalent Units allocated to each Separate Interest owned. The Class C member shall mean the Master Declarant until such time as the Class C membership terminates (i.e. on the later to occur of the closing of the sale of one hundred percent (100%) of the Separate Interests in the Covered Property or, the twenty-fifth (25th) anniversary of the first conveyance of a Separate Interest in the Hoakalei Resort Community). Until such time as the Class C membership terminates, the Class C member (Master Declarant) shall have the exclusive right to appoint all of the Master Association board members. Generally, in all matters under the Master Declaration which require the vote of the Class A members who are also members of the Ka Makana Community Association (including Owners of units within the Project), such voting rights will be exercised by one of the officers of the Ka Makana Community Association.

3. Assessments. The Master Association shall have the right to assess Owners common assessments for the expenses incurred by the Master Association (see generally Master Declaration, Article IV). The common assessments to be levied on each Unit (Separate Interest) shall be computed by multiplying the sum of all common expenses by a fraction, the numerator of which is the Equivalent Units assigned to the Owner's Unit/Separate Interest, and the denominator of which is the total number of Equivalent Units that have been established under the Master Declaration. The Master Declarant may from time to time elect either to pay the common assessments due on its Separate Interests or to pay to the Association the difference between the amount of all common assessments assessed against all Separate Interests and the amount of the actual expenditures required to operate the Master Association as more particularly described in Section 4.1 of the Master Declaration. Nonpayment of any assessments will give rise to a lien against the Owner's Unit/Separate Interest in an amount equal to the unpaid assessments plus interest, attorney's fees, and costs of collection and the board may foreclose on such lien as provided by law.

4. Adjustment of Equivalent Units. An Owner's voting rights and share of common assessments are determined by the Equivalent Units that have been assigned to such Owner's Unit (Separate Interest). Each residential unit has been assigned an Equivalent Unit equal to .500 (see Exhibit C to the Master Declaration). Master Declarant has assigned Minimum Equivalent Units to each planned use classification within the proposed Hoakalei Resort Community (e.g. residential, hotel, golf, industrial, retail, and marina). The total Minimum Equivalent Units assigned to the residential classification is 1,157 based on a total of 2,314 residential units at full buildout of the Hoakalei Resort Community. The total Minimum Equivalent Units assigned to each use classification may not decrease, but could increase under limited

circumstances (provided, however, that no Minimum Equivalent Units shall be allocated to a particular use classification if no Separate Interests within that classification are annexed to the Master Declaration). If for example, the total number of residential units eventually annexed to the Master Declaration exceeds 2,314, then the total Minimum Equivalent Units assigned to the residential classification will be increased accordingly (while the Equivalent Units assigned to each residential unit will remain at .500). On the other hand, if less than 2,314 residential units are eventually annexed to the Master Declaration, then the total Minimum Equivalent Units assigned to the residential classification will remain at 1,157 resulting in an increase in the Equivalent Units being assigned to each residential unit. For example, if only 1,500 residential units are eventually annexed to the Master Declaration, then the resulting Equivalent Units for each residential unit would be calculated as follows: 1157 (total Minimum Equivalent Units for the residential classification) *divided by* 1500 (actual number of residential units annexed) equals approximately .771 Equivalent Units per residential unit. Master Declarant has reserved the right to amend the Master Declaration to effect the adjustment in Equivalent Units described above.

5. Amendment. Generally, amendments to the "HRCA Management Documents" (as defined in the Master Declaration) that are "material" (as defined in Section 17.4 of the Master Declaration) will require the vote of the Owners holding 67% of the voting power in the Master Association (together with the vote of 51% of the voting power of Separate Interests subject to mortgages held by "Eligible Mortgage Holders" (as defined in the Master Declaration). For other amendments, unless a different percentage is specified in the Master Declaration, amendments of the Master Declaration will require the majority vote of the Class A members in addition to the approval of the Master Declarant (for so long as the Class C membership continues to exist). Notwithstanding the above requirements, so long as the Class C membership exists, the Master Declarant shall have the right to amend the Master Declaration without obtaining the consent of any Owner or any other third party at any time, such rights to include, without limitation the right to amend the Master Declaration to cover (i) the addition or deletion of Delegate Districts and the dilution of the voting rights of a Delegate District, (ii) the addition, dilution or elimination of the right of a Delegate District or a class of Delegate District to elect or appoint directors to the Board, (iii) any amendment of Exhibit C to the Master Declaration pertaining to assessment of the Separate Interests or to a class of Separate Interests or the "Equivalent Units" (as specified in said Exhibit C) attributable to each Separate Interests or to a class of Separate Interest, (iv) any amendment to Exhibit C or any other provision of the Master Declaration in connection with the annexation of additional Separate Interests under the Master Declaration (v) any amendment which is required by any of the "Public Agencies" or the "Federal Agencies" (as those terms are defined in the Master Declaration) as a condition to approving the documents or the Hoakalei Resort Community, or any construction thereon, or if any an amendment is required by a mortgagee or any governmental agency having jurisdiction; (vi) any amendment that may be necessary in order to comply with the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, or any other federal or governmental programs, in order to make the Covered Property or any portion thereof (including any Separate Interests) financeable under such programs; (vii) any amendment to correct any technical defects or to make any other non-substantive amendments as determined by Master Declarant; (viii) any other amendment pursuant to rights reserved to Master Declarant under the Master Declaration; or (ix) to any other

provision in the Master Declaration provided that such amendment does not materially and adversely affect the value of any Separate Interest.

6. Master Association Powers and Duties.

a. General. The Master Association has all of the powers granted to a nonprofit corporation as set forth in Section 414D of the Hawaii Revised Statutes to administer the Hoakalei Resort Community. Generally, the Master Association has the power: (i) to acquire, hold, and dispose of property; (ii) to institute, defend, settle or intervene in litigation; (iii) to enforce the HRCA Management Documents; (iv) to designate portions of the Common Area as HRCA Common Area; (v) to enter into contracts with Owners to provide services to Owners including the maintenance of the Owners' Separate Interests; (vi) to enter into contracts with any other individual, or with any owner's association within the Hoakalei Resort Community or the Ocean Pointe Community in order to carry out its duties and obligations under the HRCA Management Documents; (vii) to collect assessments; (viii) to maintain books and records of its receipts and expenditures; (ix) to obtain a source of non-potable water if and when required under Section 18.25 of the Master Declaration; (x) to operate a cable television station serving the Hoakalei Resort Community; (xi) to grant permits, licenses and easements across the Master Association Property for utilities, roads, and other purposes. (xii) to comply with all land use permits, entitlements, ordinances, conditions, and constraints issued or imposed by various state, federal, and county governmental and quasi-governmental entities and agencies (including without limitation any Public Agency) in connection with the development of the Hoakalei Resort Community (the "Project Conditions"); and (xiii) maintain property owned by the Master Association (defined in the Master Declaration as the "HRCA Common Area") as well as other property designated in the Master Declaration or any Supplementary Master Declaration from time to time.

b. Master Association Maintenance Obligations. Currently, the Master Association is responsible maintaining the landscaping located within Keoneula Boulevard and portions of Ka Makana Street as well as all or portions of the fences and walls surrounding the Ka Makana project. In the future, as additional portions of the Hoakalei Resort Community are developed, the Master Association may be required to maintain (or bear a portion of the costs of maintaining in conjunction with other third parties) as a common expense of the Master Association additional facilities as determined by Master Declarant in its sole discretion, including without limitation, the following (the "Additional Project Components"): (a) landscaping located within roadways to be dedicated including those portions of Keoneula Blvd, and Kaileolea Drive located within the Hoakalei Resort Community and the Ocean Pointe Community (including the entry feature lots located at the intersection of Keoneula Blvd. and Ft. Weaver Road), (b) any private roadways (including landscaping and roadway Improvements), pedestrian pathways, bikeways, parking lots and structures, parks, open space, landscaping areas, and other related facilities located within or adjacent to the Hoakalei Resort Community, (c) components of the "Drainage Infrastructure" (as that term is defined in Section 18.24 of the Master Declaration), (d) additional infrastructure serving or benefiting the Hoakalei Resort Community including without limitation non-dedicated sewer lines and lift stations, non-dedicated potable and non-potable water systems, and perimeter and other walls and a cable television station serving the Hoakalei Resort Community, (e) Marina facilities (whether or not dedicated) including without limitation the boat ramp complex, fishing piers, marina perimeter improvements,

submerged lands, and boat slips and docks, (f) public facilities including vehicle parking and open space/landscaping located on either side of the marina entrance channel, restrooms and outdoor showers, view pavilions, the promenade, and the marina peninsula/amphitheater, (g) environmental and cultural components including the wetlands area, as well as the archeological sites located within the Golf Course, Residential, and wetlands areas, (h) the community facility located within the Ocean Pointe Community, and (i) any other components which in Master Declarant's judgment either benefit the Hoakalei Resort Community or its Members, or which otherwise are to be operated and maintained in order to satisfy the Project Conditions.

7. Use of HRCA Common Area. Generally, the Owners have a non-exclusive right and easement to use the HRCA Common Area subject to: (i) any restrictions set forth in the HRCA Management Documents; (ii) any restrictions, encumbrances, easements, and rights of way which may be reserved at the time any HRCA Common Area is transferred to the Master Association; (iii) any road, utility, or similar easements and rights of way which may be required by any governmental entity, or that may be taken under power of eminent domain, or granted or conveyed by the board; and (iv) other rights reserved to the Master Declarant or others as may be set forth in the Master Declaration (or any supplement thereto adopted from time to time) including the right to designate portions of the HRCA Common Area for use by the general public in order to satisfy the Project Conditions. Owners may not relinquish rights to use the Master Facilities and thereby avoid their obligations for assessments.

8. Design Standards. All construction and alteration of improvements within the Hoakalei Resort Community are subject to approval by the Architectural Committee and must be in compliance with the Architectural Guidelines which will be initially adopted by the Master Declarant (see generally Master Declaration, Article V). Until the Class C Membership terminates, all members of the Architectural Committee will be appointed by the Master Declarant. The Architectural Committee will have the authority to grant variances under specified circumstances and shall also have the authority to order the removal of any work which is not performed in accordance with the Master Declaration and Architectural Guidelines.

9. Additional Reserved Rights of Master Declarant and Land Owner. Generally, Article XXI of the Master Declaration provides that the Master Declarant and/or Land Owner (as the case may be) (i) may assign their rights reserved under the Master Declaration to any third party, (ii) may construct additional improvements within the Covered Property, (iii) have reserved the right to conduct sales activities within portions of the Hoakalei Resort Community , (iv) have reserved the right to erect signs within the Hoakalei Resort Community,, (v) have reserved the right to approve the annexation of certain property to the Master Declaration and to approve certain capital assessments and amendments to the HRCA Management Documents, (vi) have reserved the right to conduct public and private functions, as well as educational, cultural, artistic, musical, recreational, sporting and entertainment activities within the Hoakalei Resort Community, (vii) have reserved the right to establish and require the Master Association to operate a cable television station serving the Hoakalei Resort Community; (viii) have reserved the right to make repairs to common property which is otherwise the responsibility of the Master Association to maintain, and (ix) have reserved the right to to require the Master Association to enter into cost sharing agreements with any Sub-Association, one or more Owners, the Ocean Pointe Community, or any other

party in connection with the operation and maintenance of the Additional Project Components as well as other subject matter . Master Declarant and Land Owner have reserved the following additional rights:

a. Easements. Under Section 8.1 of the Master Declaration, the Master Declarant and Land Owner have reserved for themselves and their designees blanket perpetual easements as well as the right to designate, grant, dedicate, realign, relocate, or cancel perpetual easements for various purposes including access and utility purposes across the Hoakalei Resort Community.

b. Drainage. Until the termination of the Class C membership, Master Declarant shall have the right from time to time in its sole discretion, and without obtaining the consent or joinder of any Owner or any other third party to allocate all costs of dredging the Marina as well as all other costs of maintaining, repairing, and operating all other drainage infrastructure within the Hoakalei Resort Community, including without limitation, any and all retention basins, lakes, culverts, channels, ditches, structures, and all other drainage improvements benefiting the Hoakalei Resort Community (including without limitation, any such drainage Improvements located within the golf course property) (collectively, the "Drainage Infrastructure"). Any such costs related to the Drainage Infrastructure (collectively, the "Drainage Infrastructure Expenses") may be allocated by Master Declarant among the Owners (whether as a common expense, special benefits expense, or a combination thereof) either by way of one or more amendments to this Master Declaration or through one or more Supplementary Master Declarations or Cost Sharing Agreements.

c. Changes to Master Plan. The Master Declarant shall have the right to vary the timing, mix, type, use, style, number, size, materials, and details for construction of any improvements to the Hoakalei Resort Community as well as all other features, amenities, uses, and other components or portions of the Hoakalei Resort Community as currently reflected in the Master Plan as well as other illustrative and explanatory materials which may from time to time be used in connection with the development and sale of the Hoakalei Resort Community.

10. Insurance. The Master Association is required to carry the following types of insurance: (i) property casualty insurance on all insurable improvements that it has within the Hoakalei Resort Community ; (ii) commercial general liability insurance (iii) fidelity insurance; and (iv) such additional insurance as the board may determine from time to time. Premiums for insurance carried by the Master Association shall be common expenses which will be included in common assessments.

11. Transfer Fees. Upon the sale of any residential Unit within the Covered Property, the seller shall pay to the Master Association a transfer fee equal to .02% (.0002) of the "gross sales price" of such Unit where "gross sales price" shall mean the gross sales price before the deduction of any closing costs, commissions, taxes, mortgage or other indebtedness, or any other costs or expenses whatsoever. Transfer fees may be increased but not decreased by the board from time to time. Transfer fees collected by the Master Association shall be used to fund the Friends of Hoakalei, a non-profit foundation to be established by the board for the purpose of encouraging and supporting the value of real property within the Hoakalei Resort Community through facilitating the management of preservation sites and cultural programs, engaging in community projects, donating funds to other organizations which benefit the residents of

the Hoakalei Resort Community, sponsoring/hosting civic and recreational programs within the Hoakalei Resort Community, and engaging in activities which otherwise enhance the experience of living in the Hoakalei Resort Community.

12. Term. The term of the Master Declaration shall be for a period of sixty (60) years from the date that the Master Declaration was recorded. Thereafter, the Master Declaration shall automatically be extended for successive periods of ten (10) years unless terminated by a written instrument approved by a 67% of the total votes in the Master Association.

THE FOREGOING IS A GENERAL DESCRIPTION OF THE MASTER DECLARATION FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE MASTER DECLARATION. THE FULL TEXT OF THE MASTER DECLARATION SHOULD BE EXAMINED AND CONTROLS OVER THIS DESCRIPTION.