

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

CONDOMINIUM PROJECT NAME	WAILEA BEACH RESORT & RESIDENCES
Project Address	3550 Wailea Alanui Drive Wailea, Hawaii 96753
Registration Number	7282 (Partial conversion)
Effective Date of Report	November 13, 2012
Developer(s)	Wailea Resort Villas, L.L.C.

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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

1. Developer is Not Project Developer. Wailea Hotel & Beach Resort, L.L.C., a Delaware limited liability company ("**Project Developer**") is the developer of the Wailea Beach Resort & Residences condominium project (the "**Project**") and the Declarant under that certain Declaration of Condominium Property Regime of Wailea Beach Resort & Residences dated February 29, 2012 and recorded at the Office of the Assistant Registrar of the Land Court (the "**Office**") as Document No. T-8096180 (the "**Declaration**"). By way of that certain Limited Warranty Deed, Assignment of Reserved Rights, Grant of Easements, Encumbrances and Reservation of Rights with Power of Attorney for Wailea Beach Resort & Residences dated April 18, 2012 and recorded at the Office as Document No. T-8143082, Wailea Resort Villas, L.L.C., a Delaware limited liability company ("**Developer**") acquired from Project Developer the right to develop and sell the following units:

Units: A, D1, D2, E1, E2, E3, E4, E5, F1, F2, F3, F4 and F5

This Public Report covers Units D1 and D2, E1 through E5, inclusive, and F1 through F5, inclusive (collectively, the "**Resort Units**") to be developed and sold by Developer. Unit A is a Spatial Unit and is not covered by this Public Report. Developer has no right to develop and or sell the remaining units in the Project, which continue to be owned by Project Developer. **Accordingly, Developer cannot represent or warrant that any other units or any amenity of the Project will be constructed.** In connection with the development and sale of the Resort Units, Developer was assigned certain reserved rights of Project Developer, as more particularly described in Exhibit H of this Public Report.

Project Developer owns and intends to develop the remaining units in the Project, including the Commercial Units, the Front Desk Unit, the Hotel Unit and Units B1 through B4, inclusive, and C1 through C3, inclusive. As Declarant under the Declaration, Project Developer has reserved certain rights regarding the future development of the Project, as more particularly described in Exhibit H of this Public Report.

2. Project Structure; Resort Manager. To ensure the continuing maintenance and operation of the Project pursuant to the Project Quality Standard, as such standard is defined in the Declaration, and to ensure compliance with the Resort Management Agreement (as defined in Paragraph 6, below), the owner of the Front Desk Unit (which is currently Project Developer) shall be responsible for the maintenance and operation of portions of the Project referred to as the "Shared Facilities," as such term is defined in the Declaration, which shall be limited common elements appurtenant to the Front Desk Unit. The Shared Facilities include areas typically classified as common elements in a condominium project, including, but not limited to, the grounds, landscaping, hallways, walkways, lobbies and building structures. The Front Desk Unit owner may promulgate rules and regulations for the use of the Shared Facilities ("**Resort Rules**"). The Front Desk Unit Owner shall be reimbursed for the cost of maintaining these areas through a license fee payable by the Association (the "**Shared Facilities Fee**"). The Front Desk Unit Owner may delegate its duties hereunder to a resort manager (the "**Resort Manager**"). As discussed in Paragraph 6, below, Project Developer has retained Hyatt Corporation ("**Hyatt**") to act as the Resort Manager.

The Front Desk Unit Owner shall have the right, in its sole discretion, to (a) select a Resort Manager to manage and/or operate the Front Desk Unit; (b) to change such Resort Manager from time to time; and (c) to change the name of the Project at any time, as may be required by the Resort License Agreement or otherwise.

3. Use of Recreational Facilities. The recreational facilities which may be constructed within the Project, including, without limitation, the swimming pool, are part of the Shared Facilities which are limited common elements appurtenant to the Front Desk Unit as discussed in paragraph 2, above. Unit owners will have the ability to utilize the recreational facilities and other portions of the Shared Facilities pursuant to a license between the Front Desk Unit Owner and the Association, and the Front Desk Unit Owner shall be reimbursed for the maintenance and operation of such areas through the Shared Facilities Fee. Each unit owner shall be responsible for a payment of a portion of the Shared Facilities Fee payable by the Association, which shall be assessed to unit owners through their maintenance fee. The Front Desk Unit Owner has the right, pursuant to the Declaration, to create membership programs to permit third-party access to the Shared Facilities.

Additionally, there may be a number of commercial operations within the Project including restaurants, retail, a spa and a fitness center. Unit owners may pay for the restaurant, spa and fitness center services on a per use or other basis as may be determined by the Owner of the Commercial Unit.

4. Transient Use. The Resort Units may be used for hotel or transient vacation rental purposes or transient lodging for periods of less than thirty (30) days, or residential use or other uses permitted by law, the Declaration and the Bylaws, that are consistent with the Project Quality Standard; provided that: (a) subject to the terms of the Declaration, a Resort Unit Owner shall be permitted to personally occupy his or her unit and may also make his or her unit available for use by third parties when not occupied by such owner; (b) other than as may be provided in the Declaration, no commercial business activity or home occupation shall be conducted from the Resort Unit; (c) notwithstanding anything contained in the Declaration or in law to the contrary, without the prior written consent of the Front Desk Unit Owner, the Resort Units or any interest therein, shall not be the subject of or sold, transferred, conveyed, leased, occupied, rented, or used at any time under a time share plan (as defined in Hawaii Revised Statutes, Chapter 514E, as amended) or similar arrangement or program whether covered by Chapter 514E or not, including, but not limited to, any so-called "fractional ownership," "vacation license," "travel club membership," "club membership," "membership club," "destination club," "time-interval ownership," "interval exchange" (whether the exchange is based on direct exchange or occupancy rights, cash payments, reward programs or other point or accrual systems) or "interval ownership" as offered and established through a third-party vacation membership service provider who is in the business of providing and managing such programs; and (d) without the prior written consent of the Front Desk Unit Owner, no Resort Unit shall be used as part of any occupancy plan or for similar purposes, which shall include: (i) any joint ownership, whether or not ownership is deeded, of a Resort Unit where unrelated (i.e., non-family) owners share and enjoy use or occupation of the Resort Unit according to a periodic (fixed or floating) schedule based on time intervals, points or other rotational system; or (ii) any club, the membership of which allows access and use of one or more properties by its members based on availability and reservation priorities, commonly known as destination clubs (equity or non-equity) or vacation clubs.
5. Hospitality Services. The Front Desk Unit Owner shall offer certain hospitality services to all Resort Unit Owners and the occupants of the Hotel Unit (the "**Standard Hospitality Services**") and certain optional hospitality services to Resort Unit Owners and occupants of the Hotel Unit selecting such services (the "**A la Carte Services**") (collectively, the "**Hospitality Services**"). The Front Desk Unit Owner may alter the types and amounts of Hospitality Services provided at the Project, may offer additional Hospitality Services or decrease Hospitality Services, in its sole discretion. Each Resort Unit Owner and the Hotel Unit Owner will be required to participate in the Standard Hospitality Services and the cost of Standard Hospitality Services will be an expense payable by all Resort Unit Owners and the Hotel Unit Owner. Accordingly, the Front Desk Unit Owner's decision to offer more or less services will cause an adjustment to maintenance fees or other costs attributable to the Resort Unit. The Owner of the Front Desk Unit shall also offer the A la Carte Services to Resort Unit Owners and occupants of the Hotel Unit requesting such

additional services. The individual unit owner requesting such service or such owner's guest or occupant will pay for such A la Carte Services. The Front Desk Unit Owner may delegate its duties hereunder to the Resort Manager. The Hospitality Services are further discussed in the Declaration.

6. Resort License Agreement and Marketing License Agreement; Relationship with Hyatt. Project Developer has entered into a Resort Management Agreement (the "**Resort Management Agreement**") with Hyatt pursuant to which Hyatt will operate and manage portions of the Project, including the Shared Facilities. Project Developer has also entered into a Marketing License Agreement (the "**Marketing License Agreement**") with Hyatt to market and sell the Resort Units under the Hyatt name, and subsequently assigned such right to market and sell the Resort Units to Developer. Certain rights and obligations under the Marketing License Agreement shall be assigned to and assumed by Developer in connection with the marketing and sale of the Resort Units covered hereunder. In order to continue to retain the rights to the Hyatt brand name, the Shared Facilities must be managed, operated and maintained and the Resort Units must be marketed and sold in accordance with the standards established by Hyatt (the "**Brand Standards**"). The "Brand Standards" refers generally to the first class hotel standards of construction, maintenance and operation of Hyatt properties which are owned and operated by Hyatt, its successors, assigns, or any of its affiliates or licensees and which are designed as "Hyatt" hotels. **The Hyatt brand name and trademarks will not continue to be associated with any portion of the Project upon termination of the Resort Management Agreement for any reason whatsoever. Developer is solely responsible for the sales and marketing of the Resort Units, subject to the restrictions set forth in the Marketing License Agreement.**

The right and license to use the Hyatt brand name and trademarks is not part of the common elements or otherwise included in the Resort Units being acquired by a purchaser. Accordingly, neither the Association nor the Resort Unit Owners have any right, title or interest in and to the name Hyatt or any of the Hyatt trademarks.

If the Resort Management Agreement is terminated, the Project must cease using the Hyatt brand name and trademarks. A purchaser should not acquire a Resort Unit with the expectation that the Hyatt brand name and trademarks will continue to be associated with the Resort Units during his or her entire period of ownership.

Certain fees, costs and expenses incurred to maintain the right and license to use the Hyatt brand name and trademarks and to maintain the Shared Facilities to the standards required by the Resort Management Agreement are part of the common expenses of the Project and charged through the Shared Facilities Fee. The failure of the Association to approve budgets sufficient to cover required maintenance expenses could result in a failure to maintain the Brand Standards and accordingly, a termination of the Resort Management Agreement. Hyatt is not responsible for and makes no representation or warranty concerning construction of the Project, obtaining required permits, licenses and approvals to develop the Project and sell the Resort Units or ensuring that the Resort Units are sold in accordance with all applicable laws, codes, ordinances and other governmental requirements. Hyatt's retention and exercise of rights of approval or inspection with respect to the marketing and sale of the Resort Units at the Project are for the purpose of protection of Hyatt's interest in the Hyatt brand name and trademarks only. Developer has the sole right and responsibility for the manner and means by which the Resort Units are sold.

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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	3550 Wailea Alanui Drive Wailea, Hawaii 96753
Address of Project is expected to change because	
Tax Map Key (TMK)	(2) 2-1-008:067
Tax Map Key is expected to change because	
Land Area	15.578 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

*Developer is the fee owner of the units offered for sale under this Public Report. The remaining units are owned by Project Developer (see paragraph 1 on page 1a of this Public Report).

1.2 Buildings and Other Improvements

Number of Buildings	9
Floors Per Building	1-7 (Villa D-2; Villas E and F - 3)
Number of New Building(s)	8
Number of Converted Building(s)	1 (Hotel and parking structure)
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood and steel.

1.3 Unit Types and Sizes of Units

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

30*	Total Number of Units
-----	-----------------------

*This Public Report covers the units owned by Developer, which include 12 of the 30 total units within the Project.

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

1.4 Parking Stalls

Total Parking Stalls in the Project:	440
Number of Guest Stalls in the Project:	See below
Number of Parking Stalls Assigned to Each Unit:	See below
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. See Exhibit H	

*All parking stalls within the Project shall initially be limited common elements to the Front Desk Unit; however, the Front Desk Unit Owner may redesignate parking stalls from the Front Desk Unit to a Unit being purchased. See paragraph 9 on page 18 of this Public Report for more information regarding the use of parking stalls in the Project.

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 C
--

1.7 Common Interest

<u>Common Interest</u> : 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 <u> A </u> .
As follows:

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

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<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 checked="" type="checkbox"/>	Other (describe): It is anticipated the Project will contain certain facilities such as a swimming pool; however, such areas will be limited common elements appurtenant to the Front Desk Unit. Owners will have the ability to utilize the swimming pool pursuant to a license agreement between the Front Desk Unit Owner and the Association, and, in return, owners shall be required to pay a reasonable, equitable license fee for such usage, which shall be assessed to owners through their monthly maintenance fee. Additionally, there may be a number of commercial operations in the Project, including restaurants, retail, a spa and a fitness center that will be available to owners. Buyers should review paragraph 3 on page 1b of this Public Report for further information about the use of the recreational facilities of the Project.

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 <u> D </u>	
Described as follows:	
Common Element*	Number
Elevators	13
Stairways	37
Trash Chutes	None

* The elevators and stairways in the Project are limited common elements appurtenant to the Front Desk Unit. See Exhibit E.

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 <u> E </u>
Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
<input checked="" type="checkbox"/>	Pets: Pets are permitted as provided in the House Rules. Visually impaired persons, hearing impaired persons and physically impaired persons shall be allowed the use of a "guide dog," "signal dog," or "service animal," respectively, as such terms are defined in Chapter 515 of the Hawaii Revised Statutes and the Americans with Disabilities Act.
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Exhibit F; House Rules
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).
Exhibit <u> G </u> describes the encumbrances against title contained in the title report described below.
Date of the title report: August 27, 2012
Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input checked="" type="checkbox"/>	Residential (Resort)	19*	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	H-2 Hotel
<input checked="" type="checkbox"/>	Commercial	8	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	H-2 Hotel
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Hotel	1**	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	H-2 Hotel
<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)	1 Front Desk Unit 1 Spatial Unit	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	H-2 Hotel
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.				

*The Resort Units may be used for both long-term residential use or transient vacation rentals due to the underlying hotel zoning. This report covers 12 of these units.

**The Hotel Unit is currently comprised of 290 guest rooms.

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"/>

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

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input type="checkbox"/> Applicable</p> <p><input checked="" type="checkbox"/> Not Applicable*</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p>	
<p>Developer's statement of the expected useful life of each item reported 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>	

*The existing structures being converted into condominium status are the Hotel Building, as defined in the Declaration, and the parking structure. The units contained in the Hotel Building are not designated for residential use and are not covered by this Public Report.

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit ___ M ___ is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p 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: The Resort Units registered by Developer hereunder are newly constructed units. Converted structures include certain units retained by Project Developer.</p>

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer</p>	<p>Name: Wailea Resort Villas, L.L.C.</p> <p>Business Address: 140 Fountain Parkway North, Suite 570 St. Petersburg, Florida 33716</p> <p>Business Phone Number: (727) 803-9400 E-mail Address: ltrosset@hyattvoi.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Sole Member: Wailea Hotel Holdings, L.L.C.</p> <p>Hyatt Corporation is the managing member of Wailea Hotel Holdings, L.L.C. Michael D. Ward is an authorized signatory for Hyatt Corporation.</p>
<p>2.2 Real Estate Broker</p>	<p>Name: The Wailea Group LLC Business Address: 3750 Wailea Alanui Drive, Suite 5EW Wailea, Hawaii 96753</p> <p>Business Phone Number: (808) 875-6911 E-mail Address: Rob@TheWaileaGroup.com</p>
<p>2.3 Escrow Depository</p>	<p>Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, First Floor Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-0211</p>
<p>2.4 General Contractor</p>	<p>Name: Swinerton Builders Business Address: Pauahi Tower 1003 Bishop Street, Suite 1340 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-8408</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: Hyatt Residential Management Corporation Business Address: 140 Fountain Parkway North, Suite 570 St. Petersburg, Florida 33716</p> <p>Business Phone Number: (727) 803-9400</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Imanaka Asato Business Address: 745 Fort Street, 17th Floor Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-9500</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	February 29, 2012	T-8096180

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	July , 2012	T-8267294
Land Court	September 12, 2012	T-8303253
Land Court	October 22, 2012	T-8334506

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	February 29, 2012	T-8096181

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	2141
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map: August 20, 2012; September 25, 2012; October 26, 2012	

3.4 House Rules

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

The House Rules for this project:

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

3.5 Changes to the Condominium Documents

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

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

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

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

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

4.2 Estimate of the Initial Maintenance Fees

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

Exhibit 1 contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

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

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" 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)

*Basic cable is included in the maintenance fees. Premium channels must be separately contracted for between the unit owner and the provider.

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u> J </u> 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: August 28, 2012 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u> K </u> contains a summary of the pertinent provisions of the escrow agreement.
<input checked="" type="checkbox"/>	Other: Specimen Unit Deed Exhibit L contains a summary of the pertinent provisions of the unit deed.

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. N/A*

<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.

*The Project is located in a county zoned or designated hotel or resort area and is therefore exempt from the requirements for owner-occupant sales pursuant to Section 16-107-28 of the Hawaii Administrative Rules.

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

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: Developer does not make any warranties for the Project, but will pass on any warranties made to it by the general contractor (or any other contractor or subcontractor) for the Project to correct any work found to be defective during the applicable warranty period, to the extent such warranties are assignable.

Appliances: Developer will pass on the manufacturer's warranties made to it, if any, on any appliances included as part of a unit being conveyed.

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

<p>Status of Construction: Developer estimates completion of the Resort Units on or about August 1, 2013. Developer cannot guarantee, however, when construction will be completed. There are many factors that may impact this, including the number of unit sales, the condition of financial markets and other factors. Moreover, Developer has no control over the construction activities of Project Developer, and as such cannot estimate the completion date for the remainder of the Project.</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: Developer shall complete construction of the unit covered by a sales contract so as to permit normal occupancy of the unit within two (2) years from the date purchaser signs a binding 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 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>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</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 checked="" 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 checked="" 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: Wailea Community Association Amended and Restated Declaration of Covenants and Restrictions dated December 19, 1986; Declaration of Covenants, Conditions and Restrictions dated January 17, 1975; WHBR-Maluhia AOA Settlement Agreement; Resort Rules

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. Project Developer to Pay Actual Costs of Project. Project Developer may initially assume the actual common expenses of the Project, pursuant to Section 514B-41(b) of the Hawaii Revised Statutes, from the date upon which the certificates of occupancy are issued for units within the Project. Unit owners shall not be obligated for the payment of their share of the common expenses until such time as Project Developer sends to the owners written notice that, after a specified date, the unit owners shall be obligated to pay for the portion of the common expenses that are allocated to their respective units.
2. Special Management Area Permit. The Project is located within a Special Management Area under Hawaii Revised Statutes Chapter 205A, Part II, which generally requires that certain types of development may require application and issuance of a Special Management Area use permit. Pursuant to application by Project Developer, on July 11, 2006, the Planning Commission of the County of Maui issued Special Management Area use permit SM1 2005/0035 ("**SMA Permit**") and Shoreline Setback Variance ("**Setback Variance**") No. SSV 2005/0004, which permits construction of the Project. The SMA Permit and the Setback Variance establish certain conditions for the Project, and will be available upon request.
3. WHBR-Maluhia AOAO Settlement Agreement. Project Developer entered into a settlement agreement with a neighboring property owner with respect to Project Developer's applications for a SMA permit, Shoreline Setback Variance and Planned Development approvals for the construction of the Project (the "**Settlement Agreement**"). Under the Settlement Agreement, the Association of Apartment Owners of Maluhia at Wailea will be allowed access to certain amenities of the Project, including the swimming pool. Additionally, the Settlement Agreement requires the maintenance of certain landscaping within the Project. Purchasers should review the terms of the Settlement Agreement, which will be available upon request.
4. Flood and Tsunami Hazards. According to the Flood Insurance Rate Map issued by the Federal Emergency Management Agency, the Project is located mainly in Zone C, an area of minimal flooding. A small makai portion is located in Zone A4, a special flood hazard area inundated by the 100-year flood with a base elevation of 7 feet. Additionally, the Project is located in a tsunami hazard zone. Purchasers should inquire with their lender to learn about potential additional insurance requirements.
5. Real Property Tax Assessment. Developer shall be responsible for any real property taxes attributable to the Resort Units prior to closing. Any real property taxes paid in advance by Developer shall be prorated as a closing cost payable by purchaser pursuant to the sales contract for the purchase of a unit.
6. Master Declarations. In addition to the Declaration, purchasers of units in the Project will be subject to that certain Declaration of Covenants and Restrictions dated January 17, 1975 and recorded at the Office as Document No. 713123, as the same may be amended and/or supplemented from time to time (the "**WPOA Declaration**") and that certain Wailea Community Association Amended and Restated Declaration of Covenants and Restrictions dated December 19, 1986 and recorded at the Office as Document No. 2479882, as the same may be amended and/or supplemented from time to time ("**WCA Declaration**") (the WPOA Declaration and the WCA Declaration are collectively referred to as the "**Master Declarations**") and all rules and regulations promulgated under the Master Declarations. By acquiring an interest in the Project, each owner agrees to observe and comply with all covenants, conditions and other restrictions to which the Project is subject under the Master Declarations.

The WPOA Declaration established the Wailea Property Owners Association. To the best of Developer's knowledge, the Wailea Property Owners Association is not operative and does not levy any assessments against the properties subject to the WPOA Declaration.

The WCA Declaration established the Wailea Community Association (the "**Wailea Association**"). Unit owners shall automatically become members of the Wailea Association and shall be subject to certain obligations, including, but not limited to, the obligation to pay

assessments imposed by the Wailea Association which will be separately assessed to each owner directly. The annual assessment for the Wailea Association in 2012 for a condominium unit containing 3 or more bedrooms is \$477.64. The annual assessment is subject to change. Additionally, unit owners will be required to comply with certain use restrictions, including, but not limited to, the following restrictions further explained in Article V of the WCA Declaration:

- a. No noxious or offensive activities shall be carried on in the Project, nor shall anything be done or placed thereon which may be or become a nuisance, or cause embarrassment, disturbance or annoyance to other owners. Without limiting the foregoing, no exterior speakers, horns, whistles, bells, or other sound devices, except security devices used exclusively to protect the security of the improvements, shall be placed or used without the approval of the Wailea Association's design committee.
- b. No time share ownership plan or time share use plan, as defined in Hawaii Revised Statutes, Chapter 514E, shall be permitted to exist within any lot or with respect to the use, occupancy or ownership of any lot.
- c. Outside clotheslines or other outside clothes washing, drying or airing facilities shall be screened or maintained in such a manner and in such location as not to be visible from neighboring properties or roads.
- d. No owner shall store furniture, fixtures, appliances or other goods or materials in such a manner as to be visible from neighboring properties or roads, except for normal outdoor furniture and fixtures.

NOTE: THIS LIST OF USE AND DEVELOPMENT RESTRICTIONS IS NOT EXHAUSTIVE. PURCHASER SHOULD REVIEW THE WCA DECLARATION IN ITS ENTIRETY FOR A COMPREHENSIVE EXPLANATION OF RESTRICTIONS AND LIMITATIONS ON PURCHASER'S USE RIGHTS. THE PURCHASER SHOULD ACCORDINGLY REQUEST A COPY OF THE WCA DECLARATION FROM DEVELOPER.

7. Fiscal Management; Managing Agent. Project Developer, acting as the Association, has retained Hyatt Residential Management Corporation as the fiscal and administrative managing agent for the Project (the "**Condominium Manager**"). The Condominium Manager shall have the authority, subject to the provisions of the Declaration and Bylaws, to assume control and responsibility for the administration and management of the Project, at the expense of the Association. The Condominium Manager shall undertake administrative functions, including, but not limited to, (i) the preparation of a proposed budget and schedule of assessments, (ii) the custody and control of all funds of the Association and the maintenance of the books and records with respect thereto, (iii) the preparation and filing of financial reports, and (iv) the filing of any other applications or reports that may be required by governmental and non-governmental entities.
8. Securities Laws and Regulations. Developer makes no representations: (i) regarding the possibility or probability of economic benefit from the purchase and ownership of a unit; (ii) to the effect that Developer will provide services relating to the rental of a unit; or (iii) as to the possible advantages of the ownership or rental of a unit under federal law or state tax laws. Developer makes no representation regarding either the economic benefits to be derived from the ownership, rental or tax treatment of any purchaser of a unit. The tax treatment and economic benefits may vary with individual circumstances, and Developer recommends that a purchaser consult with his or her own attorney, accountant or other tax counsel for advice regarding tax treatment.
9. Parking Stalls. There are four hundred forty (440) parking stalls in the Project, all of which are initially limited common elements appurtenant to the Front Desk Unit. Purchasers may have an opportunity to purchase parking stalls from the Front Desk Unit Owner and such parking stalls may be redesignated as limited common elements appurtenant to such purchaser's unit at closing. Unless otherwise transferred, the Front Desk Unit Owner will manage and maintain the parking stalls, and may establish rules and regulations for the use thereof, and the costs allocated

with managing and maintaining the parking stalls shall be charged to all Unit Owners as a portion of the Shared Facilities Fee.

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.

Wailea Resort Villas, L.L.C., a Delaware limited liability company

By: Wailea Hotel Holdings, L.L.C., its sole member

By: Hyatt Corporation, a managing member

By: 

Name: Michael D. Ward
Title: Authorized Signatory

Date

24 AUG 12

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

***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"

UNIT NUMBERS, BEDROOMS/BATHROOMS/UNIT DESCRIPTIONS, APPROXIMATE NET LIVING AREAS, APPROXIMATE NET LANAI AREAS, APPROXIMATE TOTAL NET AREAS, AND PERCENTAGE COMMON INTERESTS

Unit Number	Bedrooms/ Bathrooms/ Unit Description	Approximate Net Living Area	Approximate Net Lanai Area	Approximate Total Net Area	Percentage Common Interest
B1	4/4.5	3,409	1,073	4,482	1.226524%
B2	4/4.5	3,409	1,073	4,482	1.226524%
B3	5/5.5 (ADA)*	3,489	690	4,179	1.255307%
B4	5/5.5	3,473	690	4,163	1.249550%
C1	4/4.5	4,070	822	4,892	1.464345%
C2	2/2.5	1,859	492	2,351	0.668849%
C3	2/2.5	1,859	492	2,351	0.668849%
D1	4/5	3,965	1,040	5,005	1.426567%
D2	4/5	3,913	750	4,663	1.407858%
E1	3/3.5	2,644	590	3,234	0.951284%
E2	3/3.5	2,644	590	3,234	0.951284%
E3	3/3.5	2,766	486	3,252	0.995179%
E4	3/3.5	2,644	590	3,234	0.951284%
E5	3/3.5	2,766	486	3,252	0.995179%
F1	3/3.5	2,644	590	3,234	0.951284%
F2	3/3.5	2,644	590	3,234	0.951284%
F3	3/3.5	2,766	486	3,252	0.995179%
F4	3/3.5	2,644	590	3,234	0.951284%
F5	3/3.5	2,766	486	3,252	0.995179%
A	Spatial Unit	40,600**		40,600	14.607469%
CU-1	2-Meal Restaurant	4,695		4,695	1.689213%
CU-2	Specialty Bar	2,964		2,964	1.066417%
CU-3	Pool Bar	1,360		1,360	0.489314%
CU-4	Waterfall Bar	329		329	0.118371%
CU-5	Spa	10,397		10,397	3.740735%
CU-6	Retail	1,140		1,140	0.410160%
CU-7	Fitness	2,510		2,510	0.903073%
CU-8	Kids' Club	2,030		2,030	0.730373%
Hotel Unit		151,416		151,416	54.477945%
Front Desk Unit		4,125		4,125	1.484137%
Total		277,940		290,546	100.000000%

* Units indicating "ADA" are "ADA Accessible Units" as defined in the Declaration. Specific restrictions apply to these Units as further set forth in the Declaration.

** The Approximate Net Living Area for the Spatial Unit represents the maximum gross floor area of the Improvements that may be constructed within the Spatial Unit, as discussed further in the Declaration.

1. Location and Layout of Units.

a. **Resort Units.** Nineteen (19) Resort Units located within the Project within three (3) two-story Villa Buildings and two (2) three-story Villa Buildings as identified on the Condominium Map. There are four (4) Resort Units located in Villa B, three (3) Resort Units located in Villa C, two (2) Resort Units located in Villa D, five (5) Resort Units located in Villa E, and five (5) Resort Units located in Villa F. With the exception of Units D1 and D2, which are two-story units, all Resort Units are a single story with an approximate net living area and lanai

area as set forth above. The layouts of the Resort Units are generally set forth in the Condominium Map. Unit B3 is an ADA Accessible Unit subject to specific restrictions as more particularly described in the Declaration.

b. Commercial Units. Eight (8) Commercial Units within the Project as identified and depicted on the Condominium Map as follows: "Commercial Unit 1" or "CU-1" or "2-Meal Restaurant", located on level 3 of the Hotel Building as identified and depicted on the Condominium Map; "Commercial Unit 2" or "CU-2" or "Specialty Bar", located in a separate one-story Commercial Building as identified and depicted on the Condominium Map; "Commercial Unit 3" or "CU-3" or "Pool Bar", located in a separate one-story Commercial Building as identified and depicted on the Condominium Map; "Commercial Unit 4" or "CU-4" or "Waterfall Bar", located in a separate one-story Commercial Building as identified and depicted on the Condominium Map; "Commercial Unit 5" or "CU-5" or "Spa", located on level 3 of the Hotel Building as identified and depicted on the Condominium Map; "Commercial Unit 6" or "CU-6" or "Retail", located on level 5 of the Hotel Building as identified and depicted on the Condominium Map; "Commercial Unit 7" or "CU-7" or "Fitness", located on level 2 of the Hotel Building as identified and depicted on the Condominium Map; and "Commercial Unit 8" or "CU-8" or "Kids' Club", located on level B of the Hotel Building as identified and depicted on the Condominium Map. The layouts of the Commercial Units are generally set forth in the Condominium Map.

c. Hotel Unit. One (1) Hotel Unit comprised of the guest rooms and the meetings rooms contained in the Hotel Building, as identified and depicted on the Condominium Map. The layout of the Hotel Unit is generally set forth in the Condominium Map.

d. Front Desk Unit. One (1) Front Desk Unit located on level 5 of the Hotel Building, as identified and depicted on the Condominium Map. The layout of the Front Desk Unit is generally set forth in the Condominium Map.

e. Spatial Unit. One (1) Spatial Unit as identified and depicted on the Condominium Map.

2. **Determination of Approximate Net Living Area.**

The approximate net living area for each Resort Unit in the Project was determined by measuring the area between the perimeter and party walls of each Resort Unit, and includes areas occupied by the non-load bearing and load-bearing walls located between said perimeter and party walls. The approximate net living areas for the Commercial Units, the Front Desk Unit, and the Hotel Unit were determined by measuring the area between the perimeter and party walls (if any) and/or the imaginary vertical planes (where there is no perimeter or party wall) of the respective Unit as depicted on the Condominium Map, and includes the area occupied by non-load bearing and load-bearing walls located between said perimeter or party walls (if any) and/or the imaginary vertical planes (where there is no perimeter or party wall), as shown on the Condominium Map. The approximate net living area for the Spatial Unit represents the Maximum Floor Area of improvements that may be constructed within the Spatial Unit.

3. **Common Interest.**

The Common Interest attributable to each Unit was calculated by dividing the approximate net living area of each individual Unit by the total net living area of all Units within the Project. In order to permit the Common Interest for all Units to equal exactly one hundred percent (100%), the Common Interest attributable to the Front Desk Unit was increased by 0.000004%.

4. **Parking Stalls.**

All parking stalls in the Project will be initially assigned as limited common elements to the Front Desk Unit; however, Project Developer may redesignate parking stalls from the Front Desk Unit to such Unit being purchased by an Owner in concert with closing of the Unit. Owners may be permitted to purchase from the Owner of the Front Desk Unit a particular and/or additional parking stalls to be appurtenant to such Owner's Unit in the sole discretion of the Front Desk Unit Owner. The Front Desk Unit Owner may also designate certain parking stalls appurtenant to the Front Desk Unit to be utilized as guest stalls for the Project.

END OF EXHIBIT "A"

EXHIBIT "B"

BOUNDARIES OF EACH UNIT

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

1. Commercial Units, Front Desk Unit, Hotel Unit, and Resort Units.

a. Boundaries. The perimeter boundaries of the Commercial Units, the Front Desk Unit, the Hotel Unit, and the Resort Unit, respectively, are shown on the Condominium Map, and generally include the interior decorated and finished surfaces of all walls, floors, and ceilings of the Unit.

b. Contents. The Commercial Units, the Front Desk Unit, the Hotel Unit, and the Resort Units, respectively, shall include: (a) all of the walls and partitions that are not load-bearing within its perimeter and party walls, interior load-bearing walls and columns, if any, and the undecorated or unfinished interior surfaces thereof; (b) all pipes, shafts, ducts, flues, chutes, equipment, pumps, conduits, wires, and other utility or service lines running through such Unit and/or its walls that are utilized and serve only that Unit, including, but not limited to, any grease catch, drainage system, or other apparatus serving only that Unit; (c) the interior, decorated, and finished surfaces of all walls, floors, and ceilings surrounding each Unit and the air space located therein; and (d) all appliances, interior hardware, and fixtures installed therein, and replacements thereof.

c. Exclusions. The Commercial Units, the Front Desk Unit, the Hotel Unit, and the Resort Units, respectively, shall not be deemed to include: (a) the perimeter and party walls and the undecorated or unfinished interior surfaces thereof; (b) the floors and ceilings surrounding each Unit and the undecorated or unfinished interior surfaces thereof; (c) the perimeter doors, door frames, windows, and window frames and all exterior hardware associated therewith, and the undecorated or unfinished interior surfaces thereof; (d) any pipes, shafts, ducts, flues, chutes, equipment, pumps, conduits, wires, and other utility or service lines that are utilized for or serve more than one Unit; (e) lanais, balconies, and patios; (f) exterior surfaces, doors, and door frames, including columns, floors, roofs, railings, fences, foundations, and walls; and (g) any areas designated as Limited Common Elements.

2. Spatial Unit Boundaries, Contents, and Exclusions.

a. Boundaries. The perimeter boundaries of the Spatial Unit on the surface of the Land are shown on the Condominium Map. The vertical boundaries of the Spatial Unit consists of vertical planes extending straight upward and downward from the Spatial Unit's perimeter boundaries as shown on the Condominium Map to the upper and lower boundaries of the Spatial Unit as shown on the Condominium Map. The upper boundary of the Spatial Unit is a horizontal plane above the surface of the Land and extending in all directions until it intersects with the Spatial Unit's vertical boundaries as depicted on the Condominium Map. The lower boundary of the Spatial Unit is a horizontal plane located below the surface of the Land and extending in all directions until it intersects with the Spatial Unit's vertical boundaries as depicted on the Condominium Map. The approximate land area of the Spatial Unit is set forth in Exhibit "B" to the Declaration.

b. Contents. The Spatial Unit includes all of the land and air space located within the Spatial Unit's boundaries, and all Improvements of any kind currently or in the future located within the boundaries of the Spatial Unit. This includes, but is not limited to all: (i) building foundations, footings, exterior and interior walls and partitions, roofs, ceilings, attics, basements, girders, beams, floor slabs, columns, supports, and fixtures and equipment of any kind; (ii) all walkways and landscaped areas located within the boundaries of the Spatial Unit; and (iii) pipes, shafts, ducts, flues, chutes, equipment, pumps, conduits, wires, or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust, or air conditioning located within the Spatial Unit if they are used only to serve the Spatial Unit.

c. Exclusions. The Spatial Unit does not include pipes, shafts, ducts, flues, chutes, equipment, pumps, conduits, wires, or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust, or air conditioning located within the Spatial Unit that serves more than one Unit or that may serve the Common Elements.

EXHIBIT "C"

PERMITTED ALTERATIONS TO UNITS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

1. General Provisions. Subject to the reserved rights of Project Developer, Developer, the Commercial Unit Owner, the Front Desk Unit Owner, and the Spatial Unit Owner, no Owner shall do any work that may jeopardize the soundness and safety of the Project, reduce the value thereof, or impair any easement, as reasonably determined by the Board. Except as otherwise expressly provided in the Declaration, and subject to any approvals required under the Master Declarations, restoration or replacement of the Project or any portion thereof or construction of any additional Improvement or structural alteration or addition to any Improvement, different in any material respect from the Condominium Map, shall be undertaken by an Owner only pursuant to an amendment of the Declaration in accordance with Article XII of the Declaration, duly executed pursuant to the provisions thereof, accompanied by the written consent of the holders of all mortgage liens affecting any of the Units involved, and in accordance with complete plans and specifications therefor first approved in writing by the Front Desk Unit Owner. Promptly upon completion of such restoration, replacement, or construction, the Owner shall duly file such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a State of Hawaii licensed architect, engineer, or surveyor.

2. Approval of Additions or Alterations to Resort Units. No Resort Unit Owner may make or allow any "nonmaterial additions and alterations," as such term is defined in Section 514B-140 of the Act, to his or her Unit or the Limited Common Elements appurtenant thereto, without the approval of the Board, upon consultation with the Front Desk Unit Owner. No Resort Unit Owner may make or allow any material addition or alteration without first obtaining the written consent of sixty-seven percent (67%) of the Owners, the consent of all Owners whose Units or appurtenant Limited Common Elements are directly affected, and the approval of the Board and the Front Desk Unit Owner. The Board may only disapprove a proposed addition or alteration where the Board reasonably believes that the addition or alteration could jeopardize the soundness of the Project or impair any easement, or interfere with or deprive any nonconsenting Owner of the use and enjoyment of part of the Project.

3. Nonmaterial Additions or Alterations to Resort Units. Notwithstanding the approval requirements set forth in Article XI, Section B.2, of the Declaration, a Resort Unit Owner shall have the right at any time and from time to time at such Owner's sole cost and expense, and without the necessity of the consent or joinder of any other Owner, but with notice to the Board and the Front Desk Unit Owner, to make any of the following alterations within his or her Resort Unit, which alterations shall be deemed "nonmaterial additions and alterations" to the Resort Unit: to install, maintain, remove and rearrange partitions (including the party wall between two (2) Units owned by the same Owner) and other structures from time to time within such Unit or Limited Common Element, to finish, alter or substitute any plumbing, electrical, or other fixture attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Unit or Limited Common Element by such Owner, and, subject to Article VI, Section R of the Declaration, to tile, re-carpet, and do or cause to be done such work on the floors of any Unit or Limited Common Element that does not increase the acoustical transfer from such Unit or Limited Common Element. Nothing contained in this paragraph shall authorize any work or alteration that would jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Unit or Limited Common Element, materially alter the uniform external appearance of the Project, materially increase the transfer of sounds, noise, air, or smoke to other Units or Shared Facilities, materially affect or impair any easement or rights of any of the other Owners, or materially interfere with or deprive any non-consenting Owner of the use or enjoyment of any part of the Shared Facilities. Moreover, the Front Desk Unit Owner or the Board may limit the dates and times that any alteration or improvement may be undertaken so as to provide the least inconvenience to other Owners.

4. Owners to Execute Amendment Documents in Certain Cases. In the event that any change or alteration of a Resort Unit pursuant to and in compliance with this Article shall alter the depiction of the particular Resort Unit on the Condominium Map or the description thereof in the Declaration, then the Owner of such Resort Unit shall amend the Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the Owner of the affected Unit or Units and by no other party, and shall become effective upon the filing thereof in the Office. The provisions of Article XII of the Declaration notwithstanding, such amendment shall not require the consent or joinder of the Owner of any other Unit or any

other person or entity, other than any mortgagee of such Unit or Units which are changed or altered (if the mortgagee requires such consent or joinder) and the Front Desk Unit Owner, as appropriate. Every Owner and all holders of liens affecting any of the Units of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Unit, lien, or other interest, consents to and agrees that he or she shall, if required by law or by any such Owner who shall have changed or altered a Unit as aforesaid, join in, consent to, execute, deliver and file all instruments and documents necessary or desirable to effect the amendment of the Declaration and/or the Condominium Map; and appoints such Owner and his or her assigns his or her attorney-in-fact with full power of substitution to execute, deliver and file such documents and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL RESTRICTIONS ON ALTERATIONS TO UNITS CONTAINED IN THE PROJECT DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF RIGHTS AND OBLIGATIONS UNDER THE PROJECT DOCUMENTS, PURCHASER MUST REFER TO THE DECLARATION, BYLAWS, RESORT RULES, AND HOUSE RULES TO DETERMINE THE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PROJECT DOCUMENTS, THE PROJECT DOCUMENTS WILL CONTROL.

EXHIBIT "D"

COMMON ELEMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

One freehold estate is hereby designated in all portions of the Project not defined as a "Unit". This freehold estate shall be called the "Common Elements." The Common Elements shall include the Land in fee simple and any appurtenances thereto as described in Exhibit "A" to the Declaration and the Limited Common Elements described in Article II, Section D of the Declaration.

EXHIBIT "E"

LIMITED COMMON ELEMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

The Limited Common Elements are hereby designated, set aside and reserved for the exclusive use of certain Units, and such Units shall have appurtenant thereto, exclusive easements for the use of such Limited Common Elements as set forth herein. Subject to Article IV, Section K of the Declaration, the costs and expenses of every description pertaining to the Limited Common Elements, including, but not limited to, the costs of maintenance, repair, replacement, improvement, or additions to the Limited Common Elements, shall be charged to the Owner of the Unit to which the Limited Common Element shall be appurtenant, and if there is more than one (1) Unit to which the Limited Common Element shall be appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Units. Unless otherwise provided herein, Limited Common Elements shall be managed and maintained by the Owner of the Unit to which the Limited Common Element shall be appurtenant, and Limited Common Elements that are appurtenant to more than one (1) Unit shall be managed and maintained by the Front Desk Unit Owner on behalf of such Owners. The Front Desk Unit Owner shall assess Owners for all costs attributable to the Limited Common Elements appurtenant to said Owner's Unit that are operated and maintained by the Front Desk Unit Owner. In any event that a dispute shall arise between Owners to which a particular Limited Common Element shall be appurtenant with respect to the management and/or maintenance thereof, unless otherwise provided herein or by contract, such dispute shall be resolved by the Front Desk Unit Owner, which shall be the sole arbiter with respect to such matters. The Limited Common Elements appurtenant to the Front Desk Unit shall be maintained by the Front Desk Unit Owner, and the costs and expenses pertaining thereto, including, but not limited to, the costs of maintenance, repair, replacement, improvement, or additions, and reserves therefor, shall be payable by the Front Desk Unit Owner; provided that the Front Desk Unit Owner shall be entitled to be reimbursed for all or a portion of such costs, plus any general excise or other tax assessed thereon, by the Association as more fully set forth in Article IV, Section K of the Declaration.

1. Commercial Units. The Commercial Units shall have appurtenant thereto, as Limited Common Elements the following:

a. Commercial Unit 2 shall have appurtenant thereto, as a Limited Common Element, the kitchen and back-of-house area adjacent thereto, from the interior decorated and finished surfaces of all walls, floor and ceilings thereof, as depicted on the Condominium Map.

b. Commercial Unit 3 shall have appurtenant thereto, as a Limited Common Element, the kitchen and back-of-house area adjacent thereto, from the interior decorated and finished surfaces of all walls, floors, and ceilings thereof, as depicted on the Condominium Map.

c. Commercial Unit 5 shall have appurtenant thereto, as a Limited Common Element, the spa back-of-house areas adjacent thereto, from the interior decorated and finished surfaces of all walls, floors, and ceilings thereof, as depicted on the Condominium Map.

2. Hotel Unit. The Hotel Unit shall have appurtenant thereto, as Limited Common Elements:

a. The lanais adjacent to the guest rooms, from the decorated or finished exterior surfaces of all walls, floors, and ceilings of said lanais, as depicted on the Condominium Map;

b. The back-of-house areas adjacent to the meeting rooms located on level 5 of the Hotel Building, from the interior decorated and finished surfaces of all walls, floors, and ceilings thereof, as depicted on the Condominium Map; and

c. The lanai area adjacent to the meeting rooms and located on level 5 of the Hotel Building, from the decorated or finished exterior surface of all walls, floors, and ceilings of said lanai, as depicted on the Condominium Map.

3. Resort Units. The Resort Units shall have appurtenant thereto, as Limited Common Elements:

a. One or more lanai(s), if any, adjacent to such Unit, from the decorated or finished exterior surface of all walls, floors, and ceilings of said lanais, as depicted on the Condominium Map, the total areas of which are identified in Exhibit "B" to the Declaration;

b. The landscape buffer area, if any, adjacent to such Unit, as depicted on the Condominium Map;

c. The interior of the assigned mailbox, if any, as may be located within the Project. Such mailbox shall be identified by the same number as the Unit to which it is a Limited Common Element; and

d. The parking stall(s) assigned to the Unit, if any, as set forth in Exhibit "B" to the Declaration, from the decorated or finished exterior surface thereof.

4. Front Desk Unit. The Front Desk Unit shall have appurtenant thereto, as Limited Common Elements, all elements of the Project that are not Units, and that are not designated as Limited Common Elements appurtenant to any other Unit, including, but not limited to, the following:

a. Shared Facilities. The Front Desk Unit shall have appurtenant thereto the Shared Facilities, subject to an irrevocable, nonexclusive license granted to the Association in Article IV, Section K of the Declaration to use the Shared Facilities. The Shared Facilities shall be maintained by the Front Desk Unit Owner. The cost incurred for such maintenance shall be included as part of the Shared Facilities Fee, which is discussed further below. The Shared Facilities shall include, but not be limited to, the following:

(i) The Building Structure of the Hotel Building, the Villa Buildings, the Commercial Buildings, and/or the parking structure, including, but not limited to, all perimeter or party walls of a Unit and the undecorated or unfinished interior surfaces thereof, any load-bearing walls and columns and the undecorated or unfinished interior surfaces thereof, and the floors and ceilings surrounding each Unit and the undecorated or unfinished interior surfaces thereof, all structural components such as foundations, floor slabs, columns, girders, beams, supports, halls, corridors, elevators, elevator lobbies, exterior stairs and stairways, main walls and roofs, that are not a part of a Unit and any attic and/or basement space, except as otherwise specified herein;

(ii) All perimeter doors, door frames, windows, and window frames of a Unit and all exterior hardware associated therewith, and the undecorated or unfinished interior surfaces thereof;

(iii) All walls, floors, and ceilings of any lanai area, from the undecorated or unfinished interior surface thereof;

(iv) All grounds and landscaping, trash enclosures, maintenance or tool sheds, and equipment storage facilities within the Project;

(v) All driveways, access lanes, paved areas, ramps, hallways and walkways, sidewalks, and curbs within the Project;

(vi) All parking areas shown on the Condominium Map, from the undecorated or unfinished interior surfaces thereof;

(vii) The parking stalls assigned to the Front Desk Unit, as set forth in Exhibit "B" to the Declaration, and all loading docks depicted on the Condominium Map, from the decorated or finished exterior surface thereof;

(viii) The lobby area and all hallways, stairways, and elevators located within the Hotel Building;

(ix) The swimming pools, decks, and certain other designated recreational facilities, as depicted on the Condominium Map;

(x) All cables, conduits, ducts, sewer lines, electrical equipment, wiring, pipes, catch basins, and other central and appurtenant transmission facilities and installations over, under and across the Project that serve more than one (1) Unit for services such as power, light, water, gas, sewer, storm water, refuse, telecommunications, cable television, television signal distribution, mechanical rooms, and electrical rooms;

(xi) All unimproved areas, maintenance, mechanical, electrical, and storage areas and other similar areas, that are not part of a Unit, as depicted on the Condominium Map;

(xii) All other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, air-conditioning units, including fan coil equipment located within a Unit, compressors, ducts, shafts, vents, water heating and distribution equipment, fire suppression equipment, trash chutes (if any), laundry chutes (if any), and other such installations and apparatus;

(xiii) The entire telephone PBX system and all appurtenances thereto;

(xiv) Foyers, stairways, promenades, vestibules, terraces, phone booths, arcades (if any), and bathrooms located in these areas; and

(xv) All other parts of the Project necessary or convenient to its existence, maintenance, and safety, and normally in common use, and other areas designated on the Condominium Map as Limited Common Elements appurtenant to the Front Desk Unit, except as discussed below.

b. Exclusive Use Areas. In addition to the Shared Facilities, the Front Desk Unit shall have appurtenant thereto the following Limited Common Elements for its exclusive use, which Limited Common Elements shall not be subject to the license granted to the Association under Article IV, Section K of the Declaration; provided that the Front Desk Unit Owner may enter into one or more licenses, leases, or similar arrangements for the use of such Exclusive Use Areas, and may receive compensation therefor:

(i) The kitchen adjacent to Commercial Unit 1 and the kitchen offices located on level 3 of the Hotel Building, from the interior decorated and finished surfaces of all walls, floors, and ceilings thereof, as depicted on the Condominium Map;

(ii) The dining terrace adjacent to Commercial Unit 1, from the interior decorated and finished surfaces of all walls, floors, and ceilings thereof, as depicted on the Condominium Map;

(iii) The outdoor dining area adjacent to Commercial Unit 3, from the interior decorated and finished surfaces of all walls, floors, and ceilings thereof, as depicted on the Condominium Map;

(iv) The lanais adjacent to Commercial Unit 8, from the decorated or finished exterior surface of all walls, floors, and ceilings of said lanais, as depicted on the Condominium Map; and

(v) The storage area located in Villa Building E, from the interior decorated and finished surfaces of all walls, floors, and ceilings thereof, as depicted on the Condominium Map.

5. Subdivided Units. Upon the subdivision of a Unit, the Owner of the Unit being subdivided shall have the right and option to designate and describe the Limited Common Elements appurtenant to the Subdivided Units, as discussed in Article XI, Section A.2 of the Declaration.

EXHIBIT "F"

SPECIAL USE RESTRICTIONS

1. Commercial Units. The Commercial Units may be used for any commercial purpose permitted by zoning and other applicable laws and the Project Documents, including, but not limited to, restaurants, health clubs, food and beverage outlets, spas, administrative offices, concierge services, storage, sales and marketing offices, and activity desks or offices; provided that such use is consistent with the Project Quality Standard and approved by the Front Desk Unit Owner. The Commercial Unit Owners can change the use of the Unit, subject to the prior approval of the Front Desk Unit Owner. The Commercial Unit Owners may enter into such agreements as they deem appropriate to utilize the Commercial Units, subject to any approvals required in the Declaration. Any income derived from the Commercial Units and/or the Limited Common Elements appurtenant to the Commercial Units shall belong solely to the Commercial Unit Owner that owns such Commercial Unit or Commercial Units, or that owns the Units to which such Limited Common Elements are appurtenant. This section shall not be terminated or amended without the prior written consent of the Front Desk Unit and the Commercial Unit Owner thereby affected.

2. Front Desk Unit. The Front Desk Unit, the Shared Facilities, and other Limited Common Elements appurtenant to the Front Desk Unit may be used for any commercial purpose permitted by zoning, other applicable laws, and the Project Documents, including, but not limited to, administrative offices, concierge services, storage, sales and marketing offices, and activity desks or offices; provided that such use is consistent with the Project Quality Standard. The Front Desk Unit Owner may enter into such agreements, as it deems appropriate, to utilize the Front Desk Unit. Any income derived from the Front Desk Unit, the Shared Facilities, and/or any other Limited Common Elements appurtenant to the Front Desk Unit shall belong solely to the Front Desk Unit Owner. This section shall not be terminated or amended without the prior written consent of the Front Desk Unit Owner.

3. Hotel Unit. The Hotel Unit shall be occupied and used only for the purposes that are consistent with the Project Quality Standard. Accordingly, the Hotel Unit may be used for hotel or transient vacation rental purposes or transient lodging for periods of less than thirty (30) days or other uses permitted by law, the Master Declarations, and the Project Documents, that are consistent with the Project Quality Standard. The Hotel Unit Owner shall be permitted to perform hotel operations in the Hotel Unit and make the Hotel Unit available for use by transients. In the event that the Hotel Unit is subdivided to create multiple, separate Units, all restrictions on use applicable to the Resort Units set forth in Article VI, Section D of the Declaration shall apply to the separate Units created by the aforesaid subdivision of the Hotel Unit that are not owned by Project Developer.

4. Resort Units.

a. Use Generally; Restrictions. The Resort Units shall be occupied and used only for the purposes that are consistent with, and appropriate to the Project Quality Standard. Accordingly, the Resort Units may be used for hotel or transient vacation rental purposes or transient lodging for periods of less than thirty (30) days, or residential use or other uses permitted by law and the Project Documents, that are consistent with the Project Quality Standard; provided that: (a) subject to the terms hereof, a Resort Unit Owner shall be permitted to personally occupy his or her Unit and may also make his or her Unit available for use to third parties when not occupied by such Owner; (b) other than as may be provided herein, no commercial business activity or home occupation shall be conducted from any Resort Unit; (c) notwithstanding anything contained herein or in law to the contrary, without the prior written consent of the Front Desk Unit Owner, the Resort Units or any interest therein, shall not be the subject of or sold, transferred, conveyed, leased, occupied, rented, or used at any time under a time share plan (as defined in Hawaii Revised Statutes, Chapter 514E, as amended) or similar arrangement or program whether covered by Chapter 514E or not, including, but not limited to, any so-called "fractional ownership," "vacation license," "travel club membership," "club membership," "membership club," "destination club," "time-interval ownership," "interval exchange" (whether the exchange is based on direct exchange or occupancy rights, cash payments, reward programs or other point or accrual systems) or "interval ownership" as offered and established through a third-party vacation membership service provider who is in the business of providing and managing such programs; and (d) without the prior written consent of the Front Desk Unit Owner, no Resort Unit shall be used as part of any occupancy plan or for similar purposes, which shall include: (i) any joint ownership, whether or not ownership is deeded, of a Resort Unit where unrelated (i.e., non-family) owners share and enjoy use or occupation of the Resort Unit according to a periodic (fixed or floating) schedule based on time intervals, points or other rotational system; or (ii) any club, the membership of which allows access and use of one or more properties

by its members based on availability and reservation priorities, commonly known as destination clubs (equity or non-equity) or vacation clubs; further provided that the Hotel Unit shall remain free from the restrictions set forth in (c) and (d) above. The foregoing restrictions are collectively referred to as "Occupancy Restrictions." The Occupancy Restrictions may be enforced by the Association, the Front Desk Unit Owner, the Resort Manager and/or the Condominium Manager.

The restrictions set forth in subsections (c) and (d) above shall be read broadly, and, among other things, shall encompass any type of plan, the nature of which causes Resort Units to be utilized by persons who have either joined a plan or program as a member or whose use is derivative of someone who has joined a plan or program as a member. Determination by the Association, the Front Desk Unit Owner, the Resort Manager, or the Condominium Manager that a violation of this provision exists shall be binding on the violating Owner, and the Board may promulgate and effectuate additional rules, regulations, procedures, and processes for enforcement of this provision, including but not limited to any surcharge or other charge or assessment that the Board shall solely determine.

b. Sales and Marketing. Except for Resort Units owned by Project Developer or Developer and used for sales and marketing purposes in accordance with Article IV, Section F of the Declaration, no "open houses" or similar activity promoting the sale of a Resort Unit shall be permitted at the Project without the prior written consent of Project Developer.

c. Sales and Marketing Materials. All sales and marketing materials provided to an Owner in connection with the Unit or the Project that are otherwise the property of the Resort Manager, the Front Desk Unit Owner, Project Developer or Developer, including, but not limited to, any imagery, logos, artistic renderings, weblinks, layout depictions, video clips, and other similar marketing materials, may not be used by an Owner or any rental agent in the promotion of any Unit in the Project in any fashion whatsoever without the prior written approval of the Resort Manager, Front Desk Unit Owner, Project Developer or Developer, as applicable, which approval may be withheld in their sole discretion. Any use of such material in any way by Owner or any rental agent without such permission will entitle the Resort Manager, Front Desk Unit Owner, Project Developer or Developer to immediately enjoin such use and to pursue any and all remedies against the Owner, independently of the obligations set forth in the Declaration. The Owner and/or rental agent will be fully responsible to pay for all costs incurred by the Resort Manager, the Front Desk Unit Owner, Project Developer or Developer in enforcing its proprietary rights in and to such material, including, but not limited to, any and all attorneys' fees and costs.

d. Leases and Rentals. It is intended that the Resort Units may be leased or used for transient and/or hotel rentals. As such, Resort Unit Owners shall have the absolute right, without obtaining the consent or joinder of any other Owners, to lease or rent their Units or portions thereof, subject to the provisions of the Act and the Project Documents. All leases and rentals of Units or portions thereof shall be made in accordance with any applicable zoning ordinances and other applicable laws, including, but not limited to, the Residential Landlord Tenant Code, Chapter 521 of the Hawaii Revised Statutes, unless otherwise exempted therefrom. Notwithstanding the foregoing, to ensure the continuing operation of the Project pursuant to the Project Quality Standard, and to maintain the consistency of services offered at the Project, Owners may only rent their Resort Units on their own or through a rental agent authorized by the Board as discussed in Article VII, Section A.5 of the Declaration.

5. Spatial Unit.

a. Construction of Improvements. The Spatial Unit Owner (including Developer) shall have the right, at such owner's sole cost and expense, to develop, construct, improve, modify, repair, remodel, raze, demolish, and replace Improvements of any kind within the Spatial Unit, to the intent, purpose, and effect that the Spatial Unit will include the Improvements, subject to the conditions contained herein. Such Improvements shall conform to all applicable statutes, ordinances, rules, and regulations of governmental authorities, the Master Declarations, and the Project Documents. The construction of said Improvements may be effected in phases as the Owner of the Spatial Unit may deem appropriate or convenient.

b. Review of Proposed Improvements. To maintain the Project Quality Standard and to establish a consistent and cohesive Project, the Spatial Unit Owner shall submit to the Front Desk Unit Owner for its prior written approval plans and specifications for any proposed Improvements prepared by a licensed architect.

The Front Desk Unit Owner shall review the plans and specifications for compliance with the Project Documents, including, but not limited to, compliance with the Maximum Floor Area allocated to the Spatial Unit and consistency with the Project Quality Standard. Consent or approval by the Front Desk Unit Owner of any plans and specification shall not mean, nor be deemed to constitute, a representation by the Front Desk Unit Owner that such plans and specifications satisfy or meet any engineering or building safety requirements, are free from defective design or materials, or are in compliance with statutes, rules, and regulations of any governmental authority. The Front Desk Unit Owner may adopt design guidelines to facilitate the review process.

c. Amendment to Declaration and Condominium Map. Upon completion of construction of any new Improvements pursuant to Article VI, Section E of the Declaration, the Spatial Unit Owner shall amend the Declaration by filing the as-built plans showing such new Improvements and Exhibit "B" to the Declaration to reflect the total floor area of the Unit as constructed. The consent to and execution of such amendment to the Declaration by any other Owner shall not be required. No such amendment shall be effective until the same is filed with the Office, together with the as-built plans of said Improvements.

d. Subdivision and Sale of Subdivided Units. Upon completion of Improvements to the Spatial Unit, the Spatial Unit Owner may subdivide the Spatial Unit, as further discussed in Article XI, Section A of the Declaration, and, upon amendment to the Declaration, and registration with governmental authorities as may be necessary, may offer to sell and sell the Subdivided Units. Such Subdivided Units shall be designated as "Resort Units" as discussed further in the Declaration.

6. Separate Mortgages. Each Owner shall have the right to mortgage or to otherwise encumber all, but not less than all, of such Owner's Unit. Any mortgage shall be subordinate to all of the provisions of the Project Documents and, in the event of foreclosure, the provisions of the Project Documents shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, or otherwise. Notwithstanding any other provision of the Project Documents, no breach of the provisions herein contained, nor the enforcement of any lien created pursuant to the provisions hereof, shall impair, defeat, or render invalid the priority of the lien of any mortgage encumbering a Unit or encumbering Project Developer or Developer's interest in the Project.

7. Prohibition on Activities that May Jeopardize the Project. No Owner shall do or suffer or permit anything to be done or kept on or in any Unit or appurtenant Limited Common Element or elsewhere on the Project that will: (1) injure the reputation of the Project; (2) jeopardize the safety or soundness of the Project, including, but not limited to, altering or affecting the load-bearing walls in any Unit in any way; (3) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and Occupants; (4) reduce the value of the Project; (5) result in the cancellation of insurance applicable to the Project or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the Project Documents; (6) increase the rate of insurance applicable to the Units or the contents thereof, or to the Project; (7) violate any applicable law, ordinance, statute, rule, or regulation of any local, county, state, or federal government or agency thereof; or (8) cause the violation of the Resort Management Agreement, the Condominium Management Agreement, or any license agreement(s) entered into for the benefit of the Project, including, but not limited to, the Resort License Agreement.

8. Changes to Building Structures and Units. The Front Desk Unit Owner shall have the right to change the exterior appearance of the Building Structures, which Building Structures shall be a Shared Facility. No change shall be made which shall result in an appearance that is inconsistent with the Project Quality Standard or which shall affect a Unit without the Owner's prior consent. Except for the Front Desk Unit Owner, who shall have the right to change the appearance of the Front Desk Unit and the Shared Facilities without consent, and the Spatial Unit Owner, who shall have the right to construct Improvements therein, no Owner shall in any way, form or manner enclose a Unit, affix any Improvement to a Unit, or extend any lanai attached to a Unit. In addition, no Owner shall, without the prior written consent of the Front Desk Unit Owner and the Board, and without first obtaining any requisite governmental permits or approvals, change or cause a change to the exterior appearance of a Unit or Limited Common Element in any manner.

9. Owners to Maintain Units and Limited Common Elements in Good Order. An Owner shall keep the interior of his or her Unit and all appliances, plumbing, electrical and other fixtures and appurtenances constituting a part of the Unit, if any, and the Limited Common Elements appurtenant thereto in good order and

repair in accordance with the Project Quality Standard, and shall be responsible for any damage or loss caused by his or her failure to do so. Decisions on repairs or modifications to the Limited Common Elements shall be made by the Owners of Units to which such Limited Common Elements are appurtenant, subject to the provisions of Article VI, Section H of the Declaration, and subject to any additional provisions stated in the Bylaws; provided that the Front Desk Unit Owner shall be responsible for the management and maintenance of any Limited Common Elements appurtenant to more than one (1) Unit. Owners shall be responsible for any damage or loss caused by such Owner's Occupants to any of the Common Elements and Limited Common Elements.

10. Use of Common Elements. Subject to the reserved rights of Project Developer contained in the Declaration, and the express limitations on use set forth herein, each Owner may use the Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners, subject always to:

a. The right of the Board, upon the approval of the Owners of sixty-seven percent (67%) of the Common Interest, to change the use of the Common Elements that are not also designated Limited Common Elements;

b. The right of the Board, on behalf of the Association, to lease or otherwise use for the benefit of the Association those Common Elements not actually used by any of the Owners for an originally intended special purpose and that are not also designated Limited Common Elements, as determined by the Board; provided, that unless the approval of the Owners of sixty-seven percent (67%) of the Common Interest is obtained, any such lease shall not have a term exceeding five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) calendar days' written notice; and

c. The right of the Board to lease or otherwise use for the benefit of the Association those Common Elements not falling within Article VI, Section J.2 of the Declaration, which are not also designated Limited Common Elements, upon obtaining: (a) the approval of the Owners of sixty-seven percent (67%) of the Common Interest, including all directly affected Owners, and (b) the approval of all mortgagees of record which hold mortgages on Units with respect to which Owner approval is required by (a) above, if such lease or use would be in derogation of the interest of such mortgagees.

11. Use of Limited Common Elements. Subject to the reserved rights of Project Developer contained in the Declaration, Owners shall have the right to use the Limited Common Elements appurtenant to their Units for any purpose permitted by zoning and other applicable laws, the Master Declarations, and the Project Documents. Notwithstanding anything provided to the contrary, or from which a contrary intent may be inferred, neither the Board nor the Association shall have any right to change the use of or lease or otherwise use any Limited Common Element without the prior written consent of all Units to which such Limited Common Element is appurtenant. The Owners of at least sixty-seven percent (67%) of the Common Interests that are appurtenant to Units to which any particular Limited Common Element shall be appurtenant shall have the right to change the use of a particular Limited Common Element.

12. Special Management Area Permit, Shoreline Setback Variance, and Land Use Entitlements. The Project will be subject to the use restrictions and conditions set forth in the Special Management Area Permit, the Shoreline Setback Variance, and any land use entitlements issued by the County and any subsequent permits issued to Developer, as the same may be amended. Developer shall have the right to amend or implement such permits without the consent or joinder of any Owner or any other person or entity, as further set forth in Article XXII of the Declaration.

13. Prohibition Against Increasing Enclosed Living Area. The enclosed living area of any Resort Unit or the Hotel Unit (as such living area is depicted on the Condominium Map on the date the Unit is conveyed to any Owner by Project Developer or Developer) or the Limited Common Elements appurtenant thereto may not be increased. This prohibition includes any partial or full enclosure of any lanai that is adjacent to the Unit.

14. Severance of Common Elements from Unit. No Owner shall be entitled to sever his or her Unit, or any portion thereof, from his or her undivided interest in the Common Elements, in any easement interests in rights of ways appurtenant thereto or licenses granted under the Declaration or the Master Declarations, as

appropriate. Neither may such component interests be severally sold, conveyed, leased, encumbered, hypothecated, or otherwise dealt with, and any such attempt to do so in violation of this provision shall be void and of no effect. Developer and its successors, assigns, and grantees and each Owner each covenant and agree that the Units and the corresponding undivided interest in the Common Elements and the easements, licenses, and other interests appurtenant thereto, shall not be separated or separately conveyed, and (1) each such undivided interest in the Common Elements and any easements appurtenant to a Unit shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to title to the Unit, and (2) each such Unit shall be deemed to be conveyed or encumbered with its respective undivided interest in the Common Elements and in any easements, licenses, or other interests appurtenant thereto even though the description in the instrument of conveyance or encumbrance may refer only to the title to the respective undivided interest.

15. Separation of Units; Transfer of Interest. Except as otherwise provided in the Declaration, no Owner may partition or separate a Unit or the legal rights comprising ownership of a Unit from any other part thereof. No Owner shall sell, assign, convey, transfer, gift, devise, bequeath, hypothecate, or encumber anything other than a single, complete Unit; provided, however, that nothing herein contained shall (1) limit the right of Developer and its successors and assigns to sell Units as contemplated herein, (2) limit the rights of the Owner of the Hotel Unit or the Spatial Unit to subdivide his or her own Unit pursuant to the provisions of the Declaration, or (3) subject to the Occupancy Restrictions, restrict the manner in which title to Unit may lawfully be held under Hawaii law (e.g., joint tenants, tenants in common, or the like). Except as provided in clauses (1) and (2) above, every sale, assignment, conveyance, transfer, gift, devise, bequest, hypothecation, encumbrance, or other disposition of a Unit or any part thereof shall be presumed to be a disposition of the entire Unit, together with all appurtenant rights and interests created by law or by the Project Documents. The transfer of any Unit shall operate to transfer to the new Owner of the Unit the interest of the prior Owner in all funds held by the Association even though not expressly mentioned or described in the instrument of transfer, and without any further instrument or transfer.

Notwithstanding the foregoing, for as long as Developer owns the applicable Units, Developer shall have the right to: (1) relocate the boundaries of and between two adjoining Units; (2) physically combine a part of or combination of parts of the space of one Unit with a part of or combination of parts of the space within one or more adjoining Units; or (3) subdivide a Unit or part of a Unit to create additional Units (in each case, provided that the affected Units are owned by Developer or the Owners of the affected Units otherwise consent). Before exercising its rights herein, Developer must obtain all necessary approvals from any governmental authority having jurisdiction over the Units. The cost and expense incurred for legal, architectural, and/or engineering fees and all other costs and expenses incurred by the Association in connection with Developer's exercise of rights under this section shall be borne by Developer. Developer shall be permitted to execute and record any amendment to the Declaration or Condominium Map, or both, effectuating the relocation of boundaries of, combination or subdivision, or redesignation of Units. If Developer requires, whether for title purposes, governmental approvals or otherwise, the Board shall ratify the action in connection with effectuating such relocation of boundaries, combination or subdivision, or redesignation of Units, and take such necessary actions in connection therewith if the requirements in this section have been satisfied. The rights reserved to Developer under this section shall not apply to a Unit after Developer conveys such Unit to an unaffiliated third-party purchaser.

16. ADA Compliance. To the extent required, the Project will be constructed in compliance with the ADA and, in accordance therewith, certain Resort Units designated as "ADA Accessible Units," as more specifically identified in Exhibit "B" to the Declaration, will be designed and constructed to be accessible to disabled persons. All Resort Units that are designated as ADA Accessible Units, as well as all improvements therein, must at all times be in compliance with the ADA as well as all other laws, ordinances, building codes, rules, regulations, orders, and directives of any governmental authority having jurisdiction now or in the future applicable to such ADA Accessible Units. Each Owner of an ADA Accessible Unit shall not modify such Unit without the prior written approval of the Front Desk Unit Owner and the Board, and shall be responsible, at such Owner's sole cost and expense, and shall take all actions required, to cause such ADA Accessible Unit to be in compliance in all respects with all the ADA and all other laws, ordinances, building codes, rules, regulations, orders, and directives of any governmental authority having jurisdiction now or in the future applicable to such ADA Accessible Units.

17. Nuisances. No nuisances (as defined by the Front Desk Unit Owner or the Association, as applicable) shall be allowed on the Shared Facilities, nor shall any use or practice be allowed which is a source of

annoyance to the occupants of Units or which interferes with the peaceful possession or proper use of the Shared Facilities by Owners or Occupants. All Resort Unit Owners and their Occupants shall exercise extreme care to avoid causing or permitting excessive noise that may disturb other Owners or Occupants. No activities or business conducted from the Commercial Units, the Front Desk Unit, or the Hotel Unit by or on behalf of the Commercial Unit Owners, the Front Desk Unit Owner, or the Hotel Unit Owner shall be deemed a nuisance. Noises and uses which are typically encountered in a hotel setting, including, but not limited to (1) transient noise and guest or pedestrian traffic from passage through hallways; (2) transient noise from other Units; (3) opening and closing of doors; (4) cleaning and/or provision of other related services; and (5) special events taking place on the Shared Facilities shall not be deemed a nuisance, as such noises and/or uses are deemed to be common and accepted occurrences in a hotel setting. Normal construction activities shall not be considered to violate the terms and conditions of this section. By accepting a deed to a Unit, an Owner acknowledges that the Project contains a hotel as well as retail/entertainment facilities and that noise, lights, and odors common to such activities and related commercial activities as well as construction activities, may exist on or near the Project, at any time and from time to time.

18. Weight and Sound Restriction. Hard and/or heavy surface floor coverings, including, but not limited to, tile, marble, wood or the like, may not be installed in any part of a Unit without the consent of the Front Desk Unit Owner. Furthermore, the Owner must ensure that a sound control underlayment system is used, which system must be approved by the Front Desk Unit Owner. The installation of the foregoing insulation materials shall be performed in a manner that provides proper mechanical isolation of the flooring materials from any rigid part of the Building Structure, whether of the concrete subfloor (vertical transmission) or adjacent walls and fittings (horizontal transmission) and must be installed prior to the Unit being occupied. Also, the installation of any improvement or heavy object must be submitted to and approved by the Front Desk Unit Owner, and be compatible with the overall structural design of the Project. The Front Desk Unit Owner may require a structural engineer to review certain of the proposed improvements, with such review to be at the Owner's sole expense. Owners will be held strictly liable for violations of these restrictions and for all damage resulting therefrom. The Front Desk Unit Owner has the right to require immediate removal of any violation. Each Owner, by acceptance of a deed or other conveyance of his or her Unit, hereby acknowledges and agrees that sound transmission is very difficult to control, and that noises from adjoining or nearby Units and or mechanical equipment can often be heard from another Unit. Developer does not make any representation or warranty as to the level of sound transmission between and among Units and the portions of the Project, and each Owner hereby waives and expressly releases any such warranty and/or claim for loss or damage resulting from such sound transmission.

19. Signs. Except as provided to Developer and the Front Desk Unit Owner under the Declaration, no sign, poster, billboard, advertising device or other display of any kind shall be displayed without the prior written approval of the Front Desk Unit Owner.

20. Antennas, Satellite Dishes. To the extent permitted by applicable law, no Owner may install any antenna, satellite dish or other transmitting or receiving apparatus in or upon his or her Unit (and/or areas appurtenant thereto), without the prior written consent of the Front Desk Unit Owner.

21. Unsightly Articles. No unsightly articles shall be permitted to remain upon or within any Unit, the Shared Facilities, or any Limited Common Element so as to be visible from any other portion of the Project. No refuse or trash of any kind shall be thrown, placed, or kept in any Shared Facilities or Resort Unit lanai, other than within disposal facilities provided for such purposes.

22. Non-Applicability to Developer. Notwithstanding anything provided in the Declaration to the contrary, as long as there are unsold Units in the Project, the provisions herein shall not apply to the Units owned by Developer or the Limited Common Elements appurtenant thereto, or to any improvements proposed or made by Developer in connection with its development, construction, promotion, marketing, sales, or leasing of any Unit or any portion of the Project.

EXHIBIT "G"

ENCUMBRANCES AGAINST TITLE

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance.
3. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION
DATED : January 17, 1975
FILED : Land Court Document No. 713123

Said Declaration was amended and/or supplemented by instruments dated December 31, 1975, filed as Land Court Document No. 748896, dated July 30, 1976, filed as Land Court Document No. 775417, and dated December 30, 1976, filed as Land Court Document No. 799269.

4. DESIGNATION of the following easements shown on Map 11, as set forth by Land Court Order No. 43594, filed December 31, 1975:
 - (A) EASEMENT "18" for drainage purposes.
 - (B) EASEMENT "19" for electrical utility purposes.
 - (C) EASEMENT "20" for building setback purposes.
 - (D) EASEMENT "21" for waterline purposes.
 - (E) EASEMENT "22" for roadway and utility purposes.
 - (F) EASEMENT "23" for electrical utility purposes.
 - (G) EASEMENT "24" for drainage purposes.
 - (H) EASEMENT "25" for electrical utility purposes.
 - (I) EASEMENT "26" for parking, utility, drainage and landscaping purposes.
 - (J) EASEMENT "27" for drainage, landscaping, pedestrian access, recreational and building setback purposes.
 - (K) EASEMENT "28" for waterline purposes.
 - (L) EASEMENT "29" for pedestrian access, recreational and landscaping purposes.

5. The terms and provisions contained in the following:

INSTRUMENT : DEED
DATED : December 31, 1975
FILED : Land Court Document No. 748897

6. The terms and provisions contained in the unrecorded WAILEA BEACH HOTEL DEVELOPMENT AGREEMENT dated July 30, 1976, of which a short form is also dated July 30, 1976, filed as Land Court Document No. 775419, by and between WAILEA DEVELOPMENT COMPANY, a joint venture (a Hawaii general partnership) comprised of Wailea Land Corporation, a Delaware corporation and The Northwestern Mutual Life Insurance Company, a Wisconsin corporation, "Owner", and GROSVENOR INTERNATIONAL (HAWAII) LIMITED, a Hawaii corporation, "Developer".

7. The terms and provisions contained in the following:

INSTRUMENT : DEED
DATED : December 30, 1976
FILED : Land Court Document No. 799270

8. DESIGNATION OF EASEMENTS "37" AND "38"

PURPOSE : electrical
SHOWN : on Map 14, as amended, as set forth by Land Court Order No. 46743, filed March 7, 1977

9. GRANT

TO : HAWAIIAN TELEPHONE COMPANY, now known as VERIZON HAWAII INC.
DATED : September 19, 1977
FILED : Land Court Document No. 874667
GRANTING : an easement over said Easement "19"

10. DESIGNATION OF EASEMENT "36"

SHOWN : on Map 14, as amended, as set forth by Land Court Order No. 46743, filed March 7, 1977, as amended by Land Court Order No. 46744, filed March 7, 1977

11. GRANT

TO : BOARD OF WATER SUPPLY OF THE COUNTY OF MAUI
DATED : February 21, 1978
FILED : Land Court Document No. 874669
GRANTING : an easement for utility purposes over said Easement "22"

12. GRANT

TO : HAWAIIAN TELEPHONE COMPANY, now known as VERIZON HAWAII INC.
DATED : September 21, 1977
FILED : Land Court Document No. 874672
GRANTING : an easement for utility purposes over said Easement "38"

13. GRANT
- TO : MAUI ELECTRIC COMPANY, LIMITED
- DATED : September 21, 1977
- FILED : Land Court Document No. 874676
- GRANTING : an easement for utility purposes over said Easement "37"
14. GRANT
- TO : MAUI ELECTRIC COMPANY, LIMITED and HAWAIIAN TELEPHONE COMPANY, now known as VERIZON HAWAII INC.
- DATED : September 19, 1977
- FILED : Land Court Document No. 875227
- GRANTING : an easement for utility purposes over said Easements "23" and "25"
15. DESIGNATION OF EASEMENTS "132", "133" AND "134"
- SHOWN : on Map 22, as set forth by Land Court Order No. 50929, filed August 14, 1978
16. GRANT
- TO : BOARD OF WATER SUPPLY OF THE COUNTY OF MAUI
- DATED : February 21, 1978
- FILED : Land Court Document No. 876976
- GRANTING : an easement for waterline purposes over said Easement "36"
17. GRANT
- TO : COUNTY OF MAUI
- DATED : October 20, 1978
- FILED : Land Court Document No. 908360
- GRANTING : easements for underground water pipelines over said Easements "132", "133" and "134"
18. DESIGNATION OF EASEMENT "199"
- SHOWN : on Map 31, as set forth by Land Court Order No. 58688, filed January 2, 1981
19. The terms and provisions contained in the following:
- INSTRUMENT : WAILEA COMMUNITY ASSOCIATION AMENDED AND RESTATED DECLARATION OF COVENANTS AND RESTRICTIONS
- DATED : July 13, 1998
- FILED : Land Court Document No. 2479882

The foregoing Declaration restated the original Declaration dated December 19, 1986, filed as Land Court Document No. 1427923.

Said Declaration was amended by instrument dated April 6, 2004, filed as Land Court Document No. 3114057.

20. (A) A 25 feet building setback line along the northerly and southerly boundaries of Lot 217, as shown on Survey Map prepared by Ryan M. Suzuki, Land Surveyor, with R.M. Towill Corporation, dated April 10, 2012, (the "Survey").
- (B) A 15 feet minimum front yard setback line along the easterly boundary (Wailea Alanui Drive) affecting Lot 217, as shown on said Survey.
- (C) A 150 feet Shoreline Setback based on edge of vegetation as located on August 17, 2011, as shown on said Survey.

21. The terms and provisions contained in the following:

INSTRUMENT : AGREEMENT REGARDING AFFORDABLE HOUSING

DATED : August 21, 2006

RECORDED : Document No. 2006-190599

PARTIES : WAILEA HOTEL & BEACH RESORT, L.L.C., a Delaware limited liability company, and COUNTY OF MAUI, a political subdivision of the State of Hawaii

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

22. Any rights or interests which may exist or arise by reason of the following facts shown on survey map prepared by Ryan M. Suzuki, Land Surveyor, with R.M. Towill Corporation, dated April 10, 2012:

- (A) CRM Sign crosses the southeast boundary of the subject lot for a maximum distance of 1.5 feet.
- (B) Stage over Easements 28 and 199.

23. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "WAILEA BEACH RESORT & RESIDENCES" CONDOMINIUM PROJECT

DATED : February 29, 2012

FILED : Land Court Document No. T-8096180

MAP : 2141 and any amendments thereto

Said Declaration was amended by instrument dated --- (acknowledged July 17, 2012), filed as Land Court Document No. T-8267294.

24. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS

DATED : February 29, 2012

FILED : Land Court Document No. T-8096181

25. Any unrecorded leases and matters arising from or affecting the same.

26. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land.

EXHIBIT "H"

RIGHTS RESERVED BY DEVELOPER

Among other rights, Project Developer will have the following reserved rights with respect to the Project, which are more particularly set forth in the Declaration and Bylaws. Certain rights have been partially assigned to Developer pursuant to that certain Limited Warranty Deed, Assignment of Reserved Rights, Grant of Easements, Encumbrances and Reservation of Rights for Wailea Beach Resort & Residences dated April 18, 2012, and filed in the Office of the Assistant Registrar of the Land Court as Document No. T-8143082, as more particularly described below. Capitalized terms have the same meaning ascribed to such terms in the Declaration and Bylaws, as applicable.

DECLARATION

A. RESERVED RIGHT TO GRANT AND RECEIVE EASEMENTS. These rights are set forth in Article XVII of the Declaration. Project Developer will have, among other things, the right to grant utility easements, and to delete, cancel, relocate, realign, reserve, grant and receive any and all easements and rights of way over, under and on the common elements. Project Developer's rights under said Article XVII are reserved until December 31, 2032.

B. RESERVED RIGHT TO ALTER, SUBDIVIDE AND CONSOLIDATE UNITS. This right is set forth in Article XVIII of the Declaration. Project Developer and Developer will have, among other things, the right until December 31, 2032, to (1) alter the floor plan of any Unit which it owns so long as the common interest appurtenant to the Unit does not change; (2) subdivide any Unit which it owns at any time to create two or more Units so long as the total common interest appurtenant to the newly-created Units are equal to the common interest appurtenant to the original Unit; (3) convert the status of certain portions of an existing Unit to common element status to facilitate the subdivision so long as the total common interest appurtenant to the newly-created Unit(s) equal the common interest appurtenant to the original Unit; and (4) consolidate two or more Units which it owns and convert any area between Units to Unit status.

C. RESERVED RIGHT TO MODIFY PROJECT AND TO AMEND PROJECT DOCUMENTS. This right is set forth in Article XIX of the Declaration. Project Developer and Developer shall have the right, until December 31, 2032, to effect such modifications to the Units and Common Elements, and/or to execute, file, and deliver any amendments to the Project Documents as may be necessary or allowed to effect compliance with all laws that apply to the Project or to the sale of Units, including, but not limited to, the FHA and the ADA, or as may be required by the Commission, or by any title insurance company issuing title insurance on the Project or on any of the Units, or by any institutional lender lending funds that are secured by the Project or any of the Units, or by any governmental agency.

D. RESERVED RIGHT TO CONVERT LIMITED COMMON ELEMENTS TO UNITS. This right is set forth in Article XX of the Declaration. Project Developer and Developer shall have, among other things, the right until December 31, 2032, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to convert a limited common element appurtenant to a Unit owned by Project Developer or Developer, or any portion thereof, into a separate Unit of the Project.

E. RESERVED RIGHT TO RECHARACTERIZE AND REDESIGNATE LIMITED COMMON ELEMENTS. This right is set forth in Article XXI of the Declaration. Project Developer and Developer will have, among other things, the right until December 31, 2032, to (1) recharacterize all or a portion of certain limited common elements as may be appurtenant to an Unit owned by Project Developer or Developer as being common elements of the Project; and (2) redesignate all or a portion of certain limited common elements as may be appurtenant to any Unit owned by Project Developer or Developer, to another Unit or Units owned by Project Developer or Developer, as applicable.

F. RESERVED RIGHTS REGARDING SPECIAL MANAGEMENT AREA PERMITS AND OTHER PERMITS. This right is set forth in Article XXIII of the Declaration. Project Developer will have,

among other things, the right until December 31, 2032, to (1) amend the Project Documents, (2) enter into any agreements, including without limitation, to declare and subject the project land and improvements to restrictive covenants, (2) designate and grant easements, (3) secure any other governmental permits, and (4) do all things necessary and convenient to satisfy the requirements of any land use or other permits pertaining to the Project, including without limitation, the Special Management Area use permit issued by the County of Maui, as the same may be amended or modified.

G. RESERVED RIGHT TO CONVEY PROPERTY TO THE ASSOCIATION. This right is set forth in Article XXIV of the Declaration. Project Developer will have, among other things, the right until December 31, 2032, to convey to the Association, and the Association shall accept, title to any property owned by Project Developer, including without limitation, any or all of the Commercial Units, together with the responsibility to perform any and all duties associated therewith, which, upon conveyance or dedication to the Association, the Association shall maintain at its expense for the benefit of the Owners.

H. RESERVED RIGHT TO CONDUCT SALES ACTIVITIES. This right is set forth in Article XXV of the Declaration. Project Developer and Developer will have, among other things, the right until the later of December 31, 2032 or the closing of the sale of the last unsold Unit in the Project, to conduct extensive sales activities at the Project, including the use of any Unit owned by Project Developer or Developer and the common elements (excluding the limited common elements appurtenant to Units not owned by Project Developer or Developer).

I. RESERVED RIGHT TO CONSTRUCT THE PROJECT IN PHASES. This right is set forth in Article XXVI of the Declaration. Project Developer and Developer will have, among other things, the right until December 31, 2032, to construct the Project in phases. Project Developer and Developer shall be under no obligation to construct any unit or building in the Project until such time as Project Developer or Developer has submitted to the commission such information and documentation as required pursuant to Section 514B-92 of the Act, as amended, for the use of purchaser deposits to pay project costs.

J. RESERVED RIGHT TO COMPLY WITH RESORT LICENSE AGREEMENT. This right is set forth in Article XXVII of the Declaration. Project Developer shall have the reserved right, without obtaining the approval of any party with an interest in the Project, to amend the Project Documents to rename the Project, impose restrictions on the use of the Project name, and make any other changes to the Project Documents as may be required by the Resort License Agreement, and to execute, file and deliver any and all documents necessary to effect the same.

K. RESERVED RIGHT TO SUBDIVIDE, WITHDRAW, AND CONSOLIDATE LAND. This right is set forth in Article XXVIII of the Declaration. Project Developer shall have the reserved right to subdivide the Land and to create separate parcels of land, to withdraw said portions of the Land from the Declaration, and to convey said withdrawn land to a third party or subject it to another condominium property regime; provided that such portions of land being so subdivided and withdrawn shall not have been improved with any Resort Units, but may contain other Improvements.

L. RESERVED RIGHT TO DEVELOP AND CONSTRUCT IMPROVEMENTS AND/OR THE SHARED FACILITIES, COMMERCIAL UNITS, AND/OR THEIR APPURTENANT LIMITED COMMON ELEMENTS AT THE SAME TIME OR AT ALL. This right is set forth in Article XXIX of the Declaration. All buildings and Improvements in the Project and/or the Shared Facilities or the Commercial Units and their appurtenant Limited Common Elements may not be constructed at the same time or at all. As such, Project Developer shall have the right to and until December 31, 2032 to construct such Improvements and/or the Shared Facilities or the Commercial Units and their appurtenant Limited Common Elements at different times and may or may not construct all such areas represented therein.

M. RESERVED RIGHT TO CONSTRUCT ROADS, DRIVEWAYS AND WALKWAYS. As set forth in Article XXX of the Declaration, Project Developer shall have the reserved right to and until December 31, 2032, to maintain and construct roads, driveways and walkways anywhere within the Project, including without limitation, within any Limited Common Element area of the Project; provided that construction of roads, driveways and walkways shall not adversely impact or impair the square footage of any Unit of the Project.

N. **RESERVED RIGHT TO ALTER THE NUMBER OF UNITS IN THE PROJECT.** Project Developer shall have the reserved right to and until December 31, 2032 in accordance with Article XXXI of the Declaration, to reduce or increase the number of Units in the Project, notwithstanding anything provided to the contrary, and except as otherwise provided by law, and to record and file amendments to the Project Documents to reflect such alteration.

O. **RESERVED RIGHT TO UTILIZE LIMITED COMMON ELEMENT AREAS APPURTENANT TO FRONT DESK UNIT.** Project Developer, as Owner of the Front Desk Unit in accordance with Article XXXII, shall have the reserved right, but shall have no obligation to and until December 31, 2032 to operate convey, sell, lease and/or utilize all or any part of the Limited Common Elements that are appurtenant to such Unit for any purpose permitted by law, not prohibited by any other agreement, including, without limitation, providing services and amenities conducive to a Project Quality Standard.

P. **RESERVED RIGHT TO INSPECT THE CONDITION OF THE COMMON ELEMENTS AND THE IMPROVEMENTS AND FACILITIES THEREON.** Project Developer and Developer shall have the reserved right to and until December 31, 2032 in accordance with Article XXXIII of the Declaration, to inspect the condition of the Common Elements, including the Limited Common Elements, and the improvements and facilities thereon, if any, and to perform maintenance and any repairs thereto as Project Developer or Developer deems necessary or appropriate in it's sole and absolute discretion.

Q. **RESERVED RIGHT TO LEASE OR TRANSFER COMMERCIAL UNITS OR THE FRONT DESK UNIT.** Project Developer shall have the reserved right to and until December 31, 2032 in accordance with Article XXXIV of the Declaration, to lease or transfer ownership of the Commercial Units and/or the Front Desk Unit to the Association or a third-party and to redesignate the Limited Common Elements appurtenant to such Commercial Units to Units owned by the Association or such third-party and to the extent necessary or required, to amend the Declaration and the Condominium Map to effect the same. Project Developer shall further reserve the right to retain administrative and management control over such areas, unless such right is otherwise delegated to the Association or such third party buyer at the time of such transfer.

R. **RESERVED RIGHT TO ESTABLISH MEMBERSHIP PROGRAM FOR ACCESS TO SHARED FACILITIES.** As set forth in Article XXXV of the Declaration, Project Developer and the Front Desk Unit Owner have the reserved right, until December 31, 2032, to establish a program whereby memberships may be sold to persons who are neither Owners nor Occupants for access to the Shared Facilities; provided that such programs shall not materially or adversely affect the rights of Owners and Occupants to use the Shared Facilities.

S. **ASSIGNMENT OF RESERVED RIGHTS.** Pursuant to Article XXVII of the Declaration, the rights reserved by Project Developer are fully assignable.

T. **CONSENT TO DEVELOPER'S RESERVED RIGHTS; APPOINTMENT OF DEVELOPER AND ASSOCIATION AS ATTORNEY-IN-FACT.** Pursuant to Article XXVIII of the Declaration, every party acquiring an interest in the Project consents to Project Developer's exercise of its reserved rights and to the execution, delivery and recording of any documents to effect these rights. Every party agrees to execute, deliver and record documents and do what may be necessary or convenient to effect the same; and appoints Project Developer its attorney-in-fact to execute, deliver and record such documents and do such other things on his behalf.

BYLAWS

A. **RESERVED RIGHT TO AMEND BYLAWS.** This right is set forth in Article X, Section 11 of the Bylaws. Project Developer shall have the reserved right to unilaterally amend the Bylaws for the purpose of complying with any applicable State, Federal or County law, or for the purpose of incorporating requirements imposed by any institutional mortgage lender or by the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, U.S. Department of Housing and Urban Development or Veterans Administration, or for the purpose of bringing the Project and/or the Bylaws into compliance with the laws and rules of any other jurisdiction in which Project Developer intends to register, market or sell Units. Each and every party acquiring an interest in the Project, by such acquisition, consents to such amendments as described in the preceding sentence and agrees to

execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints Project Developer and its assigns his attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be effected by the disability of such party or parties. Further, no amendment to the Declaration or these Bylaws that affects Project Developer's reserved rights contained within the Declaration shall be valid, unless consented to by Project Developer in writing.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER SHOULD REFER TO THE DECLARATION, BYLAWS AND HOUSE RULES TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE DEVELOPER. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DOCUMENTS, THE CONDOMINIUM DOCUMENTS WILL CONTROL.

EXHIBIT "I"

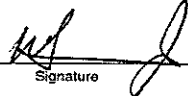
INITIAL MAINTENANCE FEES

WALEA BEACH RESORT & RESIDENCES
Combined AOAD Common Area, Shared Facilities & Hospitality Services Budgets
 10/26/12

	All Units		Resort & Hotel Units	
	Monthly	Annually	Monthly	Annually
CASH RECEIPTS				
Maintenance Fees	\$ 414,226	\$ 4,970,708	\$ 164,251	\$ 1,971,014
Total Cash Receipts	\$ 414,226	\$ 4,970,708	\$ 164,251	\$ 1,971,014
CASH DISBURSEMENTS				
Shared Facilities Fee	\$ 402,732	\$ 4,832,778		
Hospitality Services			\$ 164,251	\$ 1,971,014
Management				
Audit/Tax fees	383	4,600		
Legal Fees	200	2,400		
Credit & Collections	1,000	12,000		
Custodial Services	4,167	50,000		
Fiscal & Administrative Management	2,052	24,625		
Office and Administrative Expenses	2,052	24,625		
Reserve Study	208	2,500		
Condo Fund	657	7,880		
Board Expense/Meetings	150	1,800		
Taxes-Income	0	0		
GET/Other	0	0		
Commercial Unit - allocations	0	0		
Real Property Taxes				
Insurance - D&O	625	7,500		
Capital Reserve Funding	0	0	0	0
TOTAL DISBURSEMENTS	\$ 414,226	\$ 4,970,708	\$ 164,251	\$ 1,971,014
Less Misc Income	0	0	0	0
TOTAL MAINTENANCE FEE (Net of Electricity, Propane & Water/Sewer for Units)	\$ 414,226	\$ 4,970,708	\$ 164,251	\$ 1,971,014
Electricity	0	0	0	0
Propane	0	0	0	0
Water/Sewer	0	0	0	0
TOTAL MAINTENANCE FEES	\$ 414,226	\$ 4,970,708	\$ 164,251	\$ 1,971,014

(1) Forecasted budget based on luxury Project Quality Standards.

I, William Tanaka, Jr., as agent for Wailea Beach Resort & Residences, hereby certify that the above estimated budget was prepared on a cash basis in accordance with generally accepted accounting principles.

 _____ Date 10/26/12

Signature _____ Date

* Pursuant to section 514B-148 of the Hawaii Revised Statutes, a new association need not collect estimated replacement reserves until the fiscal year that begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project. The budget amount is an estimate only.

The Budget is intended to show the estimated expenses of operating the Project, inclusive of the Shared Facilities Fee payable to the Front Desk Unit Owner for the maintenance and operation of the Shared Facilities, as discussed in the Declaration. All amounts set forth herein are estimates only, and may change for reasons beyond the control of the Developer. Such estimates are not intended to be and do not constitute any representation or warranty as to the accuracy of such estimates. The Budget may increase due to increases in insurance premiums, utility costs, maintenance services, and other costs.

WAILEA BEACH RESORT & RESIDENCES
Shared Facilities Budget
10/26/12

Expenses	<u>Monthly</u>	<u>Annually</u>
Payroll (Note 1)		
Rooms		
Cleaning - non room areas including walkways, lobby, etc.	\$ 55,684	\$ 668,213
Valet	38,413	460,951
Telephone	13,994	167,929
Administrative & General		
Executive & Administrative Offices	25,011	300,131
Human Resources	4,596	55,151
Security	24,440	293,278
Engineering	17,849	214,183
	<u>Subtotal Payroll:</u>	<u>\$ 2,159,836</u>
	Payroll taxes & benefits	\$ 863,934
	<u>\$ 251,981</u>	<u>\$ 3,023,771</u>
TOTAL PAYROLL, PAYROLL TAXES, & BENEFITS		
Utilities (Note 2)		
Electricity	\$ 6,050	\$ 72,600
Propane	37,200	446,400
Water/Sewer	22,990	275,880
	<u>Total Utilities:</u>	<u>\$ 794,880</u>
Repairs & Maintenance (Note 3)		
Building Material & Supplies	\$ 2,500	\$ 30,000
Electrical & Mechanical	625	7,500
Flooring	1,000	12,000
Flowers	1,000	12,000
Furniture and Fixtures	625	7,500
Glazing	625	7,500
Grounds & Landscaping	9,900	118,800
Heating & Air Conditioning	2,917	35,000
Light bulbs	1,500	18,000
Operating Supplies	1,000	12,000
Pool & Spa	1,500	18,000
Plumbing and Sewage	1,200	14,400
	<u>Total Repairs and Maintenance</u>	<u>\$ 292,700</u>
Service Contracts		
Cable Television	\$ 13,154	\$ 157,849
Internet Service	9,656	69,480
Data Processing Equipment	2,000	24,000
Elevators	10,000	120,000
Equipment	4,000	48,000
Exterminating	2,000	24,000
Fire Alarm	2,000	24,000
Heating and Air Conditioning	2,500	30,000
Marble and Metal Maintenance	1,500	18,000
Payroll Service	800	9,600
Security Equipment	3,000	36,000
Street Sweeping	1,667	20,000
Telephone System	2,500	30,000
Tree trimming	2,000	24,000

(1)

WALEA BEACH RESORT & RESIDENCES
Shared Facilities Budget
10/26/12

	<u>Monthly</u>	<u>Annually</u>
Waste Removal	6,500	78,000
Window Washing	800	9,600
Total Service Contracts:	\$ 60,211	\$ 722,529

Administrative

Insurance - Property & GL	\$ 62,500	\$ 750,000
Insurance - Flood	292	3,500
Legal Fees	300	3,600
Management Fee - per contract	1,736	20,833
Contingency	667	8,000
Reserve Study	300	3,600
Printing Postage and Stationary	208	2,500
Total Administrative Costs:	\$ 66,003	\$ 792,033

Other

Bank Fees	\$ 50	\$ 600
Credit and Collection	500	6,000
Equipment leases	100	1,200
Licenses and Permits	250	3,000
Uniforms	5,000	60,000
Total Other:	\$ 5,900	\$ 70,800

RESERVE

Capital reserve*	0	0
Total Expenses:	\$ 402,732	\$ 4,832,778

I, William Tanaka, Jr., as agent for Wailea Beach Resort & Residences, hereby certify that the above estimated Shared Facilities Budget was prepared on a cash basis in accordance with generally accepted accounting principles.

Signature  Date 10/26/12

* Pursuant to section 514B-148 of the Hawaii Revised Statutes, a new association need not collect estimated replacement reserves until the fiscal year that begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project.

The Shared Facilities Budget is intended to show the estimated Shared Facilities Fee payable to the Front Desk Unit Owner for the maintenance and operation of the Shared Facility, as discussed in the Declaration. The amounts set forth herein are common expenses of the Project as set forth in the Budget, and are separately itemized for illustrative purposes only. Purchasers shall not be relieved of the obligation to pay for any portion of the common expenses of the Project by waiving his or her rights to use the Shared Facilities or any portion thereof. All amounts set forth herein are estimates only, and may change for reasons beyond the control of the Developer. Such estimates are not intended to be and do not constitute any representation or warranty as to the accuracy of such estimates. The Shared Facilities Budget may increase due to increases in insurance premiums, utility costs, maintenance services, and other costs.

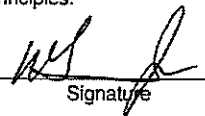
Notes:

- 1 Staffing guides and service levels are based on luxury Project Quality Standards
- 2 Utilities assume that each condominium unit is individually metered and separately billed for utility costs.
- 3 Repair, maintenance and upkeep are based on luxury Project Quality Standards

WAILEA BEACH RESORT & RESIDENCES
Hospitality Services Budget
10/26/12

Expenses	<u>Monthly</u>	<u>Annually</u>
Payroll (Note 1)		
Rooms		
Front Desk & cleaning	\$ 77,592	\$ 931,101
Cleaning - rooms	0	0
Bell/Valet/Greeter/Concierge	35,685	428,219
Subtotal Payroll:	113,277	1,359,320
Payroll taxes & benefits	50,975	611,694
TOTAL PAYROLL, PAYROLL TAXES, & BENEFITS	164,251	1,971,014
Total Expenses:	\$ 164,251	\$ 1,971,014

I, William Tanaka, Jr., as agent for Wailea Beach Resort & Residences, hereby certify that the above estimated Hospitality Services budget was prepared on a cash basis in accordance with generally accepted accounting principles.


Date 10/26/12

Notes:
1 Staffing guides and service levels are based on luxury Project Quality Standards

WAILEA BEACH RESORT & RESIDENCES

Combined Monthly AOA Common Area, Shared Facilities & Hospitality Services Fees
02/26/12

Unit Number	Bedrooms/ Bathrooms/ Unit Description	Approximate Net Living Area	Approximate Net Lanai Area	Approximate Total Net Area	% AOA Common Interest	% AOA Common Interest w/o Spatial Unit	% Allocation of Hospitality Services	AOAO & Shared Facilities	Hospitality Services	Total AOAO, Shared & Hospitality
B1	4/4.5	3,409	1,073	4,482	1.226524%	1.436336%	1.640599%	\$5,950	\$2,695	\$8,644
B2	4/4.5	3,409	1,073	4,482	1.226524%	1.436336%	1.640599%	\$5,950	\$2,695	\$8,644
B3	5/5.5 (ADA)*	3,489	690	4,179	1.255307%	1.470043%	1.679099%	\$6,089	\$2,758	\$8,847
B4	5/5.5	3,473	690	4,163	1.249550%	1.463301%	1.671399%	\$6,061	\$2,745	\$8,807
C1	4/4.5	4,070	822	4,892	1.464345%	1.714840%	1.958708%	\$7,103	\$3,217	\$10,321
C2	2/2.5	1,859	492	2,351	0.668849%	0.783264%	0.894653%	\$3,244	\$1,469	\$4,714
C3	2/2.5	1,859	492	2,351	0.668849%	0.783264%	0.894653%	\$3,244	\$1,469	\$4,714
D1	5-Apr	3,965	1,040	5,005	1.426567%	1.670599%	1.908177%	\$6,920	\$3,134	\$10,054
D2	5-Apr	3,913	750	4,663	1.407858%	1.648690%	1.883151%	\$6,829	\$3,093	\$9,922
E1	3/3.5	2,644	590	3,234	0.951284%	1.114013%	1.272439%	\$4,615	\$2,090	\$6,705
E2	3/3.5	2,644	590	3,234	0.951284%	1.114013%	1.272439%	\$4,615	\$2,090	\$6,705
E3	3/3.5	2,766	486	3,252	0.995179%	1.165417%	1.331152%	\$4,827	\$2,186	\$7,014
E4	3/3.5	2,644	590	3,234	0.951284%	1.114013%	1.272439%	\$4,615	\$2,090	\$6,705
E5	3/3.5	2,766	486	3,252	0.995179%	1.165417%	1.331152%	\$4,827	\$2,186	\$7,014
F1	3/3.5	2,644	590	3,234	0.951284%	1.114013%	1.272439%	\$4,615	\$2,090	\$6,705
F2	3/3.5	2,644	590	3,234	0.951284%	1.114013%	1.272439%	\$4,615	\$2,090	\$6,705
F3	3/3.5	2,766	486	3,252	0.995179%	1.165417%	1.331152%	\$4,827	\$2,186	\$7,014
F4	3/3.5	2,644	590	3,234	0.951284%	1.114013%	1.272439%	\$4,615	\$2,090	\$6,705
F5	3/3.5	2,766	486	3,252	0.995179%	1.165417%	1.331152%	\$4,827	\$2,186	\$7,014
A	Spatial Unit	40,600**		40,600	14,607469%			\$0	\$0	\$0
CU-1	2-Meal Restaurant	4,695		4,695	1.689213%	1.978174%		\$8,194	\$0	\$8,194
CU-2	Specialty Bar	2,964		2,964	1.066417%	1.248841%		\$5,173	\$0	\$5,173
CU-3	Pool Bar	1,360		1,360	0.489314%	0.573017%		\$2,374	\$0	\$2,374
CU-4	Waterfall Bar	329		329	0.118371%	0.138620%		\$574	\$0	\$574
CU-5	Spa	10,397		10,397	3.740735%	4.380635%		\$18,146	\$0	\$18,146
CU-6	Retail	1,140		1,140	0.410160%	0.480323%		\$1,990	\$0	\$1,990
CU-7	Fitness	2,510		2,510	0.903073%	1.057555%		\$4,381	\$0	\$4,381
CU-8	Kids' Club	2,030		2,030	0.730373%	0.855313%		\$3,543	\$0	\$3,543
Hotel Unit		151,416		151,416	54.477945%	63.797084%	72.869720%	\$264,264	\$119,689	\$383,953
Front Desk Unit		4,125		4,125	1.484137%	1.738017%		\$7,199	\$0	\$7,199
Total		277,940		290,546	100.000000%	85.392531%	100.00%	\$414,226	\$164,251	\$578,477

Pursuant to Section 514B-41(b) of the Hawaii Revised Statutes, "[a] unit owner . . . shall become obligated for the payment of the share of the common expenses allocated to the owner's unit at the time the certificate of occupancy relating to the owner's unit is issued by the appropriate county agency[.]" Although the developer intends to construct improvements upon the Spatial Unit, until such time as the Spatial Unit is improved and such improvements are issued a certificate of occupancy, the owner of the Spatial Unit shall not be required to pay common expenses for the Project. Accordingly, the common expenses of the Project are currently distributed among the remaining unit owners.

* Units indicating "ADA" are "ADA Accessible Units" as defined in the Declaration. Specific restrictions apply to these Units as further set forth in the Declaration

** The Approximate net Living Area for the Spatial Unit represents the maximum gross floor area of the Improvements that may be constructed within the Spatial Unit, as discussed further in the Declaration.

EXHIBIT "J"

SUMMARY OF SALES CONTRACT

Capitalized terms have the same meaning as ascribed to such terms in the Sales Contract ("Sales Contract").

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

Among other provisions the specimen Sales Contract provides:

1. Prior to execution of the Sales Contract, Purchaser shall receive a true copy of the Public Report for the Project, either personally or by registered or certified mail with return receipt requested, and the Notice of Right to Cancel advising Purchaser of Purchaser's right to cancel the Sales Contract, the delivery of which is required by Hawaii Revised Statutes, Section 514B-86. Purchaser shall also have been given an opportunity to read said report.
2. Purchaser may cancel the Sales Contract within thirty (30) days of Purchaser's receipt of the Public Report. It is understood that Purchaser may, at any time after Purchaser's receipt of the Notice of Right to Cancel, waive Purchaser's right to cancel the Sales Contract. If Purchaser shall fail to execute the Notice of Right to Cancel within thirty (30) days of Purchaser's receipt of the Public Report, Purchaser shall be deemed to have waived Purchaser's right to cancel the Sales Contract (by Purchaser's failure to give said written notice of cancellation). The conveyance of the Unit to the Purchaser within the thirty (30)-day period referenced above shall also be treated as a waiver by Purchaser of Purchaser's right to cancel the Sales Contract.
3. If the Sales Contract shall become binding prior to the completion of construction, the Sales Contract shall provide a Completion Deadline for Seller's completion of the Unit. If the Unit is not completed by the Completion Deadline, Purchaser may cancel his or her Sales Contract at any time thereafter.
4. The Seller has entered into an Escrow Agreement, summarized in Exhibit "K" herein, with Title Guaranty Escrow Services, Inc. ("Escrow"), covering the deposit with Escrow of all funds paid by the Purchaser under the Sales Contract and the disbursement of the funds by Escrow. Escrow may charge a cancellation fee on account of escrow services performed not to exceed \$250.00.
5. The Sales Contract requires the Purchaser to pay the Total Purchase Price by a series of payments prior to Closing. Such payments include the initial payment when Purchaser signs the Sales Contract, a second deposit and a third deposit. Purchaser shall then deposit at or prior to Closing, the remaining balance due.
6. The Sales Contract provides that Purchaser will receive interest on Purchaser's Deposits as set forth in the Sales Contract.
7. Purchaser's obligations under the Sales Contract are not contingent or conditional on Purchaser's ability to secure financing from a mortgage lender or on Purchaser's ability to sell Purchaser's current residence or any other property. Financing by Seller of any portion of the Total Purchase Price is not available.
8. The Sales Contract provides that Purchaser will pay all closing costs associated with the purchase and sale. The Sales Contract also provides that at Closing, Purchaser shall pay (a) one (1) month's maintenance fee for the Condominium Association, and (b) a non-refundable, non-transferable start-up fee to the Condominium Association in the amount equal to two (2) months of maintenance fee assessments. These start-up fees are one-time assessments at Closing and are not advance payments of common expenses or assessments, and shall be in addition to the normal monthly assessments.

9. The Sales Contract provides that it may not be assigned by Purchaser. Any assignment of the Sales Contract is void and of no legal effect. Notwithstanding the foregoing, Purchaser may assign its rights under the Sales Contract to affiliated entities for estate planning purposes with the consent of Seller, provided that any such assignment shall not release Purchaser from its obligations under the Sales Contract. In the event that Purchaser decides to make such an assignment for estate planning purposes, Purchaser shall provide written notice thereof to Seller at least fifteen (15) days prior to the Closing Date, as defined in the Sales Contract, and shall provide to Seller copies of such documents as Seller, in its sole and absolute discretion, deems necessary to complete Closing.

10. The Sales Contract provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract, or the development or management of the Project, the sale of the Unit or the use or occupancy thereof, or any other aspect of the relationship between Seller and Purchaser regarding the Project which is raised or otherwise asserted after Closing shall be submitted to mediation and, if necessary, to arbitration in accordance with the terms, conditions and procedures set forth in the Sales Contract. The Sales Contract also provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract that is raised or otherwise asserted before Closing need not be submitted to arbitration, and Seller and Purchaser shall be free to pursue such dispute, as otherwise provided in the Sales Contract, in proceedings in a court of competent jurisdiction, provided that any judicial proceedings initiated shall be conducted in Honolulu, Hawaii.

* * * * *

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

EXHIBIT "K"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement for the Project dated August 28, 2012 ("Agreement") contains the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. As and when Developer shall enter into a sales contract ("Sales Contract") for the conveyance of a Unit or other interest in the Project, it shall require the payments of deposits due thereunder to be promptly made to Escrow. Developer shall deliver an executed copy of the Sales Contract to Escrow together with the name(s), mailing address(es), and email address of the purchaser as noted on the Sales Contract or otherwise as updated by the purchaser with Developer as being purchaser's last known address.

B. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under the Reservation Agreements and/or Sales Contracts, (b) such sums received by it under the Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any purchaser's funds with funds belonging to or held for the benefit of Seller. All funds and instruments received from purchasers or prospective purchasers shall be held by Escrow in accordance with the provisions contained in Chapter 514A and/or Chapter 514B of the Hawaii Revised Statutes, as applicable ("Act"). All monies received by Escrow shall be deposited, within a reasonable time of the receipt by Escrow and in reasonably convenient and practical sums, in a trust fund with a bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms of the Agreement.

C. Any interest earned on funds deposited in escrow under this Agreement shall accrue as specified in the sales contract. If the sales contract does not specify to whom interest is to accrue, any interest earned on funds deposited in escrow under this Agreement shall accrue to the credit of the purchaser. Escrow shall not be liable to either Developer or any purchaser for loss or diminution in funds invested in accordance with instructions given to Escrow. If the Purchaser requests that a separate account be established for the purchaser, the purchaser shall furnish to Escrow the purchaser's social security number or federal identification number and the purchaser shall pay Escrow a fee of \$25.00 for such separate account.

D. Notwithstanding anything contained in the Agreement to the contrary, Escrow shall make no disbursements of purchasers' funds or proceeds from the sale of such units (including any payments made on loan commitments from lending institutions), except by way of refunds thereof, until the Commission has issued an effective date for the Public Report for the Project under Chapter 514B, Developer has provided a letter to Escrow stating (a) that the Sales Contracts have become binding under the provisions of Section 514B-86 of the Act, (b) that there have been no material changes to the Project that would give purchasers a right to rescind under Section 514B-87 of the Act, and (c) that Developer waives any option reserved in any Sales Contract in favor of Developer to cancel the Sales Contract.

E. Purchasers' funds may be used for construction and other allowable expenses as identified below prior to closing pursuant to Section 514B-92 of the Act, provided that binding contracts exist under which such funds have been deposited into escrow, and said expenses are approved for payment by Developer and the project lender or an otherwise qualified, financially disinterested person. If such funds are to be used for construction prior to closing, the funds shall be taken evenly from all purchasers under binding sales contracts for the building in which said purchaser's unit is located and shall be disbursed by Escrow upon the submission of bills therefor, and upon direction to do so from Developer from time to time to pay for:

(a) Construction costs of the buildings and improvements in proportion to the valuation of the work completed by the contractor in accordance with the contract documents, as certified by a registered architect or engineer;

- (b) Architectural, engineering, and interior design service fees in proportion to the services performed within each phase of services;
- (c) The costs of purchasing furnishings and fixtures for the units;
- (d) Finance and legal fees, and other incidental expenses of constructing the units or developing the Project; and
- (e) Such other costs incurred in connection with the construction of the improvements of the Project.

Any funds remaining shall not be disbursed until construction of the Project has been completed (or until construction of the particular unit being conveyed has been completed, to the extent that Chapter 514B permits such disbursement) and Escrow receives satisfactory evidence that all mechanics' and materialmen's liens have been cleared (or, to the extent permitted by Chapter 514B, have been dealt with in such a fashion as to avoid non-compliance with Section 514B-45 of the Act), unless sufficient funds have been set aside for any bona-fide dispute.

F. Each purchaser shall be entitled to a return of his or her funds, without interest, except as provided below, and Escrow shall pay such funds to such purchaser, promptly after request for return by the purchaser, if one of the following has occurred:

- (a) Developer and 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 purchaser's exercise of a purchaser's right to cancel the sales contract pursuant to HRS §514B-86 (thirty-day right to cancel); or
- (c) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or
- (d) Purchaser or Developer shall have notified Escrow of purchaser's exercise of purchaser's right to cancel the sales contract pursuant to HRS §514B-89 (failure to complete construction before specified completion deadline); provided that Escrow shall first verify with Developer that Developer has not extended the completion deadline by reason of *force majeure*; or
- (e) Purchaser or Developer shall have notified Escrow of purchaser's exercise of purchaser's right to rescind the sales contract pursuant to HRS §514B-87, by a valid rescission signed by all purchasers of the affected unit and postmarked no later than midnight of the thirtieth calendar day after the date that the purchasers received the notice of rescission from Developer, in which case the purchasers shall be entitled to a prompt and full refund of any moneys paid.

Upon the cancellation or rescission of any sales contract, as specified above, Escrow shall be entitled to a cancellation fee commensurate with the services rendered by Escrow prior to such cancellation, plus all costs incurred, up to a maximum of \$250.00. Notwithstanding anything in the Agreement or in any sales contract provided to the contrary, said cancellation fee shall be the sole expense of the purchaser and shall not in any way be the obligation of Developer, unless the purchaser rescinds the sales contract pursuant to HRS §514B-87, whereupon Developer shall pay such fee. Developer further understands and acknowledges that in the event of a rescission by the purchaser under HRS §514B-87, if Developer required the purchaser to secure a financing commitment, the purchaser shall be entitled to reimbursement from Developer (and not from Escrow) of any fees incurred by the purchaser in securing that financing commitment required by Developer. No refund shall be made to a purchaser at the purchaser's request prior to receipt by Developer of written notice from Escrow of Escrow's intent to make such refund. Escrow receives a written request from Developer to return to the purchaser the funds of the purchaser then being held hereunder by Escrow;

G. Except as otherwise provided by law, Escrow shall give each purchaser entitled to a return of his or her funds notice thereof by registered, certified, or regular mail, postage prepaid, addressed to such purchaser at his or her address shown on the Sales Contract or any address later made known to Escrow by such purchaser. If such purchaser shall not have claimed such refund, Escrow shall escheat such unclaimed funds pursuant to HRS §523A-3.5. Escrow shall thereupon be released from further liability hereunder with respect to such funds and such purchaser.

H. Developer shall give notice in writing to Escrow of the occurrence of each event that 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. 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 that 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 and proof of receipt 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 this Agreement and shall be held by Escrow for the account of Developer. Upon written request by Developer, Escrow shall pay such funds to Developer, less any escrow cancellation fee. Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

* * * * *

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

EXHIBIT "L"

SUMMARY OF DEED FORM

Capitalized terms have the same meaning ascribed to such terms in the Unit Deed.

The specimen Unit Deed, Encumbrances and Reservation of Rights with Power of Attorney for Wailea Beach Resort & Residences ("Deed" or "Unit Deed") contains among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The premises conveyed comprises a portion of Wailea Beach Resort & Residences condominium property regime situate at the Honuaula, District of Makawao, Island and County of Maui, State of Hawaii.

B. The Grantor (Developer) is the lawful owner of the fee simple interest in the real property and the rights to be transferred to the Purchaser; the same are free and clear of and from all encumbrances except as identified in the Deed and except for the lien of real property taxes not yet by law required to be paid; the Grantor has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Grantor will WARRANT AND DEFEND the same unto the Purchaser forever against the lawful claims and demands of all persons, except as mentioned in the Deed.

C. Purchaser agrees, for the benefit of all other owners of the other Units in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Declaration, the Bylaws and the House Rules, as any of the same exist or may hereafter be amended in accordance with law, and accepts and approves of the Declaration, Bylaws and House Rules.

D. Purchaser agrees and consents to the exercise by Grantor of any of its reserved rights set forth in the Deed and in the Declaration, and Purchaser agrees to sign such documents and do such things as may be required to permit Grantor to exercise those reserved rights, including the signing, delivery and filing of all documents which may be necessary. Purchaser appoints Grantor as Purchaser's "attorney-in-fact" which means that Grantor can act for Purchaser or on Purchaser's behalf, with "full power of substitution," which means that someone else may take Grantor's place to sign, deliver and file all documents and to do all things on Purchaser's behalf, which grant of authority, being coupled with an interest, means that the Grantor has an interest beyond just in the power Purchaser is giving, cannot be revoked by Purchaser for the term of the reserved rights, and will not be affected by Purchaser's disability.

* * * * *

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

EXHIBIT "M"

VERIFIED STATEMENT OF COUNTY OFFICIAL

ALAN M. ARAKAWA
Mayor
WILLIAM R. SPENCE
Director
MICHELE CHOUTEAU McLEAN
Deputy Director



COUNTY OF MAUI
DEPARTMENT OF PLANNING

November 7, 2011

Mr. Owen T. Iida
745 Fort Street Mall, 17th floor
Honolulu, Hawaii, 96813

Dear Mr. Iida:

**SUBJECT: ZONING VERIFICATION FOR WAILEA HOTEL AND
BEACH RESORT AT 3550 WAILEA ALANUI, WAILEA,
MAUI, HAWAII; TMK: (2) 2-1-008:067**

The Wailea Hotel and Beach Resort is located within the County's H-2 Hotel and OS Open Space zoning districts. Also, it is located within the Special Management Area (SMA). The abutting zoning designations are H-1 Hotel and OS Open Space districts.

To the best of our knowledge, the subject property is in compliance with our zoning code, rules and regulations relative to uses, parking, density, setbacks and height requirements.

Finally, we are not aware of any zoning violations and/or unresolved complaints for the subject parcel.

If you have any questions regarding this letter, please contact, Ms. Avelina Cabais, Land Use and Building Plans Examiner, at (808)270-7139 or at her email address: avelina.cabais@mauicounty.gov

Sincerely,

A handwritten signature in cursive script, appearing to read "Aaron Shinmoto".

AARON SHINMOTO
Planning Program Administrator

For: WILLIAM SPENCE
Planning Director

xc: Avelina Cabais, Land Use and Building Plans Examiner
Development Services Administration (DSA)
TMK (2) 2-1-008:067 (KIVA Related Documents)
11/General File

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250 SOUTH HIGH STREET, WAILUKU, MAUI, HAWAII 96793
MAIN LINE (808) 270-7735; FACSIMILE (808) 270-7634
CURRENT DIVISION (808) 270-8205; LONG RANGE DIVISION (808) 270-7214; ZONING DIVISION (808) 270-7253

NOV - 8 2011

ALAN M. ARAKAWA
Mayor

DAVID C. GOODE
Director

ROWENA M. DAGDAG-ANDAYA
Deputy Director



RALPH M. NAGAMINE, L.S., P.E.
Development Services Administration

CARY YAMASHITA, P.E.
Engineering Division

BRIAN HASHIRO, P.E.
Highways Division

COUNTY OF MAUI
DEPARTMENT OF PUBLIC WORKS
DEVELOPMENT SERVICES ADMINISTRATION
250 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793

August 28, 2012

Mr. David Mattos
3550 Wailea Alanui Drive
Kihei, Hawaii 96753

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2012-0056 AND 0057
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE
LOCATED AT 3550 WAILEA ALANUI DRIVE, KIHEI, MAUI, HAWAII
TMK (2) 2-1-008:067

Dear Mr. Mattos:

This is regarding your June 7, 2012, requests for miscellaneous inspections on the Renaissance parking structure and hotel for a preliminary condominium public report on the subject property.

MISC #2012-0056: PARKING STRUCTURE

- Building Permit #B2011-1149 to demolish the trellis on the parking structure was issued on October 21, 2011, and Building Permit #B2012-0273 to convert a portion of the parking structure to an emergency generator room was issued on March 16, 2012.
- We conducted an electrical inspection on August 8, 2012, and plumbing and building inspections on August 9, 2012, and found on going construction to the parking structure. Therefore, we will not be able to comment on general compliance to applicable codes until all construction has been completed and re-inspections are scheduled and conducted.

MISC #2012-0057: HOTEL

- Building Permits #B2012-0260 through #B2012-0263 for work on various areas of the hotel were issued on March 16, 2012.
- We conducted an electrical inspection on August 8, 2012, and plumbing and building inspections on August 9, 2012, and found on going construction to the hotel. Therefore, we will not be able to comment on general compliance to applicable codes until all construction has been completed and re-inspections are scheduled and conducted.


August 28, 2012
Mr. David Mattos
SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2012-0056 AND 0057
TMK (2) 2-1-008:067
Page 2 of 2

OTHER COMMENTS:

- Real Property Tax records show that 198 condominium property regime (CPR) units have already been created for the property.
- There are no pending subdivisions, building code appeals, or administrative waivers currently in process for the premises.
- We also recommend that you call the Planning Department at (808)270-7735 to verify if there are any variances, or if the existing or proposed uses, if any, are legally permitted.

If you have any questions regarding this letter, please call Renee Segundo at (808) 270-7250.

Sincerely,



RALPH M. NAGAMINE
Development Services Administrator

sn S:\DSA\Permits\MISC-INSP\2012\0056_0057_Andaz_hrs_21008067_sn_Aug2012.wpd

c: Planning Department
Real Property Tax Division