

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

CONDOMINIUM PROJECT NAME	PAALAA ESTATES I
Project Address	66-340 Paalaa Road Haleiwa, Hawaii 96712
Registration Number	7116 (Partial Conversion)
Effective Date of Report	June 2, 2011
Developer(s)	Mark Allen Woodfield

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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

SPECIAL NOTICE:

1. This Public Report does NOT constitute an approval of the project by the Real Estate Commission.
2. This Project does NOT involve the sale of individual subdivided lots. The land area beneath and immediately adjacent to each unit as shown on the Condominium Map is designated as a limited common element for that unit and does not represent a legally subdivided lot. The dotted lines on the Condominium Map merely represent the location of the limited common element assigned to each unit.
3. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for and services such as County street maintenance and trash collection will not be available for interior roads and driveways.
4. A prospective purchaser of a Unit which is not presently a residence, but which the purchaser may intend to change to residential or other use, should be aware he will be required to comply with the building codes, land use laws (LUO) and other county laws and ordinances. The LUO, for example, contains restrictions relating to the permissible use of the land, the number of dwelling units permitted, and the amount of total development permitted on a lot.

A prospective purchaser should be aware (a) it will be necessary to obtain building and other permits from the County, and (b) it may be necessary to obtain and to have installed utilities to service the site. Obtaining such permits will require compliance with building codes, LUO and other County requirements and compliances with any conditions which may be imposed under any such issued permits.

Obtaining utilities and services will require agreements with the providers of such utilities. Developer disclaims all warranties relating to the availability of such utilities, any conditions that may be imposed by the providers, or the cost thereof.

Accordingly, before buying a unit, a prospective purchaser, together with an architect or professional builder, is urged to review the LUO and other applicable county ordinances which may affect the Purchaser's use of his Apartment Unit and to review their intended plans with County officials. Developer disclaims all warranties with respect to Purchaser's being able to use the Apartment unit for his intended purposes.

5. No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Project is being sold in "as is" condition (page 13).
6. THIS REPORT AND OTHER PROJECT INSTRUMENTS AND DOCUMENTS WERE PREPARED BY THE DEVELOPER AND/OR THEIR AGENT AND NOT AN ATTORNEY.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	66-340 Paalaa Road, Haleiwa, Hawaii 96712
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 6-6-016-028
Tax Map Key is expected to change because	each unit will have a separate tax key number
Land Area	10,991 Sq. Ft.
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	2 (Unit A); 1 (Unit B)
Number of New Building(s)	1
Number of Converted Building(s)	1
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	See Exhibit "A"

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
1	1	3/3	2,223 sq. ft.	477/775	porches, garage	3,485 s.f.
2	1	-0-		16	Shed	16 s.f.
See Exhibit "A"						

2	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:	3
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	Unit A: 3;** Unit B:0*
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights. * Unit B has no designated parking areas. However, the Owner of Unit B has the right to designate parking on its appurtenant limited common element. ** See Page 18 for further disclosure.	

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit "B"
--

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 "I"
--

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit _____ .
As follows: Unit A: 50% Unit B: 50%

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

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

1.9 Common Elements

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

Described in Exhibit "C" _____.

Described as follows:

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

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

Described in Exhibit "D" _____.

Described as follows:

1.11 Special Use Restrictions

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

<input type="checkbox"/>	Pets:
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input checked="" type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

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

Exhibit "E" _____ describes the encumbrances against title contained in the title report described below.

Date of the title report: April 14, 2011

Company that issued the title report: Fidelity National Title & Escrow of Hawaii

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input checked="" type="checkbox"/>	Residential	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	R-5
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other (Specify): shed	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	R-5
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code				

1.14 Other Zoning Compliance Matters

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

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable</p> <p><input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p style="padding-left: 40px;">Subject to normal wear and tear commensurate with its age, Unit A appears to be in good structural condition consistent with its age.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p style="padding-left: 40px;">The Developer makes no statement of the expected useful life of each item above.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

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

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: Mark Allen Woodfield Business Address: 66-340 Paalaa Road Haleiwa, Hawaii 96712 Business Phone Number : (805) 637-4818 E-mail Address:
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).	
2.2 Real Estate Broker	Name: Lana'i Realty Business Address: 455 Kilani Ave., Ste.200 Wahiawa, HI 96786 Business Phone Number: (808) 741-4020 E-mail Address:
2.3 Escrow Depository	Name: Fidelity National Title & Escrow of Hawaii Business Address: 201 Merchant Street, Ste. 2100 Honolulu, Hawaii 96813 Business Phone Number: (808) 536-0404
2.4 General Contractor	Name: N/A Business Address: N/A Business Phone Number:
2.5 Condominium Managing Agent	Name: Self-managed by the Association Business Address: Business Phone Number:
2.6 Attorney for Developer	Name: This report was prepared by the Developer pro se and Business Address: May Hung, his agent 94-665 Kauluikua Place, Mililani, HI 96789 Business Phone Number: (808) 623-5336

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	March 23, 2011	2011-049517

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	March 23, 2011	2011-049518

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	
Bureau of Conveyances Map Number	4977
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

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

The House Rules for this project:

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

3.5 Changes to the Condominium Documents

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	100%
Bylaws	67%	67%

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

<input checked="" type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input type="checkbox"/>	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:

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

<p>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.</p>	
<p>The initial Condominium Managing Agent for this project is (check one):</p>	
<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

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

4.4 Utilities to be Separately Billed to Unit Owner

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit "J" contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: March 23, 2011 Name of Escrow Company: Fidelity National Title & Escrow of Hawaii Exhibit "H" contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	If Developer defaults under its mortgage then the Buyer's contract may be canceled. Upon cancellation all of the Buyer's deposits will be refunded less any escrow cancellation fees.

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:

No warranties are given on the buildings and improvements of the Units.

Appliances:

No warranty is given on any of the appliances.

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

<p>Status of Construction: Unit A was constructed in 2006. Unit B was constructed in February, 2011.</p>
<p>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.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract:</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:</p>

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input checked="" type="checkbox"/>	<p>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.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></p>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

<p>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):</p>	
<input type="checkbox"/>	<p>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</p>
<input type="checkbox"/>	<p>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.</p>

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

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

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

5.7 Rights Under the Sales Contract

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. HAZARDOUS MATERIALS

The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The Developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under and around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The Developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the Developer from any liability to Buyer if any hazardous materials are discovered.

ROAD WIDENING. The Project Land (Lot 1) and an adjacent parcel of land (Lot 2) are subject to an Agreement between Developer and the City and County of Honolulu ("City") dated January 15, 2008, wherein the Developer has agreed to sell approximately 754 Sq. Ft. of land ("road widening area") to the City at a nominal cost, at such time when the City intends to acquire a street setback area. The Agreement, together with the map illustrating the 754 Sq. Ft. to be sold, are attached hereto as Exhibit "L". Out of the 754 Sq. Ft., 614 Sq. Ft. are located on the Project Land, and all 614 Sq. Ft. are within the limited common element appurtenant to Unit A (Dwelling Area A). If and when the City acquires the 614 Sq. Ft. from Dwelling Area A, all of the nominal consideration will be paid solely to the Owner of Unit A. After such acquisition by the City has occurred, the Owner of Unit A, at his own expense, shall promptly record with the Recording Office an amendment to the Condominium Map to reflect the change in the size of Dwelling Area A, which will be reduced by the area that the City will have acquired and need not obtain the consent or joinder of the Association or the Owner of Unit B to such amendment. If, notwithstanding Paragraph 9.6 of the Declaration, the consent or joinder of any Unit Owner or the Association is required by the Act, County or State Law or by the City, then each of the Unit Owners hereby consents in advance to give such consent, to join in any required action, and to vote to have the Association carry out the provisions of said Paragraph 9.6, as applicable and agree to promptly execute any documents necessary to convey said 614 Sq. Ft. of limited common area to the City; provided, however that all costs and expenses related to such sale and the resulting amendment to the Condominium Map shall be borne solely by the Owner of Unit A. If any Unit Owner refuses to give his consent, joinder or vote, then any Unit Owner, or the Association, shall be deemed to have a special power of attorney or proxy, as the case may be, to provide such consent, joinder or vote. Each and every conveyance, lease and mortgage or other lien made or created on any Unit, all Common Interests and other appurtenances thereto shall be subject to the provisions of said Paragraph 9.6.

AMENDMENT TO BYLAWS. The Bylaws of the Association of Unit Owners may be amended by the vote or written consent of sixty-seven (67%) of the Unit Owners. This means that the Unit Owners of both Units will need to agree in order to amend said Bylaws.

PRIVATE SEWER SYSTEM. The area in which the Project is located is not serviced by a public sewer system (see attached Exhibit "K" for more details).

PARKING FOR UNIT A: The Plot Plan erroneously reflects that Unit A has two (2) parking stalls, when in fact, Unit A contains a three-car garage, as described in the Declaration, and as shown on the floor plans of Unit A.

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.

MARK ALLEN WOODFIELD

Printed Name of Developer

By:  3-23-2011
Duly Authorized Signatory Date

Mark Allen Woodfield

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"

Description of Unit Types and Sizes of Units

Unit A. Unit A was constructed in 2006. On the first floor of Unit A are located one bedroom, a foyer, recreation room, wet bar and one bath. On the second floor of Unit A are located two (2) bedrooms, two (2) baths, a kitchen, and living/dining area. The total net living area of Unit A is approximately 2,223 square feet. Unit A also contains three (3) porches, the total area of which is approximately 477 square feet. Unit A also contains a three-car garage which includes a laundry area and the total area of such is approximately 775 square feet.

Unit B. Unit B presently consists of a one-story shed. The total net interior area of Unit B is approximately 16 square feet. The Owner of Unit B has the right to replace the shed by a residence or other improvement in accordance with Section 19 of the Declaration.

Construction Materials

Unit A is constructed principally of wood and allied materials, and is built on a concrete foundation. Its roof is covered with asphalt shingle. Unit B is a storage shed constructed of wood and shaded cloth.

EXHIBIT "B"

Boundaries of the Units

Paragraph 3.10 of the Declaration states:

3.10 Designation and Boundaries of Units.

(a) One (1) freehold estate is hereby designated in each of the two (2) Units within the Project.

(b) Each Unit consists of (i) all footings, floors, foundations, perimeter walls and roofs of the building and all other improvements from time to time located upon the Dwelling Area appurtenant to the Unit; (ii) all of the space, fixtures, walls and other improvements located within such footings, floors, foundations, perimeter walls and roofs; (iii) all exterior surfaces and finishes of such footings, floors, foundations, perimeter walls and roofs; (iv) all decks, lanais, porches, steps, stairs or other improvements physically attached to any such building which is for the exclusive use of such Unit; and (v) all portions of any carport or garage attached to any building or any parking stall located on the Dwelling Area appurtenant to the Unit and which is for the exclusive use of the Owner of such Unit. Notwithstanding the foregoing, a Unit shall not be deemed to include any pipes, wires, ducts, conduits, or other utility or service lines running through a Unit which are utilized by or which serve any other Unit.

(c) The foregoing, as initially established or as hereafter changed pursuant to Paragraph 19.1 of this Declaration, is referred to herein as a "Unit."

(d) Should the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the Condominium Map shall control. The Condominium Map, however, is intended to show only the layout, location, Unit numbers and dimensions of the Units and elevations of the buildings and is not intended and shall not be deemed to contain or make any other representation or warranty.

The approximate net living floor areas set forth in this Declaration or on the Condominium Map are based on measurements taken from the interior surface of all perimeter walls.

EXHIBIT "C"

Common Elements

Paragraph 4 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

COMMON ELEMENTS.

One freehold estate is hereby designated in (i) all of portions of the Project other than the Units and (ii) any other interests in real estate for the benefit of Unit owners that are subject to the Declaration.

The foregoing is referred to as the "common elements", and is intended to include specifically, but not limited to:

- (a) the Land, together with the reversions, remainders, rents, issues and profits thereof, and all rights, easements, privileges and appurtenances thereunto belonging or appertaining; and
- (b) Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.
- (c) The septic system/leachfield located on the Land, together with access to such common element;
- (d) The rights to use "Easement A for Access & Utility Purposes in Favor fo Lot 1", as shown on the Condominium Map.

EXHIBIT "D"

Limited Common Elements

Paragraph 5 of the Declaration designates:

LIMITED COMMON ELEMENTS.

Certain parts of the common elements, herein called the "Limited Common Elements", are hereby designated and set aside for the exclusive use of certain of the Units, and each Unit shall have appurtenant thereto exclusive easements for the use of all such limited common elements set aside and reserved for such Unit's exclusive use.

Unless otherwise specified, all costs of every kind pertaining to each limited common element, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne by the Owner of the Unit to which such limited common element is appurtenant.

1. The limited common elements so set aside and reserved for the exclusive use of Unit A are as follows:

(a) The site on which Unit A is located, consisting of the land beneath and immediately adjacent to Unit A, as shown and delineated on the Condominium Map as "Dwelling Area A 5,990 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit A (which may be referred to as "Dwelling Area A"); and

(b) A mailbox designated by Declarant for the use of Unit A.

2. The limited common elements so set aside and reserved for the exclusive use of Unit B are as follows:

(a) The site on which Unit B is located, consisting of the land beneath and immediately adjacent to Unit B, as shown and delineated on the Condominium Map as "Dwelling Area B 5,001 Sq. Ft." (including the airspace above such site) is for the exclusive benefit of Unit B (which may be referred to as "Dwelling Area B"); and

(b) A mailbox designated by Declarant for the use of Unit B.

3. Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit to which it is rationally related.

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

EXHIBIT "E"

Encumbrances Against Title

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Title to all minerals and metallic mines reserved to the State of Hawaii.
3. Covenants and conditions as contained in Affidavit with certain terms, covenants, conditions and provisions as set forth therein, dated March 8, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-044649.
4. Mortgage dated May 1, 2006, recorded in said Bureau as Document No. 2006-086408, in favor of First Horizon Home Loan Corporation, a corporation organized and existing under the laws of the State of Kansas. The foregoing instrument was amended by Loan Modification Agreement dated February 23, 2007, recorded as Document No. 2007-078114. Said Mortgage was assigned to First Horizon Home Loans, a division of First Tennessee Bank National, by instrument recorded in said Bureau as Document No. 2009-109399. Notice of Non-Judicial Foreclosure Under Power of Sale recorded on September 7, 2010, as Document No. 2010-131464.
- *5. A pending Court Action as disclosed by a recorded notice:

Plaintiff: Mark Woodfield
Defendant: First Horizon Home Loan, a Division of First Tennessee Bank National Association
County: Honolulu
Court: First Circuit
Case No. 10-1-2136-10 GWBC
Date of action: Civil Action (Injunction)
Recorded: October 7, 2010 as Document No. 2010-1515008
6. Grant of Easement in favor of City and County of Honolulu, a municipal corporation of the State of Hawaii and the Board of Water Supply, City and County of Honolulu for water meter purposes, dated January 6, 2010, and recorded as Document No. 2010-002587.
7. Declaration of Condominium Property Regime dated March 23, 2011, recorded in said Bureau as Document No. 2011-049517. (Project covered by Condominium Map No. 4977). By-Laws dated March 23, 2011, filed as Document No. 2011-049518.

*** Developer represents that he will use his best efforts to cause a release of Item No. 5 and that said release will be recorded. Developer also represents that at the time of closing on the sale of a Unit, the Unit will not be subject to said item.**

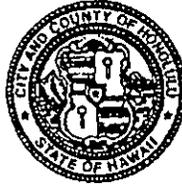
EXHIBIT "F"

Attached as Exhibit "F" is letter from Department of Planning & Permitting of City and County of Honolulu dated May 5, 2011.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

850 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov

PETER B. CARLISLE
MAYOR



DAVID K. TANQUE
DIRECTOR

JIRO A. SUMADA
DEPUTY DIRECTOR

SUBDIVISION	
File Number	: 2010/SUB-223
Project	: SUB / Waialua—Paalaa Rd. / TMK: 6-6-016: 016
Location	: 66-340 Paalaa Rd.
Tax Map Key	: 6-6-016: 016
Owner	: Woodfield, Mark
Surveyor	: Leap & Boundaries, Inc., Arden Torcuato
Agent	: Leap & Boundaries, Inc., Arden Torcuato

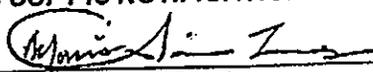
This is to acknowledge receipt and acceptance of your letter of transmittal dated April 6, 2011, and corrected maps time-stamped April 6, 2011. The corrected map shall replace the final map approved on December 16, 2010, through the Department of Planning and Permitting File No. 2010/SUB-223.

It is our understanding that the revised map is to correct erroneous lot areas for Lots 1 and 2. Therefore, the area for Lot 1 has been changed from 11,049 to 10,991 square feet, and the area of Lot 2 from 12,770 to 12,728 square feet. No other changes to the map have been made and the correction does not significantly change or affect the overall subdivision as approved on December 16, 2010.

Copies of the corrected final map bearing the stamp of approval are enclosed.

Doc. 841720

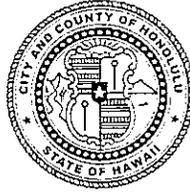
THIS COPY IS NOTIFICATION OF THE ACTION TAKEN AND THE DATE IT WAS SIGNED.

 For **DIRECTOR** April 7, 2011
SIGNATURE TITLE DATE

This approval does not constitute approval of any other required permits, such as building or sign permits. Should you have any questions, please call Mario Siu-Li at 768-8098 or Jane Asaoka at 768-8281.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov



PETER B. CARLISLE
MAYOR

DAVID K. TANOUE
DIRECTOR

JIRO A. SUMADA
DEPUTY DIRECTOR

2011/ELOG-362(RLK)

May 5, 2011

Ms. May Hung
94-665 Kauluikua Place
Milliani, Hawaii 96789

Dear Ms. Hung:

Subject: Condominium Conversion Project
66-340 Paalaa Road
Tax Map Key: 6-6-016: 016

This is in response to your letter dated February 7, 2011, requesting verification that the structures on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the two-story single-family detached dwelling with three all-weather-surface-off-street parking spaces met all applicable code requirements when it was constructed in 2006 on this 11,049-square-foot R-5-Residential-District-zoned lot.

Investigation also revealed the following:

1. On May 13, 2008, a park dedication (File No. 2007/PARK-19) was approved on May 13, 2008 for four dwelling units.
2. On September 11, 2009, a subdivision (File No. 2009/SUB-139) was approved for a designation of Easement 1 (for water meter purposes in favor of the Board of Water Supply) affecting Parcel 16.
3. On December 16, 2010, a subdivision (File No. 2010/SUB-223) was approved for the subdivision of a portion of R.P. 901, L.C. Aw. 10690 to Paakonia and R.P. 4475, L.C. Aw. 7713, Ap. 34 to V. Kamamalu into 2 lots: Lot 1 of 11,049 square feet (upon which the above-mentioned dwelling is located) and Lot 2 (a flag lot) of 12,770 square feet, and designation of Easement A (for access and utility purposes in favor of Lot 1) affecting Lot 2.

For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures, as a result of the adoption or amendment of any ordinance or code.

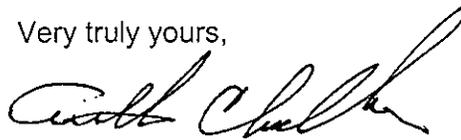
Ms. May Hung
May 5, 2011
Page 2

No variances or other permits were granted to allow deviations from any applicable codes.

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

If you have any questions regarding this matter, please contact Alexander Sugai of our Commercial and Multi-Family Code Enforcement Branch at 768-8152.

Very truly yours,



x David K. Tanoue, Director
Department of Planning and Permitting

DKT:ft
[847858]

EXHIBIT "G"

STATEMENT ON PROJECT, OPERATING BUDGET AND MAINTENANCE FEES

1. (a) PROJECT: PAALAA ESTATES I
66-340 Paalaa Road
Haleiwa, Hawaii 96712
 - (b) DEVELOPER: Mark Allen Woodfield
66-340 Paalaa Road
Haleiwa, Hawaii 96712

Telephone: (805) 637-4818
 - (c) MANAGING AGENT: Self-Managed by the Association of Unit Owners
2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

Note: Developers disclose that no reserve study was done in accordance with Chapter 514B-148, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

3. DESCRIPTION OF ALL WARRANTIES COVERING THE UNITS AND COMMON ELEMENTS:

The Developer is not giving any warranty on the materials and workmanship of the Units.

4. USE OF UNITS. The PAALAA ESTATES I Condominium Project will consist of two (2) units which shall be occupied and used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guests and for any other purpose permitted by the Land Use Ordinance for the City and County of Honolulu ("LUO") then in effect; provided, however, that until Unit B is changed so that a residence is constructed in place of the storage shed, such Unit B shall not be used for residential purposes, but only for other purposes allowed under the LUO.

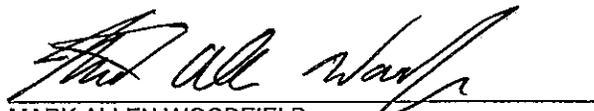
EXHIBIT "1"
ESTIMATED OPERATING EXPENSES
For Period July 1, 2011 to June 30, 2012
As Prepared by Developer

Estimated Annual Expenses

Ground Maintenance	
Water/Sewer	\$-0-
* Electricity:	\$-0-
**Fire/Liability Insurance:	\$-0-
Management Fee:	\$-0-
***Septic system:	\$-0-
Miscellaneous:	\$-0-
TOTAL ANNUAL EXPENSES	\$-0-
<u>Estimated Monthly Expenses</u>	\$-0-
<u>Estimated Monthly Maintenance Fee</u> <u>for Each Unit:</u>	\$-0-

- Note: * All utilities will be separately metered or otherwise charged, and the common elements will incur no separate utility charges.
- ** Under the terms of the Declaration of Condominium Property Regime, individual unit owners are required to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual unit owners and not common expenses.
- *** When it will become necessary to repair and maintain the common septic system, the expenses for such will be shared so that each Unit Owner shall pay 50% of the expenses.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.


MARK ALLEN WOODFIELD

"Developer"

EXHIBIT "H"

Summary of the Material Provisions of the Escrow Agreement

Summary of the Condominium Escrow Agreement between the Developer and Fidelity National Title & Escrow of Hawaii.

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase a Unit shall be turned over to the Escrow Agent. Any interest earned on funds deposited in escrow shall accrue to the credit of the Developer; except that, if Escrow is requested to establish a separate account for a purchaser, the purchaser shall pay Escrow a fee of \$25.00 for each such separate account and shall furnish Escrow the purchaser's social security or federal identification number, and any interest earned on funds deposited in such account shall accrue to the credit of the purchaser.

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

(a) The Real Estate Commission shall have issued an effective date of the Developer's Public Report on the Project;

(b) The purchaser shall have been given and shall have acknowledged receipt of (i) a copy of said Public Report and (ii) notice of purchaser's thirty-day cancellation right upon a form prescribed by the Real Estate Commission;

(c) The purchaser shall have waived the right to cancel or be deemed to have the right to cancel, in accordance with Section 514B-86 of the Act; and

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

At the request of Escrow, Developer's attorney shall delivered a written opinion to Escrow that the foregoing conditions shall have been complied with and the purchaser's sales contract has become effective.

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

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

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

(c) A purchaser shall have exercised his thirty-day cancellation right to rescind the sales contract pursuant to Section 514B-86 of the Act; or

(d) In the event of a material change in the Project, a purchaser shall have exercised his thirty-day cancellation right to rescind the contract pursuant to Section 514B-87 of the Act.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund and the purchaser shall not be required to pay a cancellation fee to Escrow for any rescission pursuant to HRS §514B-87.

(e) If the purchaser indicated the purchaser's intention to be an owner-occupant of a Unit under Section 514B-95 et. seq. of the Act by signing a document entitled "Affidavit of Intent to Purchase and Reside in an Owner-Occupant Designated Condominium Residential Unit," and if the purchaser and the Developer so request in writing, Escrow will refund the purchaser's deposits upon the occurrence of any of the following events:

(i) No sales contract has been offered to the purchaser (A) within six (6) months of the issuance of an effective date for the Project's first condominium public report (if the "chronological system" defined in section 514B-95 of the Act has been used to establish a final reservation list), or (B) within six (6) months of the public lottery (if the "lottery system" described in section 514B-95 of the Act has been used to establish a final reservation list). In this case only, no cancellation fees will be subtracted from the refund; or

(ii) Before signing a sales contract, the purchaser requests that his name be removed from the Developer's final reservation list; or

(iii) The purchaser chooses not to sign a sales contract; or

(iv) The purchaser is unable to obtain a loan (or a commitment for a loan) for sufficient funds to purchase the Unit by the time the sales contract allows the purchaser to obtain a loan or a commitment for a loan, and either the purchaser or the Developer chooses to cancel the sales contract. The Act requires that the purchaser shall have at least fifty (50) calendar days from the day the Developer signs and accepts the sales contract to obtain a loan or a commitment for a loan; or

(v) The purchaser is required by the Act to rescind the sales contract because the purchaser will not or cannot reaffirm at closing the purchaser's intention to be an owner-occupant of the Unit. In this case, Escrow will refund only what remains (if anything) of purchaser's deposits after Escrow pays the Developer the greater of five percent (5%) of the purchaser's deposits or a sum equal to the Developer's actual damages caused by the purchaser's rescission of the sales contract.

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

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

EXHIBIT "J"

PERMITTED ALTERATIONS TO UNITS

Paragraph 19.1 of the Declaration states:

"19.1 Changes to Units. Notwithstanding anything to the contrary contained in the Declaration, a Unit Owner, with the consent by the holder of any mortgage affecting the Owner's Unit (if required by such mortgage), shall have the right at his sole option at any time and from time to time without the consent of any other Unit Owner or other person or entity, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in his Unit or portions thereof or to make or build improvements upon the Dwelling Area appurtenant to his Unit (each of the foregoing is referred to as a "change" and collectively, they are referred to as "changes") subject to the following conditions:

- (i) All building plans for any such changes shall conform with applicable City and County building, zoning laws and ordinances.
- (ii) Any change to a Unit must be made within the Dwelling Area which is appurtenant to the Unit;
- (iii) No change to a Unit will be made if the effect of such change would be to exceed the Unit's "proportionate share" of allowable development rights applicable to the Land (such to include without limitation, maximum building areas and number of dwelling units) as set forth in the LUO when the change is to be made; provided, that each Unit shall be allocated at least one dwelling unit. The "proportionate share" for each Unit shall be the same as its common interest in the Land.
- (iv) As long as the Project is serviced by a cesspool or a single private septic system which restricts to five (5) the number of permissible bedrooms, then Unit A shall be allocated three (3) bedrooms, and Unit B shall be allocated two (2) bedrooms. If the Project is serviced by a cesspool or a single private septic system and additional bedrooms are permitted, then the allocation of the additional bedrooms shall be by agreement of the Owners, unless governed by Paragraph 19.2 below.
- (v) All such changes shall be at the expense of the Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere (except on a temporary basis) while such change is being made with the other Owner's use of his Unit or its appurtenant Dwelling Area.
- (vi) The Owner of the changed Unit shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the Project or otherwise materially interfere with their use by the other Owner;
- (vii) If the consent to the change or joinder of the other Owner in obtaining a permit or utilities, for example, is required by the Act, a governmental entity or a utility, then each Owner shall give such consent or joinder promptly following the request of the Owner making such change, provided that all costs and expenses associated with the change shall be borne by the Unit Owner making such change.
- (viii) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to each Owner the rights set forth in this paragraph.
- (ix) This Declaration is being imposed on the Land before completion of the contemplated construction on Dwelling Area B of a residence. Consequently, the Owner of Unit A ("Non-Building Owner") shall cooperate with the Owner of Unit B ("Building Owner") with respect to the Building Owner's construction of such residence, obtaining building, utility and other governmental permits, and obtaining utility services into his Dwelling Area which may be necessary or desirable for the residence to be built by Building Owner. Notwithstanding the foregoing, the Non-Building Owner shall not be required to incur any cost or expense hereunder without being reimbursed by the Building Owner. All costs incurred in the building of the residence shall be borne by the Building Owner, who shall indemnify and hold the Non-Building Owner harmless from any loss, liability, damage or expense incurred or suffered by the Non-Building Owner on account of such building by the Building Owner."

EXHIBIT "J"

SUMMARY OF SALES CONTRACT

The Sales Contract consists of two documents: a Hawaii Association of Realtors Standard form "Purchase Contract" ("Purchase Contract") and a document attached to the Purchase Contract which is entitled "Special CPR Provisions to the Purchase Contract" ("Special Provisions").

The Special Provisions are intended to amend the Purchase Contract, and unless the context would indicate clearly to the contrary, then in the event of any conflict between a provision contained in the Special Provisions and a provision contained in the Purchase Contract, the provision contained in the Special Provisions will prevail.

1. Description of the Property to be Conveyed: Fee simple title to the Unit, together with the furnishings and appliances, if any, and the undivided interest in the common elements set forth in the Purchase Contract. Title will be conveyed subject to the encumbrances of record.
2. Purchase Price and Terms. The purchase price for the Unit is set forth on page 2 of the Purchase Contract is to be paid in the method and at the times set forth in the Purchase Contract. This may include payment of (a) an initial deposit; (b) an additional cash deposit, if set forth in the Purchase Contract; and (c) the balance of the purchase price is to be paid to escrow by purchaser on or before closing.
3. Financing of Purchase. Paragraph C-24 of the Purchase Contract Form (if elected) provides if Buyer desires financing, a loan application must be made within a certain number of days and if Buyer's application is not approved within a certain number of days after the application, then either Seller or Buyer may cancel the Sales Contract. Upon such cancellation, Buyer's deposits will be refunded by escrow without interest.
4. Closing Costs. Closing costs and escrow fees are to be shared in accordance with the Purchase Contract, except that Seller does have the option to require two months' advance payment of Association maintenance fees and a start up expense for the Association of Unit Owners equal to two months' of Association maintenance fees. Buyer's proportionate share of any liability insurance premium, real property taxes, maintenance fees and any other charges with respect to the Property shall be pro-rated between Seller and Buyer as of the date of closing.
5. Closing. Seller has agreed to cause the Unit to be sold to the Buyer within the time period set forth on page 3 of the Purchase Contract .
6. Sales Contract May be Subject to Seller's Mortgage(s).
 - (a) The Sales Contract is an agreement by Seller to transfer the Unit in the future on the closing date. Until closing, Seller has the right to have a mortgage or mortgages placed against the Unit. If the Seller places a future mortgage against the Unit prior to the closing date, Buyer's rights will be subject to such mortgage or mortgages. If Seller were to default under such mortgage or mortgages prior to the closing, then Buyer could lose his rights under the Sales Contract. If such event were to occur, then Buyer's deposits would be returned to him.
 - (b) Notwithstanding that the Sales Contract may be subject to a mortgage or mortgages prior to closing, if the Buyer performs his obligations under the Sales Contract, then Seller is required to convey the Unit to Buyer at closing free and clear of any mortgage.
7. Seller's Rights to Cancel Sales Contract. The Seller may cancel the Sales Contract with the Buyer if (a) Buyer fails to qualify for a permanent loan (if Paragraph C-24 of the Purchase Contract is selected; (b) Buyer defaults under the Sales Contract (paragraph 6(b) of the Special Provisions); (c) Buyer dies prior to Closing Date (paragraph 6(a) of the Special Provisions) or (d) the Developer's Public Report shall not have been issued and Buyer shall not have waived his right to cancel (called the "Effective Date"). Pursuant to Paragraph 6(b) of the Special Provisions, if Buyer fails to close as required, then in the case only of non-monetary default after ten (10) days following Seller's notice of Buyer's default or otherwise without notice as to monetary defaults, the Seller may cancel the Sales Contract and all sums previously paid by Buyer will belong absolutely to the Seller as liquidated damages. Additionally, Seller may pursue any other remedy, and all costs, including reasonable attorney's fees, incurred by reason of default by the Buyer shall be borne by the Buyer. Time is the essence of the Sales Contract.

8. Rights of Buyer to Cancel the Sales Contract.

(A) Paragraph 6 of the Sales Addendum gives the Buyer the right to cancel the Sales Contract for any reason subject to the conditions set forth therein. Pertinent provisions within Paragraph 6 are as follows:

after: "(a) The Buyer may cancel the Sales Contract at any time up to midnight of the thirtieth day

(i) The date that the Buyer signs the Sales Contract; and

(ii) All of the items specified in subsection (a)(1) of §514B-86 HRS (which are listed in Paragraph 11 [of the Sales Contract]) have been delivered to the Buyer.

(b) If the Buyer cancels, then the Buyer will be entitled to receive the refund of any down payment or deposit, less any escrow cancellation fees and other costs associated with the purchase, which cost and fees shall not exceed \$250.

cancel, by: (c) The Buyer may waive the right to cancel, or shall be deemed to have waived the right to

(i) Checking the waiver box on the cancellation notice and delivering it to the Seller.

(ii) Letting the thirty-day cancellation period expire without taking any action to cancel; or

(iii) Closing the purchase of the unit before the cancellation period expires.

(B) Paragraph 7 of the Sales Addendum gives the Buyer the right to cancel the Sales Contract if there are material changes in the Property or the Project, subject to the conditions set forth therein. Pertinent provisions within Paragraph 7 are as follows:

"(a) Rescission Right. Except for any additions, deletions, modifications and exercise by Seller of reservations made pursuant to the terms of the Declaration of Condominium Property Regime for the Project, the Buyer may rescind his purchase of the Property even though this sales contract is binding upon him if there is a material change in the Project which directly, substantially, and adversely affects the use or value of (1) the Buyer's Property or appurtenant limited common elements, or (2) those amenities of the Project available for the Buyer's use.

(b) Waiver of Rescission Right. Upon delivery to the Buyer of a description of the material change on a form prescribed by the Real Estate Commission, the Buyer may waive the buyer's rescission right provided in subsection (a) by:

(i) Checking the waiver box on the option to rescind sales contract instrument, signing it, and delivering it to the Seller;

(ii) Letting the thirty-day rescission period expire without taking any action to rescind;
or

(iii) Closing the purchase of the unit before the thirty-day rescission period expires.

(c) In the event of rescission pursuant to the provisions of this section, the Buyer shall be entitled to a prompt and full refund of any moneys paid."

(C) Buyer may also cancel the Sales Contract if Buyer fails to qualify for permanent financing if Paragraph C-24 of the Purchase Contract has been selected.

9. Paragraph 11 of the Special Provisions provides that the Buyer acknowledges Buyer having received (a) a true copy of the Developer's Public Report including all amendments with an effective date issued by the Real Estate Commission, together with the Project's recorded declaration and bylaws, house rules if any, a letter-sized condominium project map, and all amendments. (Provided, that where it is impractical to include a letter-sized condominium project map, the prospective purchaser or purchaser shall have an opportunity to examine the map), and (b) a notice of the buyer's thirty-day cancellation right on a form prescribed by the Real Estate Commission.

Seller reserves the right to modify the above documents as may be required by law, any title insurance company, or any institutional mortgagee.

10. Paragraph 12 provides that because of the age of the Property, Seller shall convey the Property (including the common elements) in "as is" condition. This means that: (i) Buyer is assuming all risks as to the condition of the Property and the Project, including the land; (ii) Seller will not be obligated to correct any defects in the Property or the Project (including the land) or anything installed or contained therein if such defects are later discovered, and (iii) Buyer shall not have the right to file any lawsuit for damages against Seller for any defects later discovered.

The Summary contained in this Exhibit is merely a summary and is not intended to be a substitute for the Buyer's careful review of the Sales Contract.

EXHIBIT "K"

PRIVATE SEPTIC SYSTEM OR CESSPOOL.

(a) **Definition.** "Private Septic System" shall mean any private wastewater disposal or treatment and disposal system (including without limitation septic tanks and injection fields or cesspool) now or hereafter located on or under Dwelling Area A or Dwelling Area B and utilized jointly by both the owner of Unit A and the owner of Unit B.

(b) **Designation of Common Element.** The Private Septic System and that portion of the Dwelling Area on which the system is now or hereafter located (together with reasonable rights of access to and from the System) shall constitute a common element available for use as a Private Septic System for the benefit of both Units; provided, however, that except for such use as a Private Septic System of that portion of the Dwelling Area under which the System is located or across which access is required, all other uses of such Dwelling Area are exclusively reserved for the benefit of the Unit to which the Dwelling Area is appurtenant.

(c) **Sharing of Costs.** Notwithstanding Paragraph 15 of the Declaration, the costs and expenses relating to the Private Septic System shall be allocated according to the common interest appurtenant to each Unit. To the extent practicable, each Owner shall pay his allocable share of the costs and expenses relating to the Private Septic System directly to the person providing services or to whom any such obligation is owed by the Owners.

(d) **Future Expansion or Installation.** Pursuant to Paragraph 19.1, a Unit Owner may make changes to his Unit including expansion of the number of bedrooms if such is permitted by County Rules. If a change is permitted under County Rules or State law subject to the expansion of the existing Private Septic System or the installation of a new Private Septic System, then the parties may agree to expand the Septic System or install a new system and agree as to the method of sharing of the costs associated with such expansion or installation. If the Unit Owners do not agree as to such expansion or the sharing of costs relating thereto, then the Owner who desires to expand the Private Septic System or install a new System ("Expanding Owner") may do so on the following terms and conditions:

(i) All costs and expenses (including without limitation the costs of design, permitting, engineering, construction, and landscaping, and costs of any temporary treatment facility if required during such expansion) shall be paid for by the Expanding Owner;

(ii) The expansion shall be made by the Expanding Owner in such a manner as to cause minimum disruption of service of the existing Private Septic System and to allow for the future possible hook-up of the Unit owned by the other Owner in the Project ("Non-Expanding Owner");

(iii) The Expanding Owner shall indemnify and hold the "Non-Expanding Owner" harmless against any loss, liability, damage or expense incurred or suffered by the Non-Expanding Owner on account of such enlargement or installation of the Private Septic System;

(iv) The expansion or installation shall be in compliance with all applicable County Rules, and shall be performed by requisite licensed professionals;

(v) The Expanding Owner shall return the Dwelling Area in which the current Private Septic System is located to the same condition (including landscaping) as it was in prior to such expansion or installation;

(vi) The Expanding Owner shall provide reasonable assurance to the Non-Expanding Owner that the Expanding Owner has the financial ability to pay for all costs and expenses relating to such expansion or installation;

(vii) Except with the consent of the Non-Expanding Owner, any installation of new Private Septic System shall be on and under the Dwelling Area appurtenant to the Unit owned by the Expanding Owner;

(viii) If after the Expanding Owner expands the Private Septic System or installs a new septic system and pays the cost and expense of such expansion or installation, the Non-Expanding Owner wishes to make a change to his Unit which would require an expansion of the current Private Septic System or installation of a new System, then the Non-Expanding Owner shall have the right to utilize the expanded or newly installed Private Septic

System made by the Expanding Owner (subject to any legal restrictions imposed on such System by the County or State), provided the Non-Expanding Owner shall reimburse the Expanding Owner for the Non-Expanding Owner's proportionate share of such costs of original expansion or installation made by the Expanding Owner.

(e) Cooperation. The Owner of each Unit shall cooperate with the Owner of the other Unit with respect to the changes to a Unit and with respect to the expansion, installation and hooking into the Private Septic System.

(f) Termination of Public Sewer System. In the event that a governmental entity or public utility makes available to the Unit Owners the right to hook into a common septic system ("Public Sewer System") which could replace the Private Septic System, then at the request of the owner of either Unit, the Owners of both Units shall hook up to the Common Sewer Facility and shall abandon the Private Septic System. All costs and expenses associated with the hook up to the Common Sewer Facility shall be allocated in a reasonable and fair manner, and the costs associated with the abandonment and removal of the Private Septic System shall be shared according to the sharing of other common expenses.

January 15, 2008

City and County of Honolulu
Department of Planning and Permitting
650 South King Street
Honolulu, Hawaii 96813

Subject: Subdivision Application

Address: 66-340 Paalaa Road Haleiwa
Tax Map Key: 6-6-016:016

We, the owners of the subject property, are aware that the City will eventually widen Pa'ala'a Road which has an additional 10' setback for road widening purposes.

Under the Subdivision Rules and Regulations, we are also aware that the City could require that the applicant construct roadway improvements to the frontage of the subject property, including dedication of land for road widening purposes, as a condition of this subdivision application. However, due to the nature of the subdivision and relative size of the development, we understand that the City has determined that it will not require frontage improvements and dedication of land at this time.

In consideration of the foregoing, we, therefore, agree to sell that portion of land, which is 753 square feet, as shown on the attached map, to the City at a nominal cost, at such time when the City intends to acquire the street setback area.

This provision will be placed in the deed of this lot and in any future transactions of the subdivided properties and will be recorded with the Bureau of Conveyances of the State of Hawaii.

We will also provide a copy of the deed to your office within thirty (30) days of it being recorded with the Bureau of Conveyances.

[Signature] 1-15-2008
Present Owner Date

Present Owner Date

Certified:
Provide a Land Surveyor's stamp at right to confirm street setback and square footage

Arden J. Torcuato 1-15-2008
Land Surveyor Date



