

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

CONDOMINIUM PROJECT NAME	THE SUITES AT WAILEA
Project Address	555 Kaukahi Street Wailea, Hawaii 96753
Registration Number	7305
Effective Date of Report	<b>December 19, 2012</b>
Developer(s)	Granite Fund IV, LLC

**Preparation of this Report**

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

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

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

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

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

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

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*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. **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 License Agreement, if any, the owner of the Front Desk Unit (which is currently Developer) shall be responsible for the maintenance and operation of portions of the Project referred to as the "**Residential Shared Facilities**" and the "**Resort Shared Facilities**" (collectively, the "**Shared Facilities**") as such terms are 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 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**").

**Because of the structure of the Project, amounts typically collected by the Association as "common expenses" are instead collected by the Association and paid to the Front Desk Unit Owner as the "Resort Shared Facilities Fee" and the "Residential Shared Facilities Fee". Purchasers should review the Declaration and Exhibit "I" to this Public Report for further information regarding the structure of the Project and the allocation of expenses.**

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.

2. **Use of Recreational Facilities; Club Program.** The spa and fitness center within the Project are a part of Commercial Unit 4 (the "**Spa Unit**"). Additionally, the pool areas are limited common elements appurtenant to the Spa Unit (the Spa Unit and pool areas are collectively referred to as the "**Recreational Facilities**"). Use of the Recreational Facilities is exclusively reserved to the Spa Unit Owner.

Each owner of a Residential Unit and his or her immediate family (or for entity owners, up to four designated individuals) will be permitted to use the Recreational Facilities through a resort membership in Club 72. Resort Memberships shall be mandatory for all Residential Unit Owners and all Residential Unit Owners shall be responsible for the payment of associated club dues, which shall be tied to the actual maintenance and related expenses for the operation of the Residential Facilities. Club dues shall not cover additional services such as spa treatments and fitness classes, which shall be charged on a per-use basis. Estimates of the estimated club dues are shown in the Estimate of Initial Maintenance Fees and Estimate of Maintenance Fee Disbursements attached as Exhibit "I" to this report. The amounts indicated are estimates only, and are subject to change.

Resort Memberships shall be transferable only to subsequent owners of Residential Units. Residential Unit Owners shall not be relieved of their obligation to pay club dues through a waiver of the use of the Recreational Facilities or suspension from Club 72.

In addition to Resort Memberships, the Spa Unit Owner reserves the right to offer up to ten (10) honorary memberships. The Spa Unit Owner may also permit access to the Club Facilities by

non-members who are in occupancy at the Project in its sole discretion, and may charge an access or use fee to such occupants.

Club 72 shall be governed by rules and regulations promulgated by the Spa Unit Owner, which rules and regulations shall be subject to the Declaration and the Master Declaration. Prospective purchasers should carefully review the rules and regulations to familiarize themselves with Club 72.

Additionally, there is anticipated to be a number of commercial operations within the Project including a restaurant. Unit owners may pay for the restaurant on a per use or other basis as may be determined by the Owner of the Commercial Unit.

3. Transient Use. The Residential 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 Residential 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 Residential 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 Residential 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 Residential 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 Residential Unit where unrelated (i.e., non-family) owners share and enjoy use or occupation of the Residential 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.
4. Resort License Agreement. Developer may enter into an agreement with a resort company ("**Resort Licensor**") for the purposes of branding the Project. Under the Resort License Agreement, Developer and the Association will be required to comply with certain conditions contained therein, including the responsibility to operate, manage and maintain the Project according to certain operating standards. Other than any benefit derived by owners from owning a unit within the Project that may bear the name of the Resort Licensor, there is no direct benefit to owners, nor should owners anticipate future benefits pursuant to the Resort License Agreement. The Resort License Agreement will be subject to modification and termination.

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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	555 Kaukahi Street Wailea, Hawaii 96753
Address of Project is expected to change because	
Tax Map Key (TMK)	(2) 2-1-008:105
Tax Map Key is expected to change because	
Land Area	14.792 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

**1.2 Buildings and Other Improvements**

Number of Buildings	22
Floors Per Building	2
Number of New Building(s)	0
Number of Converted Building(s)	22
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood, steel, drywall, glass and natural stone

**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>						

<b>79</b>	<b>Total Number of Units</b>
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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:	122
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 be limited common elements to the Front Desk. See paragraph 7 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, spa, and fitness center, however, <b>such areas will be owned and operated by the Spa Unit Owner and not part of the common facilities.</b> Owners will have the ability to utilize these facilities pursuant to membership in a club established by the Spa Unit Owner and in return, owners will be required to pay a reasonable, equitable membership fee for such usage. Additionally, there is anticipated to be a number of commercial operations in the Project, including a restaurant that will be available to owners. Buyers should review paragraph 2 on page 1a of this Public Report for further information about the use of the recreational facilities of the Project.

**1.9 Common Elements**

<p><b>Common Elements:</b> 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.</p>	
<p>Described in Exhibit <u>  D  </u></p>	
<p>Described as follows:</p>	
<b>Common Element*</b>	<b>Number</b>
Elevators	1
Stairways	46
Trash Chutes	0

\* Except for the stairways located in the Apartment Units, all elevators and stairways are limited common elements appurtenant to the Front Desk Unit.

**1.10 Limited Common Elements**

<p><b>Limited Common Elements:</b> 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.</p>	
<p>Described in Exhibit <u>  E  </u>.</p>	
<p>Described as follows:</p>	

**1.11 Special Use Restrictions**

<p>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.</p>	
<input checked="" type="checkbox"/>	Pets: Pets are not 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/or 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**

<p>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).</p>	
<p>Exhibit <u>  G  </u> describes the encumbrances against title contained in the title report described below.</p>	
<p>Date of the title report: November 23, 2012</p>	
<p>Company that issued the title report: Title Guaranty of Hawaii, Inc.</p>	

**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	72	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	H-1 Hotel; H-M Hotel
<input checked="" type="checkbox"/>	Commercial	4	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	H-1 Hotel; H-M Hotel
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Ohana		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Industrial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Agricultural		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Recreational		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input checked="" type="checkbox"/>	Other (specify)*	3	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	H-1 Hotel; H-M 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.					

\* There are two (2) Apartment Units and one (1) Front Desk Unit.

\*\* The County Zoning for the property includes A-1 Apartment District (2.8 acres), H-1 Hotel District (3.1 acres), and H-M Hotel District (8.9 acres). The portion of the property zoned A-1 Apartment District is currently undeveloped.

**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><b>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</b></p>	<p><input checked="" type="checkbox"/> Applicable</p> <p><input type="checkbox"/> Not Applicable*</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units: See Section 6.9, Exhibit M</p>	
<p>Developer's statement of the expected useful life of each item reported above: See Section 6.9, Exhibit M</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations: N/A</p>	
<p>Estimated cost of curing any violations described above: N/A</p>	

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

**1.16 Project In Agricultural District**

<p><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b>  <b>If answer is "Yes", provide information below.</b></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><b>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS?</b>  <b>If answer is "Yes", complete information below.</b></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><b>2.1 Developer</b></p>	<p>Name: Granite Fund IV, LLC</p> <p>Business Address: 8 Harris Court, Suite A-1 Monterey, California 93940</p> <p>Business Phone Number: (831) 657-1300 E-mail Address: levans@evans-heil.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>Leland Evans is the Managing Member of Granite Fund IV, LLC</p>
<p><b>2.2 Real Estate Broker</b></p>	<p>Name: The Wailea Group LLC</p> <p>Business Address: 3750 Wailea Alanui Drive, Suite 5EW Wailea, Hawaii 96753</p> <p>Business Phone Number: (808) 875-6911 E-mail Address: <a href="mailto:Rob@TheWaileaGroup.com">Rob@TheWaileaGroup.com</a></p>
<p><b>2.3 Escrow Depository</b></p>	<p>Name: Title Guaranty Escrow Services, Inc.</p> <p>Business Address: 235 Queen Street, First Floor Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-0211</p>
<p><b>2.4 General Contractor</b></p>	<p>Name: N/A</p> <p>Business Address:</p> <p>Business Phone Number:</p>
<p><b>2.5 Condominium Managing Agent</b></p>	<p>Name: Hawaii First, Inc.</p> <p>Business Address: 800 Bethel Street, Suite 501 Honolulu, Hawaii 96813</p> <p>Business Phone Number:</p>
<p><b>2.6 Attorney for Developer</b></p>	<p>Name: Imanaka Asato LLLP</p> <p>Business Address: 745 Fort Street, 17<sup>th</sup> 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	October 1, 2012	T-8362258

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number

#### 3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	October 1, 2012	T-8362259

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	2185
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map:	

**3.4 House Rules**

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

The House Rules for this project:

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

**3.5 Changes to the Condominium Documents**

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

Document	Minimum Set by Law	This Condominium
Declaration	67%	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

<p><u>Management of the Common Elements:</u> The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.</p>	
<p>The Initial Condominium Managing Agent for this project is (check one):</p>	
<input checked="" type="checkbox"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

### 4.2 Estimate of the Initial Maintenance Fees

<p><u>Estimate of the Initial Maintenance Fees:</u> The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.</p>
<p>Exhibit <u>  1  </u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.</p>

### 4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>	
<input checked="" type="checkbox"/>	Electricity for the common elements
<input checked="" type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water
<input checked="" 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

<p>If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:</p>	
<input checked="" type="checkbox"/>	Electricity for the Unit only
<input type="checkbox"/>	Gas for the Unit only
<input type="checkbox"/>	Water
<input 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 31, 2012 Name of Escrow Company: Title Guaranty of Hawaii, 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 type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	If there is a default and a foreclosure of the mortgage prior to conveyances, the Purchaser may lose the right to buy a Unit and Purchaser's deposits, less escrow cancellation fees, shall be refunded and the Purchaser shall have no further interest in the Project.

### 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

Status of Construction: Developer estimates completion of the renovation of the Residential Units on or about July, 2013. Developer cannot guarantee, however, when construction will start or when it 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.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: 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.
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

## 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.
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### 5.6.1 Purchaser Deposits Will Not be Disbursed Before Closing or Conveyance

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

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

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

<p><b>Box A</b></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><b><u>Important Notice Regarding Your Deposits:</u></b> 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><b>Box B</b></p> <p><input checked="" type="checkbox"/></p>	<p>The Developer has <b>not</b> 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 <b><u>Important Notice Regarding Your Deposits</u></b> 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, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (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 <b><u>Important Notice Regarding Your Deposits</u></b> 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.	<b>Developer's Public Report</b>
2.	<b>Declaration of Condominium Property Regime (and any amendments)</b>
3.	<b>Bylaws of the Association of Unit Owners (and any amendments)</b>
4.	<b>Condominium Map (and any amendments)</b>
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; 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](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://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. Developer to Pay Actual Costs of 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 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. The SMA Permit establishes certain conditions for the Project, and will be available upon request.
3. Real Property Tax Assessment. Developer shall be responsible for any real property taxes attributable to the Residential 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.
4. Master Declaration. In addition to the Declaration, purchasers of units in the Project will be subject to 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 supplemented by that certain Additional Declaration of Conditions and Restrictions dated May 12, 1988, filed in said Office as Document No. 1555166 as the same may be amended and/or supplemented from time to time ("**Master Declaration**") and all rules and regulations promulgated under the Master Declaration. 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 Master 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. 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 MASTER 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 MASTER DECLARATION FROM DEVELOPER.

5. Fiscal Management; Managing Agent. Developer, acting as the Association, has retained Hawaii First, Inc. 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 Association, 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.
6. 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.
7. Parking Stalls. There are one hundred twenty-two (122) parking stalls in the Project, all of which are limited common elements appurtenant to the Front Desk Unit. 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.
8. Future Development Area; Special Management Area Permit. A portion of the Project is currently designated as the "Future Development Area" on the Condominium Map. Pursuant to Article XXXI the Declaration, Developer has reserved the right to construct up to fifty (50) additional Residential Units and/or Commercial Units in the Future Development Area. If Developer elects to exercise this reserved right, the Common Interest appurtenant to all units in the Project will be correspondingly adjusted.

Additionally, because the Project is located in the Special Management Area, any election by Developer to develop the Future Development Area will require that Developer obtain a new Special Management Area Permit ("**SMA Permit**") prior to such development. The SMA Permit process will require, among other things, that Developer notify all nearby property owners, including unit owners, of its development plan, and will provide such property owners with the right to present testimony for or against such development. By purchasing a unit in the Project, purchaser acknowledges that Developer shall have the right to pursue such development pursuant to its reserved right in the Declaration and shall not oppose such development of up to fifty (50) additional Residential Units and/or Commercial Units in the Future Development Area.

9. Due Diligence Reports. Developer obtained that certain Existing Conditions Report, Hotel Wailea, 555 Kaukahi Street, Wailea, Hawaii dated March 15, 2012, attached hereto as **Exhibit "M"**, which includes: (a) Architectural Due Diligence prepared by Ushijima Architects, Inc. (the "**Architectural Report**"); (b) Electrical Due Diligence prepared by Itano & Associates, Inc. (the "**Electrical Report**"); (c) Mechanical Due Diligence prepared by Randolph H. Murayama & Associates (the "**Mechanical Report**"); (d) Structural Due Diligence prepared by KAI Hawaii (the "**Structural Report**"); and (e) Landscape Due Diligence prepared by Miyabara Associates, LLC (the "**Landscape Report**") (collectively, the "**Due Diligence Reports**").

The Due Diligence Reports were based on a visual inspection of the Project. Developer makes no warranty or representation whatsoever that Developer has provided all studies, reports, tests, or other written investigations that may pertain to the condition of the units or any other areas of the Project. To the extent that Developer may have hired or commissioned any study, test or other investigation of the condition, useful life, legal compliance, or any other matter relating to the units, the Project, the land underlying the Project, or any furnishings, fixtures, appliances, or other consumer products or anything else installed, attached, affixed, or otherwise contained in the units, the Project or the land underlying the Project, and to the extent Developer may make the results of any such study, test, or investigation available to Purchaser in connection with the offer or sale of a unit in the Project, Developer disclaims and makes no warranty or promise regarding the accuracy, reliability or value of any statement or opinion expressed by such third-party. PURCHASER AGREES THAT OWNER'S USE OR CONSIDERATION OF ANY SUCH INFORMATION IN CONNECTION WITH THE OFFER OR SALE OF THE UNIT SHALL BE AT PURCHASER'S SOLE RISK. NEITHER THE RESPECTIVE CONSULTANTS NOR DEVELOPER MAKES ANY REPRESENTATION AS TO THE EXPECTED USEFUL LIFE OF SUCH INSTALLATIONS.

According to the Due Diligence Reports, generally, the present condition of the structural components and mechanical and electrical installations material to the use and enjoyment of the units are in satisfactory to good condition, consistent with their age. Purchasers are also referred to the following recommendations presented by the Due Diligence Reports:

- a. Architectural Report: Conduct a survey of the Project for compliance with the Americans with Disabilities Act Accessible Guidelines (the "ADAAG") and an environmental assessment be completed relating to asbestos, lead containing materials, or any other such hazardous materials.
- b. Electrical Report: (i) Replace existing audible (only) bells with ADAAG compliant audible and visual (strokes) signaling devices; and (ii) if smoke detectors within the Residential Units are connected to the main fire alarm system and a general alarm would sound upon activation of these guest room detectors, it is recommended that these smoke detectors not set off the general alarm, but either (A) set off and alarm only within the Unit and notify the office that the detector was activated; or (B) replace the system smoke detector with unit type smoke detector, which would sound the alarm only in the guest room that activated the detector.
- c. Mechanical Report: (i) Replacement of the condensing units serving the Residential Units within the next 3 to 5 years; (ii) evaluation of the chiller plant operations and settings to take full advantage of high efficiency equipment; (iii) replacement of laundry room ventilation ductwork; and (iv) modification to correct fire sprinkler coverage in the Residential Units at hallway ceilings.
- d. Structural Report: (i) Repair of the second-story guardrail of the Apartment Units; and (ii) aesthetic correction of the gypsum ceiling of the Spa Building.
- e. Landscaping Report: (i) Perform an irrigation audit to determine overall performance and provide recommendations for replacement of existing equipment to ensure more efficient use of irrigation water; (ii) installation of a separate irrigation water meter to monitor water use and reduce water use charges; (iii) engage a certified arborist to perform a complete review of existing trees and palms and execute his/her recommendations on pruning and general health care improvements; (iv) replacement of certain trees and/or palms due to age or condition; (v) replace damaged areas and treat pest-infested plants; (vi) infill bare areas and add color and lush plantings at individual unit entries; (vii) conduct a complete analysis of water feature equipment by a water feature consultant/mechanical engineer for performance and possible replacement of specific equipment; (viii) improve lower pond, including removal of silt and accommodation of plantings; (ix) thin out and/or renovate Japanese garden to its original design and/or simplify the area to better accommodate outdoor use; (x) renovate and enhance the stream area to meet its original design intent; (xi) repair walkways and paving as required; and (xii) consider replacement of walkway lights to up-dated fixtures.

THE FOREGOING IS NOT AN EXHAUSTIVE LIST OF THE ITEMS DISCUSSED IN THE DUE DILIGENCE REPORTS, AND THE FOREGOING MERELY HIGHLIGHTS AND SUMMARIZES SOME OF THE ITEMS DISCUSSED IN THE DUE DILIGENCE REPORTS. PURCHASERS ARE URGED TO REVIEW THE DUE DILIGENCE REPORTS ATTACHED AS EXHIBIT "M" REGARDING THE PROJECT. PURCHASERS ARE FURTHER ADVISED THAT THE INCLUSION OF RECOMMENDATIONS WITHIN THE DUE DILIGENCE REPORTS DOES NOT IMPLY THAT DEVELOPER HAS UNDERTAKEN ANY STEPS IN FURTHERANCE THEREOF. PURCHASERS ARE ADVISED THAT PURCHASERS' USE OR CONSIDERATION OF ANY OF THE FOREGOING INFORMATION IN CONNECTION WITH THE OFFER OR SALE OF THE UNIT SHALL BE AT PURCHASERS' SOLE RISK.

10. Americans With Disabilities Act Settlement. Diamond Resort Hawaii ("**Diamond**"), the previous operator of the property, entered into that certain Settlement and Mutual Release Agreement dated October 6, 1997 (the "**Settlement Agreement**") in connection with the civil action captioned *Randall G. Martin v. Diamond Resort Hawaii*, Civil No. 97-00066HG in the United States District Court of the District of Hawaii (the "**Civil Action**"). In consideration for the release of all claims, demands, obligations, duties, debts, liabilities, damages, suits, or causes of action in connection with the Civil Action, Diamond agreed to complete the corrections and modifications set forth in the "ADA Barrier Removal Implementation Plan" dated May 26, 1997 within eight years of the execution of the Settlement Agreement, with the exception of the following:

a. Diamond would not (1) install hand rails on all paved paths throughout the property, and (2) reconstruct existing hand rails to non-accessible rooms. Instead, Diamond would provide 24-hour butler service to any disabled guest.

b. Diamond would not change the lobby guest services desk but would adopt a policy and practice of registering and checking out disabled guests at lobby chairs and/or guest rooms.

c. Diamond would make at least one room accessible immediately and a second room accessible by October 1, 1998 and bring all public restrooms accessible by October 1, 2000.

Developer will continue to abide by the Settlement Agreement. A copy of the Settlement Agreement is available from Developer for review.

11. As-is Purchase. Except as otherwise expressly stated in the Sales Contract, Purchaser acknowledges that Developer has made no warranties, express or implied, with respect to (a) the Unit, its quality or grade, (b) any Common Element or anything installed therein, its quality or grade, or (c) any other portion of the Project, its quality or grade, or any other aspect thereof. DEVELOPER IS NOT THE ORIGINAL DEVELOPER OF THE PROJECT AND WAS NOT INVOLVED IN (AND IS NOT RESPONSIBLE FOR) THE ORIGINAL PLANNING OR CONSTRUCTION OF THE PROJECT. PURCHASER UNDERSTANDS AND AGREES THAT EXCEPT AS OTHERWISE STATED HEREIN, THE UNIT IS BEING SOLD "AS IS, WHERE IS" WITH ALL FAULTS AND THAT DEVELOPER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE UNIT, THE LAND UNDERLYING THE PROJECT (THE "**LAND**") OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS, MECHANICAL SYSTEMS, PLUMBING SYSTEMS, ELECTRICAL SYSTEMS, COOLING OR HEATING SYSTEMS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE UNIT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), INCLUDING ANY WARRANTIES OR PROMISES OF "HABITABILITY", "MERCHANTABILITY", "WORKMANSHIP" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE".

WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, DEVELOPER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES: (A) THAT THE PROJECT OR ANY IMPROVEMENTS IN THE UNIT, INCLUDING THE LANAI, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS) WILL BE FREE FROM CRACKS IN, OR OTHER DAMAGE TO, THE CONCRETE OR OTHER BUILDING MATERIALS; (B) REGARDING THE VALUE, QUALITY, GRADE OR USEFUL LIFE OF THE UNIT, THE PROJECT OR ANYTHING INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE UNIT, THE LAND

OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), INCLUDING, WITHOUT LIMITATION, BUILDING STRUCTURES, ROOFS, AND FOUNDATIONS; (C) REGARDING THE STRUCTURAL, PHYSICAL OR ENVIRONMENTAL HISTORY OR CONDITION OF THE PROJECT, INCLUDING, WITHOUT LIMITATION, ANY DEFERRED MAINTENANCE AT THE PROJECT; OR (D) REGARDING THE SUITABILITY, CONFORMANCE, COMPLIANCE OR LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO THE CONSOLIDATION AND SUBDIVISION OF LAND, THE OPERATION AND USE OF THE PROJECT AND ACCESSIBILITY OF THE PROJECT BY PERSONS WITH DISABILITIES. IN OTHER WORDS, EXCEPT AS OTHERWISE PROVIDED HEREIN, DEVELOPER MAKES NO WARRANTIES OR PROMISES AT ALL. ANY AND ALL COSTS OF REMEDIATION SHALL BE BORNE BY THE UNIT OWNER OR THE ASSOCIATION, AS APPLICABLE, WITHOUT CONTRIBUTION FROM DEVELOPER.

PURCHASER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS, RELEASES DEVELOPER AND ITS AFFILIATES, AND EACH OF THEM AND THEIR RESPECTIVE PAST, PRESENT AND FUTURE MEMBERS, MANAGERS, DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, PROPERTY MANAGERS, AGENTS, VENDORS, CONSULTANTS, CONTRACTORS AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (HEREAFTER THE "**RELEASED PARTIES**") FROM (AND WAIVES ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR RELATES TO) ANY LATENT OR PATENT DEFECT IN ANY PART OF THE PROJECT OR THE UNIT, KNOWN OR UNKNOWN, WHICH EXISTS NOW OR IN THE FUTURE, OR WHICH ARISES FROM OR RELATES TO ANY LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, THAT PURCHASER MAY HAVE AGAINST DEVELOPER UNDER ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIALS AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROJECT, OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATING TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIAL AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROJECT. DEVELOPER AND PURCHASER AGREE THAT THIS RELEASE FROM LIABILITY HAS BEEN SPECIFICALLY NEGOTIATED BETWEEN DEVELOPER AND PURCHASER.

12. Union Labor. The Project currently employs laborers from the International Longshore and Warehouse Union, Local 142 under that certain Collective Bargaining Agreement executed on December 1, 2005, as the same may be extended (the "**Collective Bargaining Agreement**"). It is anticipated that the Front Desk Unit Owner will assume the obligations under the Collective Bargaining Agreement.

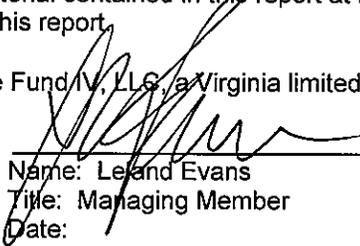
Trade Name; Trademark. The trade name "The Hotel Wailea" and the associated trademark (the "**Marks**") are registered to Black Diamond Management, Inc. and are licensed by Developer for use in connection with certain operations at the Project. The right and license to use the Marks is not part of the common elements or otherwise included in the Residential Unit acquired by a purchaser. Accordingly, neither the Association nor the Residential Unit Owners have any right, title, or interest in and to the Marks. A purchase should not acquire a Residential Unit with the expectation that the Marks will continue to be associated with the Residential Units during his or her entire period of ownership.

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.

Granite Fund IV, LLC, a Virginia limited liability company

By: 

Name: Leland Evans

Title: Managing Member

Date:

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, UNIT TYPE, APPROXIMATE NET LIVING AREAS, APPROXIMATE NET LANAI AREAS, APPROXIMATE TOTAL NET AREAS, AND PERCENTAGE COMMON INTERESTS**

<b>Unit Number</b>	<b>Unit Type</b>	<b>Approximate Net Living Area</b>	<b>Approximate Net Lanai Area</b>	<b>Approximate Total Net Area</b>	<b>Percentage Common Interest</b>
1-1	Residential	612	132	744	0.907124%
1-2	Residential	615	107	722	0.911570%
1-3	Residential	612	132	744	0.907124%
1-4	Residential	615	107	722	0.911570%
2-1	Residential	612	132	744	0.907124%
2-2	Residential	615	107	722	0.911570%
2-3	Residential	612	132	744	0.907124%
2-4	Residential	615	107	722	0.911570%
3-1	Residential	612	132	744	0.907124%
3-2	Residential	615	107	722	0.911570%
3-3	Residential	612	132	744	0.907124%
3-4	Residential	615	107	722	0.911570%
5-1	Residential	612	132	744	0.907124%
5-2	Residential	615	107	722	0.911570%
5-3	Residential	612	132	744	0.907124%
5-4	Residential	615	107	722	0.911570%
6-1	Residential	612	132	744	0.907124%
6-2	Residential	615	107	722	0.911570%
6-3	Residential	612	132	744	0.907124%
6-4	Residential	615	107	722	0.911570%
7-1	Residential	612	132	744	0.907124%
7-2	Residential	615	107	722	0.911570%
7-3	Residential	612	132	744	0.907124%
7-4	Residential	615	107	722	0.911570%
8-1	Residential	612	132	744	0.907124%
8-2	Residential	615	107	722	0.911570%
8-3	Residential	612	132	744	0.907124%
8-4	Residential	615	107	722	0.911570%
10-1	Residential	612	132	744	0.907124%
10-2	Residential	615	107	722	0.911570%
10-3	Residential	612	132	744	0.907124%
10-4	Residential	615	107	722	0.911570%
11-1	Residential	612	132	744	0.907124%
11-2	Residential	615	107	722	0.911570%
11-3	Residential	612	132	744	0.907124%
11-4	Residential	615	107	722	0.911570%
12-1	Residential	612	132	744	0.907124%
12-2	Residential	615	107	722	0.911570%
12-3	Residential	612	132	744	0.907124%
12-4	Residential	615	107	722	0.911570%
14-1	Residential	612	132	744	0.907124%
14-2	Residential	615	107	722	0.911570%
14-3	Residential	612	132	744	0.907124%
14-4	Residential	615	107	722	0.911570%
15-1	Residential	612	132	744	0.907124%
15-2	Residential	615	107	722	0.911570%

Unit Number	Unit Type	Approximate Net Living Area	Approximate Net Lanai Area	Approximate Total Net Area	Percentage Common Interest
15-3	Residential	612	132	744	0.907124%
15-4	Residential	615	107	722	0.911570%
16-1*	Residential	611	132	743	0.905641%
16-2	Residential	615	107	722	0.911570%
16-3*	Residential	611	132	743	0.905641%
16-4	Residential	615	107	722	0.911570%
17-1	Residential	612	132	744	0.907124%
17-2	Residential	615	107	722	0.911570%
17-3	Residential	612	132	744	0.907124%
17-4	Residential	615	107	722	0.911570%
18-1	Residential	612	132	744	0.907124%
18-2	Residential	615	107	722	0.911570%
18-3	Residential	612	132	744	0.907124%
18-4	Residential	615	107	722	0.911570%
19-1	Residential	612	132	744	0.907124%
19-2	Residential	615	107	722	0.911570%
19-3	Residential	612	132	744	0.907124%
19-4	Residential	615	107	722	0.911570%
20-1	Residential	612	132	744	0.907124%
20-2	Residential	615	107	722	0.911570%
20-3	Residential	612	132	744	0.907124%
20-4	Residential	615	107	722	0.911570%
21-1	Residential	612	132	744	0.907124%
21-2	Residential	615	107	722	0.911570%
21-3	Residential	612	132	744	0.907124%
21-4	Residential	615	107	722	0.911570%
CU-1	Commercial	4345			6.440281%
CU-2	Commercial	237			0.351288%
CU-3	Commercial	1815			2.690244%
CU-4	Commercial	6360			9.426971%
Front Desk Unit		1172			1.737171%
A-1	Apartment	6271			9.295049%
A-2	Apartment	3096			4.588978%
<b>Total</b>		<b>67,466</b>	<b>8,604</b>	<b>52,774</b>	<b>100.000000%</b>

\* 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.

1. **Location of Units.**

a. **Apartment Units.** Two (2) Apartment Units located, one (1) located in Apartment Building C and one (1) located in Apartment Building C-1, which Apartment Units are comprised of the individual apartments contained therein, as identified and depicted on the Condominium Map as the "Apartment Units".

b. **Commercial Units.** Four (4) Commercial Units located as follows:

i. Commercial Unit 1, located on levels 1 and 2 of the Lobby Building and identified and depicted on the Condominium Map as "Commercial Unit 2", "CU-2", and/or "Garden Restaurant";

ii. Commercial Unit 2, located on level 1 of the Lobby Building and identified and depicted on the Condominium Map as "Commercial Unit 3", "CU-3", and/or "Retail";

iii. Commercial Unit 3, located on level 2 of the Lobby Building and identified and depicted on the Condominium Map as “Commercial Unit 4”, “CU-4”, and/or “WCA Offices”; and

iv. Commercial Unit 4, located on levels 1 and 2 of the Spa Building and identified and depicted on the Condominium Map as “Commercial Unit 4”, “CU-4”, and/or “Spa”.

c. Front Desk Unit. One (1) Front Desk Unit located on level 2 of the Lobby Building, as identified and depicted on the Condominium Map as the “Front Desk Unit”.

d. Residential Units. Seventy-two (72) Residential Units located in eighteen (18) Villa Buildings, with four (4) Residential Units located in each Villa Building as identified and depicted on the Condominium Map.

2. **Layout of Residential Units.** All Residential Units have the one (1) bedroom and one (1) bathroom as depicted on the Condominium Map.

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

The approximate net living area of each Unit in the Project was determined by measuring the area between the perimeter and party walls of each Unit, and includes the area occupied by the non-load bearing and load-bearing walls located between said perimeter and party walls.

4. **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 CU-4 was decreased by 0.000003%.

#### **Parking Stalls.**

There are one hundred twenty-two (122) parking stalls in the Project, all of which are Limited Common Elements appurtenant to the Front Desk Unit. The Front Desk Unit Owner will manage and maintain the parking stalls, and may establish rules and regulations for the use thereof. The costs of managing and maintaining the parking may be charged to the Commercial Unit Owners, Front Desk Unit Owner, and the Residential Unit Owners through the Resort Shared Facilities Fee. The Front Desk Unit Owner may separately charge the Apartment Unit Owners for the use of the parking.

**END OF EXHIBIT “A”**

## EXHIBIT "B"

### BOUNDARIES OF EACH UNIT

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

#### 1. **Unit Boundaries, Contents, and Exclusions.**

a. **Boundaries.** The perimeter boundaries of the Units 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 Units 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 Units 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. **Access to Public Streets or Highways.** Except as may be limited by the terms of the Declaration, each Unit has immediate access through elevators, stairways, walkways, and driveways of the Project to public streets or to the grounds of the Project that have access to public streets.

## 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 Developer, the Commercial Unit Owners, and the Front Desk 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 Residential Units.** No Residential 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 Residential 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 Residential Units.** Notwithstanding the approval requirements set forth in Article XI, Section B.2 of the Declaration, a Residential 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 Residential Unit, which alterations shall be deemed "nonmaterial additions and alterations" to the Residential 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 Q 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 Residential Unit pursuant to and in compliance with this Article shall alter the depiction of the particular Residential Unit on the Condominium Map or the description thereof in the Declaration, then the Owner of such Residential 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 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 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 in the Declaration. Subject to Article IV, Section I, 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 I of the Declaration.

1. Apartment Units. The Apartment Units shall have appurtenant thereto, the following Limited Common Elements, which shall be managed and maintained by the Front Desk Unit Owner on behalf of the Apartment Unit Owners:

a. The Building Structure of the Apartment Buildings, including, but not limited to, all perimeter or party walls of the Apartment Units 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 around 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 any Apartment Unit and any attic and/or basement space, except as otherwise specified herein;

b. All perimeter doors, door frames, windows, and window frames of an Apartment Unit and all exterior hardware associated therewith, and the undecorated or unfinished interior surfaces thereof; and

c. All walls, floors, and ceilings of any lanai area adjacent to such Apartment Unit, from the undecorated or unfinished interior surface thereof.

2. Commercial Units.

a. Commercial Unit 1 shall have appurtenant thereto, as Limited Common Elements:

(i) The outdoor dining area located adjacent to the Unit on level 1 of the Lobby Building, as depicted on the Condominium Map; and

(ii) The lanai area adjacent to the Unit on level 2 of the Lobby Building, as depicted on the Condominium Map.

b. Commercial Unit 4 shall have appurtenant thereto, as Limited Common Elements the swimming pool and surrounding areas, as depicted on the Condominium Map.

3. Residential Units. The Residential 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 water heater located within the Villa Building in which the Residential Unit is located servicing such Residential Unit;

c. The air conditioning unit located within the Villa Building in which the Residential Unit is located servicing such Residential Unit; and

d. The outdoor air conditioning enclosures servicing the Residential Units, as depicted on the Condominium Map.

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 the irrevocable, nonexclusive licenses granted to the Association in Article IV, Section I 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) Residential Shared Facilities.

(1) The Building Structure of the Villa Buildings, 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 Residential Unit and the undecorated or unfinished interior surfaces thereof, all structural components such as foundations, floor slabs, columns, girders, beams, supports, exterior stairs and stairways, main walls and roofs, that are not a part of a Residential Unit and any attic and/or basement space, except as otherwise specified herein;

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

(3) All walls, floors, and ceilings of any lanai area adjacent to any Residential Unit, from the undecorated or unfinished interior surface thereof; and

(4) All other parts of the Project used exclusively by the Residential Units of the Project that are designated as Limited Common Elements appurtenant to the Front Desk Unit.

(ii) Resort Shared Facilities.

(1) The Building Structure of the Lobby Building, and the Spa Building, including, but not limited to, all perimeter or party walls of a Resort Operation 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 Resort Operation 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;

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

(3) All walls, floors, and ceilings of any lanai area adjacent to any Resort Operation Unit, from the undecorated or unfinished interior surface thereof;

(4) All grounds and landscaping (including the Future Development Area), trash enclosures, maintenance or tool sheds, and equipment storage facilities within the Project;

(5) All hallways and walkways, sidewalks, and curbs within the Project (except those contained within the Apartment Units and the Residential Units);

(6) The lobby area and all hallways, stairways, and elevators located within the Lobby Building and the Spa Building;

(7) The restrooms and Laundromat located on level 1 of the Spa Building;

(8) 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;

(9) 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;

(10) All other apparatus and installations existing for common use, such as propane 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;

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

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

(13) The Parking Lots, the one hundred twenty-two (122) parking stalls located therein, and the loading dock(s), all as depicted on the Condominium Map;

(14) All driveways, access lanes, paved areas, and ramps within the Project for vehicular access;

(15) The Future Development Area; and

(16) 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 in Article II, Section D.4.b of the Declaration.

(iii) 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 licenses granted to the Association under Article IV, Section I 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:

(1) The chiller unit, electrical room, generator room, machine room, storage rooms, offices, and pump room located on level 1 of the Lobby Building; and

(2)  
located on level 1 of the Spa Building.

The mechanical room, retail storage, storage, housekeeping, and offices

EXHIBIT "F"

**SPECIAL USE RESTRICTIONS**

1. **Apartment Units.** The Apartment Units may be used for employee housing, 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, if the Apartment Units are utilized for transient vacation rental purposes or transient lodging, the Apartment Units shall be subject to the same limitations applicable to Residential Units as set forth below.

2. **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.

In addition to, and in no way in limitation of the uses set forth above, the Spa Unit, and all or any part of the Limited Common Elements that are appurtenant thereto, may be used for any purpose permitted by law and not prohibited by any other agreement, including, without limitation, the operation of a private membership club. The Spa Unit Owner may contract with various providers of goods and services, such as food and beverage operators, retail stores, and other vendors, to provide goods and services at the Project, and may retain any compensation paid to the Owner in consideration of the Owner permitting such vendor to utilize the Spa Unit and/or such Limited Common Elements appurtenant thereto.

3. **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.

4. **Residential Units.**

a. **Use Generally; Restrictions.** The Residential Units shall be occupied and used only for the purposes that are consistent with, and appropriate to the Project Quality Standard. *Accordingly, the Residential 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 Residential 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 Residential Unit; (c) notwithstanding anything contained herein or in law to the contrary, without the prior written consent of the Front Desk Unit Owner, the Residential 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 Residential 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 Residential Unit where unrelated (i.e., non-family) owners share and enjoy use or occupation of the Residential 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. 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 Residential 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 Residential Units owned by 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 Residential Unit shall be permitted at the Project without the prior written consent of 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, 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, 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, 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, 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 Residential Units may be leased or used for transient and/or hotel rentals. As such, Residential 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 Residential 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. **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 Developer’s interest in the Project.

6. **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: (a) injure the reputation of the Project; (b) 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; (c) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and Occupants; (d) reduce the value of the Project; (e) 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; (f) increase the rate of insurance applicable to the Units or the contents thereof, or to the Project; (g) violate any applicable law, ordinance, statute, rule, or regulation of any local, county, state, or federal government or agency thereof; or (h) 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.

7. **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, 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.

8. **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.

9. **Use of Common Elements.** Subject to the reserved rights of 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.

10. **Use of Limited Common Elements.** Subject to the reserved rights of 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.

11. **Use of Spa Unit and Pool Areas; Club.**

a. **Club Membership; Use of Club Facilities.** Each Residential Unit Owner, by virtue of the Owner's acceptance of a Unit Deed, shall be required to maintain a Resort Membership in the Club and shall be subject to the Club Documents. The Resort Membership shall entitle the Residential Unit Owner to use the Club Facilities, subject to the terms and conditions of the Club Documents. The Resort Membership shall be nontransferable except to subsequent owners of the Residential Unit, who, by virtue of ownership of a Residential Unit, shall become a Resort Member. Resort Memberships shall also be personal, permitting only the Residential Unit Owner, if an individual, and his or her immediate family to utilize the Club Facilities. For Residential Unit Owners who are entities, such entity shall name up to four (4) individuals entitled to Resort Membership.

Neither the Association, nor any Owner other than the Spa Unit Owner, shall have or claim, at any time, any interest or estate of any kind or extent in such Club Facilities, except as may be expressly provided herein. Neither the Association nor any other Owner (by virtue of ownership of a Unit), shall have an interest in the income or profit of the Spa Unit Owner, nor any right to the ongoing existence of such Club Facilities or services rendered in connection therewith, nor any right to a specified level of availability of such Club Facilities, nor any right to a specified configuration of the Club Facilities or equipment or facilities situated therein, nor any right to influence any decision by the Spa Unit Owner with respect to the Club Facilities.

b. **Club Dues.**

(i) **Payment of Club Dues.** Club Dues become due and payable at the beginning of the Club Year, but Club Dues will be billed on a monthly basis unless otherwise determined by the Spa Unit Owner. The Spa Unit Owner may coordinate all billing for Club Dues and other charges for Club Members through the Association, such that, to the extent practicable, Club Members may pay Club Dues to the Association for remittance to the Spa Unit Owner at the same time that Club Members pay their assessments to the Association. In the event the Club Dues paid through the Association are deemed to be subject to general excise tax pursuant to Chapter 237 of the Hawaii Revised Statutes, as amended, the Resort Members shall pay such additional amounts as may be necessary to permit the Spa Unit Owner to receive the sum it would have received had the general excise tax not applied.

(ii) **Failure to Pay Club Dues.** In the event any installment of Club Dues is not paid when due, the Spa Unit Owner shall, at its option, take whatever action it deems necessary to effect collection, including, without limitation, the suspension of the Club Member's right to use the Club Facilities or legal action, including the right to place a lien upon the Club Member's Unit.

(iii) **Lien Rights.** All amounts of Club Dues due and unpaid shall constitute a lien and security interest on the Club Member's Unit, to the extent of such Apartment's unpaid Club Dues, together with all interest, late charges and collection and enforcement costs thereon. The lien may be foreclosed upon by the Spa Unit Owner in like manner as a mortgage of real property, including, without limitation, by way of power of sale, as specified in accordance with the provisions of Section 667-5 of the Hawaii Revised Statutes, as amended, and said lien shall extend to cover all money and other proceeds and amounts received on account of a Unit and its use, including all rents, insurance and condemnation proceeds, sales proceeds, cash and non-cash proceeds as defined in Section 490:9-306 of the Hawaii Revised Statutes, as amended. The lien and security interest created hereunder shall be subject to and subordinate to purchase money first mortgages and security interests given by an Owner in good faith and for value to any prior Owner or to any other lender and recorded prior to the recordation of notice of

lien hereunder by the Spa Unit Owner, which purchase money first mortgages and security interests shall be superior to the Spa Unit Owner's lien and security interest.

c. No Waiver of Use. No Owner shall be relieved of the obligation to pay for the Club Facilities through said Owner's Club Dues by waiving their rights to the Club Membership or the use of the Club Facilities or any part thereof. The Spa Unit Owner shall be able to directly charge individual Owners for any additional goods sold or services rendered in connection with such Club Facilities.

d. Reserved Right to Add or Remove Club Facilities. The Spa Unit Owner reserves the right, without the obligation, to add additional facilities, change the nature of the facilities, or remove facilities from the Club Facilities. These additional facilities may be made available to Residential Unit Owners through the Owner's Club Membership or through a separate membership option.

e. Reserved Right to Modify or Terminate Club. The Spa Unit Owner reserves the right, at its sole and absolute discretion, to amend, modify, terminate or rescind the Club Documents, to reserve memberships, to sell, lease, or otherwise transfer or dispose of the Club Facilities in any manner whatsoever and to any party whomsoever (including, without limitation, the Association), to add, modify or terminate any type or class of membership, to recall any membership at any time for no reason whatsoever, to discontinue operation of any or all of the Club Facilities, to convert the Club into a member-owned club, and/or to make any other changes in the terms and conditions of membership or in the Club Facilities available for use by members.

12. **Prohibition Against Increasing Enclosed Living Area.** The enclosed living area of any Residential Unit or the Apartment Units (as such living area is depicted on the Condominium Map on the date the Unit is conveyed to any Owner by 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.

13. **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.

14. **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 Apartment Units 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.

15. **ADA Compliance.** To the extent required, the Project will be constructed in compliance with the ADA and, in accordance therewith, certain Residential Units designated as "ADA Accessible Units," as more specifically identified in Exhibit "B" of the Declaration, will be designed and constructed to be accessible to disabled persons. All Residential 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.

16. **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 Residential 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 Apartment Units by or on behalf of the Commercial Unit Owners, the Front Desk Unit Owner, or the Apartment 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.

17. **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.

18. **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.

19. **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.

20. **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 Residential Unit lanai, other than within disposal facilities provided for such purposes.

21. **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 of this Article 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. Real Property Taxes, if any, that may be due and owing.

Tax Key: (2) 2-1-008-105 Area Assessed: 644,340 sq. ft.

2. Mineral and water rights of any nature in favor of the State of Hawaii.

3. 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 restates 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.

4. The terms and provisions contained in the following:

INSTRUMENT : ADDITIONAL DECLARATION OF COVENANTS AND RESTRICTIONS

DATED : May 12, 1988

FILED : Land Court Document No. 1555166

5. The terms and provisions contained in the following:

INSTRUMENT : DEED

DATED : May 12, 1988

FILED : Land Court Document No. 1555167

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

6. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR  
DIAMOND RESORT HAWAII OWNERS ASSOCIATION

DATED : September 6, 1989

FILED : Land Court Document No. 1666833

7. -AS TO ITEM II:-

Easement is not contiguous with Lot 460.

8. FIRST MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT (FIXTURE FILING)

MORTGAGOR : GRANITE FUND IV, LLC, a Virginia limited liability company  
MORTGAGEE : BANK OF HAWAII, a Hawaii corporation  
DATED : as of July 20, 2012  
FILED : Land Court Document No. T-8236263  
AMOUNT : \$5,000,000.00

9. The terms and provisions contained in the following:

INSTRUMENT : ASSIGNMENT OF LEASES AND RENTS  
DATED : as of July 20, 2012  
FILED : Land Court Document No. A-45840514  
PARTIES : GRANITE FUND IV, LLC, a Virginia limited liability company, "Assignor", and BANK OF HAWAII, a Hawaii corporation, "Assignee"  
RE : assignment of leases or rental agreements to secure promissory note in the amount of \$5,000,000.00

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

10. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR "THE SUITES AT WAILEA" CONDOMINIUM PROJECT  
DATED : October 1, 2012  
FILED : Land Court Document No. T-8362258  
MAP : 2185 and any amendments thereto

11. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS  
DATED : October 1, 2012  
FILED : Land Court Document No. T-8362259

10. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

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

**EXHIBIT "H"**

**RIGHTS RESERVED BY DEVELOPER**

Among other rights, Developer will have the following reserved rights with respect to the Project, which are more particularly set forth in the Declaration and Bylaws. 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. 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. Developer's rights under said Article XVII are reserved until December 31, 2042.

**B. RESERVED RIGHT TO ALTER, SUBDIVIDE AND CONSOLIDATE UNITS.** This right is set forth in Article XVIII of the Declaration. Developer will have, among other things, the right until December 31, 2042, 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. Developer shall have the right until December 31, 2042, among other things, to effect modifications to Units and Common Elements in the Project and/or execute, file, and deliver any amendments to the Project Documents as may be necessary or allowed to effect compliance with all laws which apply to the Project or the sale of Units in any particular jurisdiction, including, but not limited to, the FHA and the ADA or as may be required by the Commission, any title insurance company issuing title insurance on the Project or any of the Units, any institutional lender, or any governmental agency.

**D. RESERVED RIGHT TO CONVERT LIMITED COMMON ELEMENTS TO UNITS.** This right is set forth in Article XX of the Declaration. Developer shall have, among other things, the right until December 31, 2042, 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 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. Developer will have, among other things, the right until December 31, 2042, to (1) recharacterize all or a portion of certain limited common elements as may be appurtenant to an Unit owned by 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 Developer, to another Unit or Units owned by Developer.

**F. RESERVED RIGHTS REGARDING SPECIAL MANAGEMENT AREA PERMITS AND OTHER PERMITS.** This right is set forth in Article XXIII of the Declaration. Developer will have, among other things, the right until December 31, 2042, 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. Developer will have, among other things, the right until December 31, 2042, to convey to the Association, and the Association shall accept, title to any property owned by 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. Developer will have, among other things, the right until the later of December 31, 2042 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 Developer and the common elements (excluding the limited common elements appurtenant to Units not owned by Developer).

**I. RESERVED RIGHT TO CONSTRUCT THE PROJECT IN PHASES.** This right is set forth in Article XXVI of the Declaration. Developer will have, among other things, the right until December 31, 2042, to construct the Project in phases. Developer shall be under no obligation to construct any unit or building in the Project until such time as 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. 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. Developer shall have the reserved right to create separate parcels of land, to withdraw said portions of land from operation of the Declaration, and to convey said withdrawn land to third parties as it deems appropriate or subject it to another condominium property regime neighboring the Project and/or consolidate it back into the Project; provided that such areas being subdivided and withdrawn shall not contain any Residential Units.

**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 NOT AT ALL.** This right is set forth in Article XXIX of the Declaration. Developer shall have the right at any time prior to December 31, 2042 to complete construction of all Improvements and/or Shared Facilities, Commercial Units, and/or their appurtenant Limited Common Elements in the Project; provided that nothing in the Declaration shall be construed as a representation or warranty by Developer that all planned Improvements or the Limited Common Elements appurtenant to the Front Desk Unit described in the Condominium Map will be developed and built, nor shall anything in the Declaration require Developer to develop and build all of the Improvements or the Shared Facilities, Commercial Units, and/or their appurtenant Limited Common Elements described in the Condominium Map.

**M. RESERVED RIGHT TO CONSTRUCT ROADS, DRIVEWAYS, AND WALKWAYS.** As set forth in Article XXX of the Declaration, Developer shall have the reserved right to and until December 31, 2042, 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.** Developer shall have the reserved right to and until December 31, 2042 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. Such right shall include, but shall not be limited to, the right to construct additional Residential and/or Commercial Units on the Future Development Area.

**O. RESERVED RIGHT TO UTILIZE THE LIMITED COMMON ELEMENT AREAS APPURTENANT TO THE FRONT DESK UNIT.** 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, 2042 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. The Developer, as Owner of the Front Desk Unit, shall also have the right to recharacterize the Limited Common Elements appurtenant to the Front Desk Unit as Exclusive Use Areas, Residential Shared Facilities, or Resort Shared Facilities.

**P. RESERVED RIGHT TO INSPECT THE CONDITION OF THE COMMON ELEMENTS AND THE IMPROVEMENTS AND FACILITIES THEREON.** Developer shall have the reserved right to and until December 31, 2042 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 Developer deems necessary or appropriate in Developer's sole and absolute discretion.

**Q. RESERVED RIGHT TO LEASE OR TRANSFER COMMERCIAL UNITS OR THE FRONT DESK UNIT.** Developer shall have the reserved right to and until December 31, 2042 in accordance with Article XXXIV of the Declaration, to lease or transfer ownership of the Apartment Units, 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 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. 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. ASSIGNMENT OF RESERVED RIGHTS.** Pursuant to Article XXXV of the Declaration, the rights reserved by Developer are fully assignable.

**S. CONSENT TO DEVELOPER'S RESERVED RIGHTS; APPOINTMENT OF DEVELOPER AND ASSOCIATION AS ATTORNEY-IN-FACT.** Pursuant to Article XXXVI of the Declaration, every party acquiring an interest in the Project consents to 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 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. 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 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 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 Developer's reserved rights contained within the Declaration shall be valid, unless consented to by 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 DEVELOPER. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DOCUMENTS, THE CONDOMINIUM DOCUMENTS WILL CONTROL.

**EXHIBIT "I"**  
**PROJECT BUDGET**  
**(see attached)**

**ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS  
FOR  
THE SUITES AT WAILEA CONDOMINIUM**

**Estimate of Initial Maintenance Fees:**

Residential Unit Type	Common Interest PCI %	Resort Shared Facilities PCI%	Residential Unit Class PCI%	Monthly Common Interest Fee	Resort Shared Facilities Fee	Residential Shared Facilities Fee	Month Total	X 12 Months	= Yearly Total
1-1, 1-3, 2-1, 2-3, 3-1, 3-3, 5-1, 5-3, 6-1, 6-3, 7-1, 7-3, 8-1, 8-3, 10-1, 10-3, 11-1, 11-3, 12-1, 12-3, 14-1, 14-3, 15-1, 15-3, 17-1, 17-3, 18-1, 18-3, 19-1, 19-3, 20-1, 20-3, 21-1, 21-3	0.907124%	1.053374%	1.385556%	\$642.61	\$326.07	\$841.45	\$1,810.13		\$21,721.56
1-2, 1-4, 2-2, 2-4, 3-2, 3-4, 5-2, 5-4, 6-2, 6-4, 7-2, 7-4, 8-2, 8-4, 10-2, 10-4, 11-2, 11-4, 12-2, 12-4, 14-2, 14-4, 15-2, 15-4, 16-2, 16-4, 17-2, 17-4, 18-2, 18-4, 19-2, 19-4, 20-2, 20-4, 21-2, 21-4	0.911570%	1.058538%	1.392348%	\$645.76	\$327.67	\$845.57	\$1,819.00		\$21,828.00
16-1, 16-3 (ADA Accessible)	0.905641%	1.051653%	1.383276%	\$641.56	\$325.54	\$840.06	\$1,807.16		\$21,685.92
Commercial Unit Type	Common Interest PCI %	Resort Shared Facilities PCI%	Commercial Unit Class PCI%	Monthly Common Interest Fee	Resort Shared Facilities Fee	Residential Shared Facilities Fee	Month Total	X 12 Months	= Yearly Total
CU-1	6.440281%	7.478614%	34.059732%	\$4,562.30	\$2,315.00	n/a	\$6,877.30		\$82,527.60
CU-2	0.351288%	0.407924%	1.857804%	\$248.85	\$126.27	n/a	\$375.12		\$4,501.44
CU-3	2.690244%	3.123978%	14.227483%	\$1,905.77	\$967.03	n/a	\$2,872.80		\$34,473.60
CU-4	9.426971%	10.946848%	49.854981%	\$6,678.07	\$3,388.60	n/a	\$10,066.67		\$120,800.04
Other Unit Type	Common Interest PCI %	Resort Shared Facilities PCI%	Other Unit Class PCI%	Monthly Common Interest Fee	Resort Shared Facilities Fee	Residential Shared Facilities Fee	Month Total	X 12 Months	= Yearly Total
Front Desk Unit	1.737171%	2.017246%	100.000000%	\$1,230.61	\$624.44	n/a	\$1,855.05		\$22,260.60
A-1	9.295049%	n/a	n/a	\$6,584.61	n/a	n/a	\$6,584.61		\$39,009.96
A-2	4.588978%	n/a	n/a	\$3,250.83	n/a	n/a	\$3,250.83		\$29,842.20

A unit owner shall become obligated for the payment of the share of the expenses allocated to his unit at the time the certificate of occupancy relating to his unit is issued by the appropriate county agency.

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

**Estimate of Common Interest Fee (Maintenance Fees) Disbursements:** For maintenance and service of the Common Elements.

Description	Monthly Income/Expense	X 12 Months	= Yearly Total
<b>Income</b>			
Maintenance Fees - Common	70,840		850,080
<b>Expenses</b>			
<b>Utilities and Services</b>			
Electricity	10,000		120,000
Refuse	1,800		21,600
Water/Sewer	31,000		372,000
<b>Insurance</b>			
Condominium Property	8,500		102,000
General Liability	300		3,600
Umbrella	400		4,800
Boiler & Machinery	100		1,200
Fidelity Bond	40		480
Directors and Officers Liability Insurance	150		1,800
<b>Management</b>			
Administrative Supplies	200		2,400
Audit/Tax Fees	300		3,600
Legal Fees	700		8,400
Fiscal Management Fee	2,305		27,660
Fiscal Management Reimbursable Expenses	600		7,200
Web Site	150		1,800
Board Meetings	100		1,200
Regulatory Fees	50		600
Wailea Association Fees	2,045		24,540
GET Taxes	100		1,200
Reserve Contributions <sup>(1)</sup>	12,000		144,000
Total	70,840		850,080
Net Income	0		0

(1) The building structures of the Apartment Buildings are limited common elements to the Apartment Units, to be managed and maintained by the owners of the Apartment. Accordingly, the Apartment Units are not subject to reserve contributions to the Association.

**Residential Shared Facilities Fee:** TV and Internet cable service is provided to the residential units under a bulk service agreement.

Description	Monthly Expense	X 12 Months	= Yearly Total
Residential Shared Facilities Income	77,730		932,760
<b>Expenses</b>			
<b>Administrative &amp; General</b>			
Administrative & Office Supplies	1,000		12,000
Equipment Leases	500		6,000
Travel & Entertainment	600		7,200
Postage	700		8,400
<b>Utilities and Services</b>			
TV Cable & Internet	2,500		30,000
Gas	5,000		60,000
<b>Payroll &amp; Benefits</b>			
<b>Salaries &amp; Wages</b>			
Housemen	7,510		90,120
Bell Staff	12,000		144,000
Maintenance	15,000		180,000
<b>Taxes, Insurance &amp; Benefits</b>			
FICA	2,710		32,520
FUTA	275		3,300
SUTA	1,050		12,600
Medical Insurance	3,700		44,400
TDI	350		4,200
Workers Compensation	2,425		29,100
Retirement Plan	1,100		13,200
Training	300		3,600
Uniforms	300		3,600
<b>Maintenance, Repairs, and Supplies</b>			
Building Material & Supplies	2,200		26,400
Electrical	400		4,800
Plumbing	610		7,320
Custodial	400		4,800
Miscellaneous	100		1,200
Total Expenses	77,730		932,760
Net Income	0		0

(1) A property management fee of \$5,000.00 per month will be added after year 2 of the formation of the board of directors of the association and upon the board's approval.

**Resort Shared Facilities Fee:**

Description	Monthly Expense	X 12 Months	= Yearly Total
Resort Shared Facilities Income	13,955		167,460
<b>Expenses</b>			
<b>Administrative &amp; General</b>			
Administrative & Office Supplies	200		2,400
Decorations	250		3,000
Travel & Entertainment	100		1,200
Postage	100		1,200
			-
<b>Utilities and Services</b>			
Electricity Common	800		9,600
Telecommunications/PBX	750		9,000
			-
<b>Payroll &amp; Benefits</b>			
<b>Salaries &amp; Wages</b>			
Maintenance	3,330		39,960
<b>Taxes, Insurance &amp; Benefits</b>			
FICA	260		3,120
FUTA	25		300
SUTA	100		1,200
Medical Insurance	400		4,800
TDI	50		600
Workers Compensation	230		2,760
Retirement Plan	200		2,400
Training	100		1,200
Uniforms	100		1,200
Other	100		1,200
<b>Contracts</b>			
Landscape Contract	20,000		240,000
Pest Control - Exterior	1,200		14,400
<b>Maintenance, Repairs, and Supplies</b>			
Building Material & Supplies	300		3,600
Electrical	200		2,400
Plumbing	200		2,400
Elevator	200		2,400
HVAC Maintenance	960		11,520
Custodial	200		2,400
Pest Control	300		3,600
Window Cleaning	200		2,400
Miscellaneous	100		1,200
Total Expenses	13,955		167,460
Net Income	0		0

**Club 72 Budget:** Club 72 management fees will be waived until after year 2 of the formation of the board of directors of the association and upon the board's approval.

Description	Monthly Expense	X 12 Months	= Yearly Total
<b>Expenses</b>			
Personal Concierge Services	4,000		48,000
Maintenance Pool	2,500		30,000
Employee Contributions	1,160		13,920
Gas Pool	5,000		60,000
Club Transportation	3,000		36,000
Beach Club	3,500		42,000
Access Fee Pool/Spa/Fitness	1,000		12,000
Pool	450		5,400
Club Management Fees	0		0
<b>Total Expenses</b>	<b>20,610</b>		<b>247,320</b>

**Estimate of Initial Club 72 Fees:** Club 72 management fees will be waived until after year 2 of the formation of the board of directors of the association and upon the board's approval.

Residential Unit Type	Residential Unit Class PCI%	Monthly Club 72 Fee	X 12 Months	= Yearly Total
1-1, 1-3, 2-1, 2-3, 3-1, 3-3, 5-1, 5-3, 6-1, 6-3, 7-1, 7-3, 8-1, 8-3, 10-1, 10-3, 11-1, 11-3, 12-1, 12-3, 14-1, 14-3, 15-1, 15-3, 17-1, 17-3, 18-1, 18-3, 19-1, 19-3, 20-1, 20-3, 21-1, 21-3	1.385556%	\$285.56		\$3,426.72
1-2, 1-4, 2-2, 2-4, 3-2, 3-4, 5-2, 5-4, 6-2, 6-4, 7-2, 7-4, 8-2, 8-4, 10-2, 10-4, 11-2, 11-4, 12-2, 12-4, 14-2, 14-4, 15-2, 15-4, 16-2, 16-4, 17-2, 17-4, 18-2, 18-4, 19-2, 19-4, 20-2, 20-4, 21-2, 21-4	1.392348%	\$286.96		\$3,443.52
16-1, 16-3 (ADA Accessible)	1.383276%	\$285.09		\$3,421.08

I, Richard Emery, as the condominium managing agent for the The Suites at Wailea Condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Dated: November 21, 2012

Pursuant to §514B-148, HRS, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

**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, Developer's warranties and disclaimers regarding the Condominium Map and the Project, and the remedies of Developer 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 the Public 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 Developer'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. Developer 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 and a second 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 Developer 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 one (1) month's maintenance fee assessment. 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 Developer, 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 Developer at least fifteen (15) days prior to the Closing Date, as defined in the Sales Contract, and shall provide to Developer copies of such documents as Developer, in its sole and absolute discretion, deems necessary to complete Closing.

10. The Sales Contract provides that any dispute by or between Developer 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 Developer 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 Developer 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 Developer 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 \_\_\_\_, 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 escrow and disburse as set forth in the Agreement: (1) all payments received by Escrow under Sales Contracts made by Developer; (2) all sums received by Escrow hereunder from Developer; (3) all funds from any lending institution pursuant to a mortgage loan for the purchase of any unit by individual purchasers; and (4) all sums received by Escrow from any other source on account of this Project. In accordance with written instructions from Developer that are acceptable to Escrow, Escrow shall deposit all funds so received, within a reasonable time of their receipt by Escrow and in reasonably convenient sums, in a federally-insured, interest-bearing account at any bank, savings and loan association, financial services loan company or credit union authorized to do business in the State of Hawaii, provided, however, if Escrow is instructed to make such deposits more frequently than once each calendar week, Developer shall pay to Escrow a reasonable service charge for each additional deposit made during such week.

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 The Suites at Wailea ("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 The Suites at Wailea 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"**  
**DUE DILIGENCE REPORTS**

**(see attached)**

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EXISTING CONDITIONS REPORT  
HOTEL WAILEA  
555 KAUKAHI STREET, WAILEA, HAWAII

*for*

BAY WEST

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Ushijima Architects, Inc.  
2226 Young Street, Suite A  
Honolulu, Hawaii 96826

Electrical Engineer - Itano & Associates, Inc.  
1125 Young Street, Suite 803  
Honolulu, Hawaii 96814

Mechanical Engineer - Randolph H. Murayama &  
Associates  
1267 Young Street  
Honolulu, HI 96814

Structural Engineer - KAI Hawaii  
31 N. Pauahi Street, 2<sup>nd</sup> Floor  
Honolulu, Hawaii 96817

Landscape Architect - Miyabara Associates, LLC  
810 Richards Street, Suite 808  
Honolulu, Hawaii 96813

March 15, 2012



March 15, 2012

Mr. Donovan Lynch  
Bay West  
2895 Kalakaua Avenue, Suite 504  
Honolulu, Hawaii 96815

Subject: **Existing Conditions Report for Bay West at the Hotel Wailea  
555 Kauhahi Street, Wailea, Hawaii**

Dear Mr. Lynch:

Thank you for the opportunity to be of service to you. On behalf of Ushijima Architects, Inc. and our consultants, I am pleased to submit the following existing conditions report.

The report includes structural, mechanical, electrical, and landscape architecture surveys prepared by KAI Hawaii, Inc., Randolph H. Murayama and Associates, Inc., Itano and Associates, Inc., and Miyabara Associates LLC, respectively. The report is based on visual field investigation of the existing buildings only. Please also note that no destructive investigation was done.

Should you have any questions or concerns, please feel free to call me at your leisure.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shaun Ushijima', is written over a circular stamp or seal. The signature is fluid and cursive.

Shaun Ushijima, AIA  
President

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# ARCHITECTURAL DUE DILIGENCE

*for*

## BAY WEST AT HOTEL WAILEA

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Ushijima Architects, Inc.  
2226 Young St., Ste. A  
Honolulu, Hawaii 96826

## **DESCRIPTION OF EXISTING CONDITIONS**

### **EXISTING EXTERIOR AMENITIES**

Subject property is located at 555 Kauhahi Street, Wailea, Hawaii which consists of an irregular shaped lot with asphalt paved on-grade/on-site parking, two-story main lobby building (Building A), two-story pool/spa building (Building B), two (2) two-story employee buildings (Building C), and 18 two-story guest unit buildings (Building D). The site is landscaped throughout with flagstone walkways and an outdoor pool area is situated adjacent to Building B. A loading/Back of House area is located on the north end of Building A fronting the two employee buildings indicated as Building C.

### **EXISTING BUILDING A**

Building A upper floor consists of a main open air/naturally ventilated lobby area, naturally ventilated restaurant, restrooms, and offices. Lower floor consists of a commercial kitchen, restaurant, and ballroom. Roofing of the building is of a natural slate stone and finishes of exterior walls are of coral type rock veneer and synthetic plaster on hollow tile masonry. Exterior walls of the loading area are painted hollow tile masonry. The ballroom is an open air facility (air conditioning supplemental) that includes a bar and large seating area with wood floors, wood windows, natural stone veneer walls, and vaulted wood ceiling. The interior of the ground floor restaurant has fixed seating counters with island style cooktops. The counter tops within the area are of stone and the floors are of wood. All common area walkways and floors are painted natural stone and column veneer is of a natural stone.

### **EXISTING BUILDING B**

Building B upper floor consists of an open air/naturally ventilated fitness center overlooking the pool and deck below and a naturally ventilated co-ed spa. Both these areas have an air conditioned foyer while the spa area also has a large vanity area. Lower floor consists of an open bar, restrooms, mechanical room, and laundry room. Roofing of the building is a concrete tile roof and finishes of exterior walls are of coral type rock veneer on hollow tile masonry. The fitness center is an open air facility with an air conditioned foyer/seating area at the entry along with a uni-sex restroom and two (2) treatment rooms. Walls within this area are of painted gypsum board with laminate type flooring while the toilet room floor and walls are finished with ceramic tile. The spa area includes a large "furo," 13 sit down shower stalls, four (4) standing shower stalls, sauna, vaulted wood ceiling, natural stone veneer floor, and ceramic tile wainscot at walls. The foyer/vanity area leading to the spa includes a uni-sex restroom and two (2) treatment rooms. The ground floor bar is open to the pool deck and is finished with a ceramic tile floor same with the adjacent restrooms. The mechanical room steps down and has a concrete floor with cmu walls.

### **EXISTING BUILDING C**

The two (2) buildings indicated as Building C-1 and C-2 have 16 and 8 studio type units, respectively, and are both similar in construction being of wood framed structures with wood deck, wood stairs, and wood rails. The roof of each building is concrete tile with a plaster type siding on walls. The elastomeric deck coating on the wood subfloors are in poor condition. The interior conditions are based on access to only one (1) unit (unit 320) in building C-1. The interior of this unit has ceramic tile at the entry floor with wood laminate throughout except for the bathroom which is ceramic tile. The kitchen and bath have plastic laminate cabinets and countertops. Walls and ceiling within the unit are gypsum board having a height of 9'-0". The unit is furnished with a window type air conditioner, ceiling fan, slide-in range/oven, recirculating hood, and refrigerator. Windows of the unit are aluminum.

### **EXISTING BUILDING D**

The 18 buildings indicated as Building D have four (4) one-bedroom type units within and are similar in construction having hollow tile exterior walls with an EFS finish on the ground. Upper floor units are framed with an EFS finish. Ground and upper floors are concrete and demising walls within each building are of hollow tile masonry. Each unit has separate water heaters located in a storage closet under the stairs leading to the upper floor balcony. The roof of each building is concrete tile. The interior condition is based on access to only five (5) units (Building 1 – Units 011 and 014, Building 11 – Unit 112, Building 16 – Units 161 and 162). Units 011 and 014 are similar with a natural stone entry and carpet throughout. Both the Kitchen and Bath have wood parquet flooring having gypsum board interior walls and 9'-0" high gypsum board ceilings. Sliding patio doors and windows are aluminum and each unit has an exterior deck having a concrete subfloor. Unit 112 is similar to Units 011 and 014 with the exception of having a convenience counter only in lieu of a kitchen. Units 161 and 162 are considered accessible units and are also similar to the rest of the units with the exception of having roll-in type showers and not having a separate toilet room.

Each unit is furnished with central air conditioning, ceiling fans and sliding paneled wood doors that separate the bedroom from the living room.



## **RECOMMENDATIONS TO EXISTING CONDITIONS**

### **EXISTING EXTERIOR AMENITIES**

Because of the sloping terrain it is highly recommended that an independent handicapped survey be done for compliance with the Americans with Disabilities Act Accessible Guidelines (ADAAG). All natural stone pathways should be verified to insure that no edges are considerably raised and that pavers are securely fastened to its substrate to minimize the potential of tripping.

### **EXISTING BUILDING A**

Building A is in good condition relative to its age with restrooms located on the second floor being slightly outdated. Because it is a public building it is also highly recommended that an independent handicapped survey be done for compliance with the Americans with Disabilities Act Accessible Guidelines (ADAAG).

### **EXISTING BUILDING B**

Building B is in good condition relative to its age. Railing heights of the open air spa and the fitness center should be verified to insure that they comply with current building codes. Because it is a public building it is also highly recommended that an independent handicapped survey be done for compliance with the Americans with Disabilities Act Accessible Guidelines (ADAAG).

### **EXISTING BUILDING C**

The two buildings indicated as Building C-1 and C-2 are in good condition relative to their age. Existing drawings indicate both buildings as single story structures and verification on building permits should be done to insure that the second floors of each building were permitted. The elastomeric deck coating on the wood subfloors are in poor condition and should be redone. It is highly recommended that an independent handicapped survey be done for compliance with the Americans with Disabilities Act Accessible Guidelines (ADAAG) and Fair Housing Guidelines.

### **EXISTING BUILDING D**

The 18 buildings indicated as Building D are in good condition relative to their age. Structure appears to be in solid condition. Each building appears to have been maintained very well over the years and improvements within units have been made. It is highly recommended that an independent handicapped survey be done for compliance with the Americans with Disabilities Act Accessible Guidelines (ADAAG) and Fair Housing Guidelines.



## SUMMARY OF PROPERTY

In general, the existing site and buildings are in good condition relative to their ages. Note that no destructive or comprehensive testing and investigations were done and this report is based solely on visual observations of existing conditions. Careful consideration should be made with regards to recommended improvements, priority of improvements, and costs of improvements. Priority should be placed on items that affect life safety such as railing repairs, hazardous materials abatement, and exit stairway renovation. Compliance with current ADAAG guidelines should also be placed as a priority item. Should immediate funding be insufficient, a phasing plan detailing specific tasks and timelines should be implemented. Refer to the following structural, mechanical, electrical, and landscape sections for existing conditions and recommendations relating to those components of the building. Also, it is our understanding that this property must comply with the Americans with Disabilities Act Accessible Guidelines (ADAAG) and Fair Housing Guidelines. An ADAAG survey should be done and recommendations of the report should be followed and implemented. Due to the age of the improvements, an environmental assessment should also be made relating to any asbestos, lead containing materials, or any other such hazardous materials. Recommendations of the survey should be followed and implemented.

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# ELECTRICAL DUE DILIGENCE

*for*

BAY WEST AT HOTEL WAILEA

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Itano & Associates, Inc.  
1125 Young Street, Suite 803  
Honolulu, Hawaii 96814

# HOTEL WAILEA

## Assessment of Electrical Systems

### 1. SCOPE OF REPORT

This report assess the condition of the existing electrical systems for the Hotel Wailea. The report is based on our review of the existing drawings and our limited field investigation conducted in November 2011. The limited field investigation consisted of observable existing conditions of selected typical units, common areas, back of house areas and cursory review of ground conditions. The investigation did not include opening, measurements or testing of electrical apparatus, devices and boxes.

This report consists of a general description of each electrical system observed and includes an evaluation and recommendation based on the observed existing condition. An electrical probable cost of construction is provided at the end of each section to summarize the associated electrical cost based on the evaluation and recommendations.

### 2. EXISTING ELECTRICAL SYSTEMS

#### A. Electrical Service

1. Existing electrical service to the project consist of two underground 12.47 KV services from Maui Electric Company (MECO). A MECO pad mount transformer is located on the North side of Building B.
  - a. Pad mount transformer is rated at 1,000 KVA, 408 wye/277 volts, three phase, four wires.
  - b. Incoming high voltage service and pad mount transformer is owned and maintained by Maui Electric Company (MECO).

**Incoming service and pad mount transformer appears to be adequate for the Hotel's current requirements.**

2. There is a single MECO meter for the entire project. This meter is located with the main switchboard located at Level 1 of Building A.
  - a. Switchboard is bussed for 1,200 amperes, three phase, four wires.
  - b. Main breaker in switchboard is rated at 1,200 amperes.
  - c. Switchboard has distribution circuit breaker that services various parts of the Hotel common areas as well as the Guest Buildings.
  - d. Switchboard is owned and maintained by the Hotel.

**Existing main switchboard appears to be in good operating condition and appears to be adequate for the Hotel's current requirements.**

B. Electrical Site Distribution

1. Electrical power is distributed to the various building from the main switchboard (Level 1 of Building A) via underground concrete encased duct system. Distribution voltage on the site is 480 wye/277 volts, three phase, four wires.
2. Underground concrete pullboxes are located at various locations that service as junction point to serve the buildings.
3. Underground distribution conductors are copper, rated for 600 volts.
4. Each building has individual step-down transformers to take the Hotel distribution voltage (408 wye/277 volts) down to 208 wye/120 volts, three phase, four wires. The lower 120/208 volts is used for most general lighting, appliances and receptacles.
5. Each building has individual branch circuit panelboards for normal lighting, appliance and receptacle circuits.
6. Underground distribution system, including individual building step-down transformers and panelboards are owned and maintained by the Hotel.

**Existing underground distribution system appears to be in good operating condition without any observable deficiencies.**

**Existing building step-down transformers and panelboards appear to be in good operating condition without any observable deficiencies.**

C. Standby Power

- A.
1. The Hotel has an engine generator set to provide emergency power to Building
  2. The generator (manufactured by Caterpillar) is rated for 175KVA, 498 wye/277 volts, three phase, four wires.
  3. Generator is located in a separate room at Level 1 of Building A.
  4. An automatic transfer switch (also manufactured by Caterpillar) monitors incoming MECO service and automatically starts and transfers power to the generator in case of a MECO power outage. Transfer switch is rated for 225 amperes.

**Existing standby power system (engine generator set and automatic transfer switch) appears to be in good operating condition without any observable deficiencies.**

D. Interior Electrical Wiring

1. Interior electrical wiring consists primarily of insulated copper conductors within metallic conduits.

2. On the stand alone Guest Buildings, some of the wiring is non-metallic sheathed cables consisting of insulated copper conductors with bare copper ground conductor. This type of wiring is acceptable for the type of structure and use.
3. Duplex outlets are 125 volts, 3 wire, grounding type. Outlets within wet or damp areas are ground fault protect as required by the National Electrical Code (NEC – NFPA 70).
4. Duplex outlets in wet, exterior locations have “in use” type weatherproof covers as required by the NEC.

**Basic interior wiring systems appear to be in good operating condition without any observable deficiencies.**

**E. Lighting Systems**

1. The lighting in various locations are as follows (only cursory observations were made of the various lighting systems for general overview and Code conformance. Site visit was made during the day, so night lighting control and illuminance levels were not observed):
  - a. Lobby area: Mix of incandescent, low voltage incandescent and fluorescent luminaires.
  - b. Office areas: Recessed fluorescent luminaires.
  - c. Maintenance areas: Surface mounted fluorescent luminaires.
  - d. Kitchen and food preparation areas: Mix of recessed and surface mounted luminaires.
  - e. Guest rooms: Mix of recessed and surface mounted incandescent luminaires.
  - f. Exterior parking and roadway areas: High pressure sodium pole lights with concrete bases.
  - g. Exterior pathways: Mix of incandescent, fluorescent and low voltage landscape (low to the ground) luminaires.
  - h. Exterior of Guest Buildings: Mix of fluorescent and incandescent surface mounted luminaires.
  - i. In many areas incandescent bulbs have been replaced with self-ballasted compact fluorescent lamps (CFL).

**In, general the lighting systems appear to be in good operating condition without any observable deficiencies.**

### 3. FIRE ALARM SYSTEM

- A. The main fire alarm panel is location in the Administration Offices of Building A.
- B. System is hard-wired system manufactured by Simplex 4000 series.
- C. Each remote building (Guest Buildings, etc.) has a "sub-panel" monitored by the main fire alarm panel at Building A.
- D. In general, the system consists of the following devices:
  - 1. Buildings A and B:
    - a. Manual pull stations along exit pathways.
    - b. Photoelectric smoke detectors at selected locations.
    - c. Interior and exterior audible (only), bells signaling device.
  - 2. Guest Building:
    - a. Exterior manual pull stations at entry doors at both levels.
    - b. Exterior audible (only), bells signaling device at entry doors.
    - c. Unit smoke detectors within units. Existing drawings indicate that these smoke detectors are connected to the main fire alarm system. This could not be verified without the possibility of setting off a facility wide false alarm.

**The main fire alarm system appears to be in good operation condition without any operating deficiencies.**

**However the following changes to the fire alarm system are recommended:**

- 1. **Replace existing audible (only) bells with ADAAG compliant audible and visual (strobes) signaling devices.**
- 2. **If smoke detectors within guest units are connected to the main fire alarm system and a general alarm would sound upon activation of these guest room detectors, it is recommended that these smoke detectors NOT set off a general alarm, but either:**
  - a) **Set off and alarm only with the unit ("sounder base") and notify the office that the detector was activated (to be verified by maintenance)**

**OR**

  - b) **Replace system smoke detector with unit type smoke detector, which would sound an alarm only within the guest room that activated the detector.**

The reasoning for this recommended change is to avoid a general system alarm in the event that the guest room detector had a false activation.

**3. Provide visual alarm within ADAAG required hearing impaired units.**

**E. Estimated probable cost of construction**

- 1. Replace audible only devices: \$10,000.00.
- 2a. Replace unit smoke detectors: \$ 15,000.00.
- 2b. Replace unit smoke detectors: \$ 8,000.00.
- 3. Provide ADAAG visual alarms: \$ 2,000.00.

**4. TELEPHONE SYSTEM**

The main telephone service is underground and is provided and maintained by Hawaiian Telcom (HTCOM). Main telephone service terminated on a backboard located at the main electric room at Level 1 of Building A. Main telephone service (up to backboard) is maintained by HTCOM.

Downstream of the backboard, the telephone system is owned and maintained by the Hotel. Telephone cabling is distributed around the site via underground duct system paralleling the electrical distribution system.

**Existing underground telephone distribution system appears to be in good operating condition without any observable deficiencies.**

**5. CABLE TELEVISION SYSTEM**

The main telephone service is underground and is provided and maintained by Oceanic Time Warner (CATV). Main television service terminated on a backboard located at the main electric room at Level 1 of Building A.

**Existing underground CATV distribution system appears to be in good operating condition without any observable deficiencies.**

# **ELECTRICAL PHOTOS**

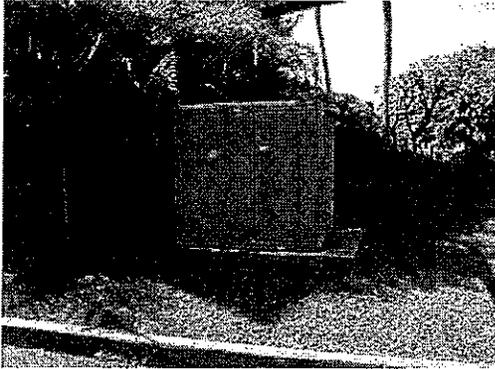


Photo 1: MECO Transformer

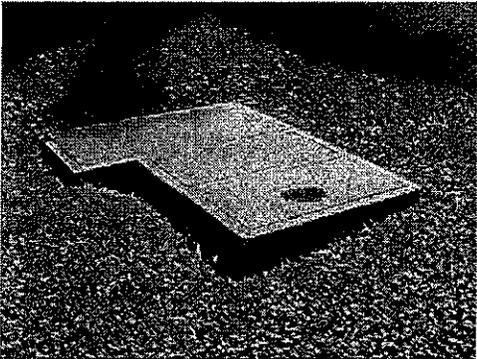


Photo 2: Underground Pullboxes



Photo 3: Main Switchboard

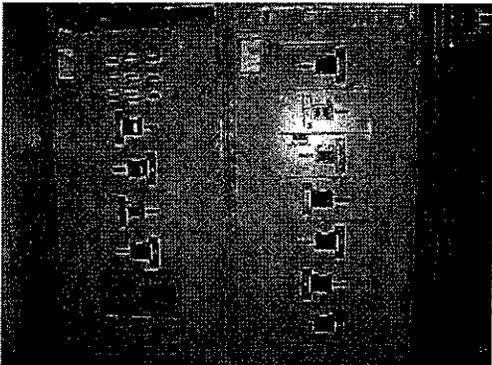


Photo 4: Main Distribution Section



Photo 5: Standby Generator

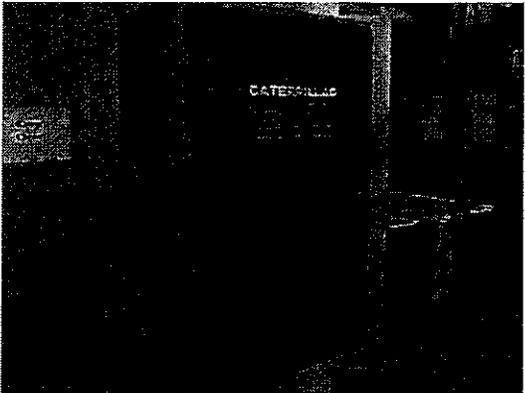


Photo 6: Automatic Transfer Switch

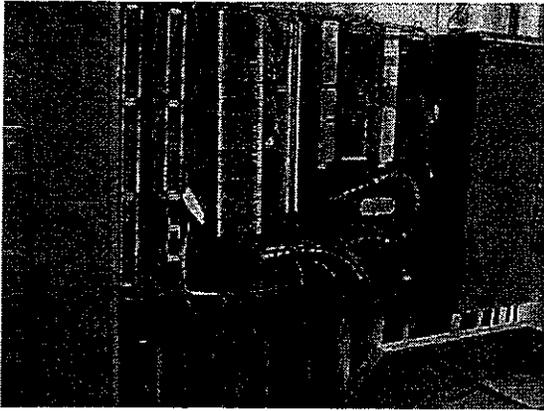


Photo 7: Main Telephone Backboard

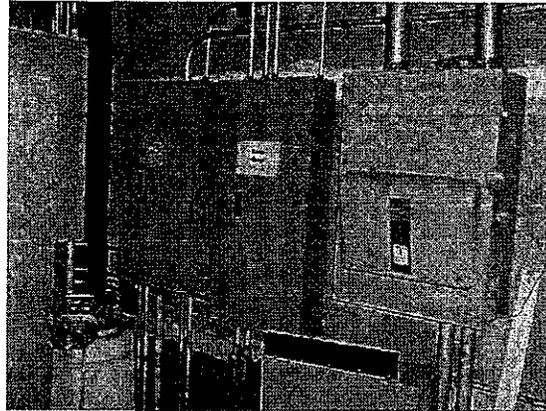


Photo 8: Typical Branch Circuit Panelboards

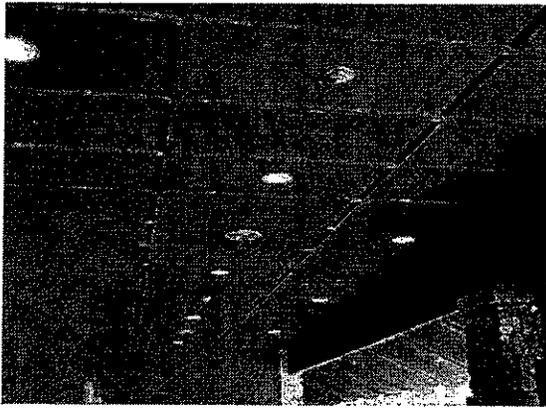


Photo 9: Lobby Area Recessed Lights

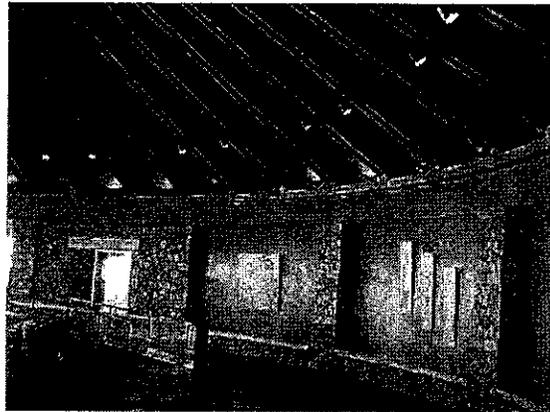


Photo 10: Galley Area Surface Lights



Photo 11: Maintenance Area Lights



Photo 12: Kitchen Area Lights

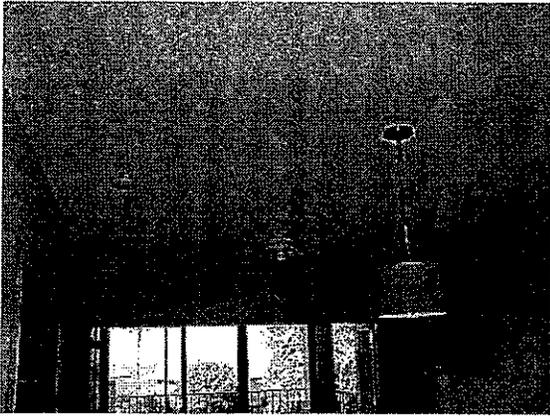


Photo 13: Typical Guest Room Lights

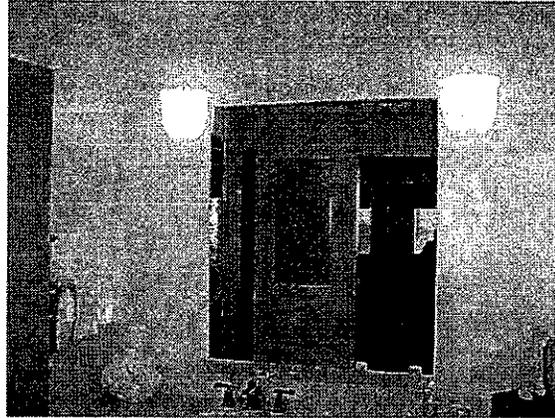


Photo 14: Typical Guest Room Lights

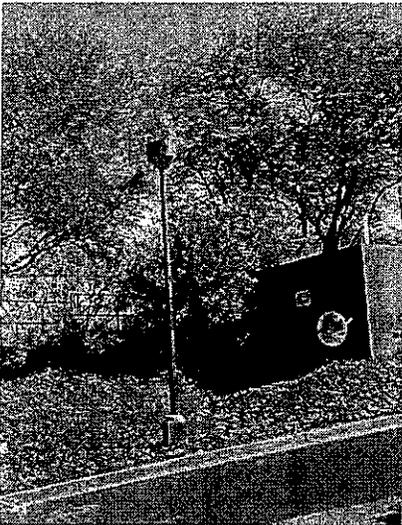


Photo 15: Parking & Roadway Pole



Photo 16: Typical Pathway Light



Photo 17: Guest Building Exterior Entry Light

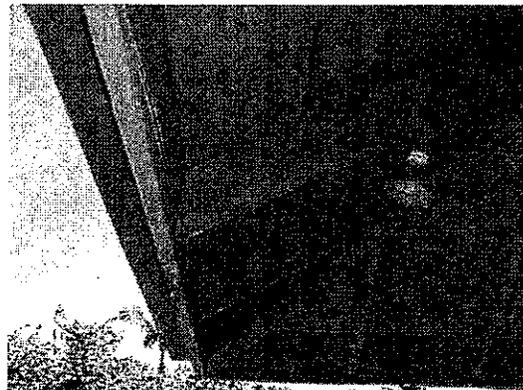


Photo 18: Guest Building Stair Light

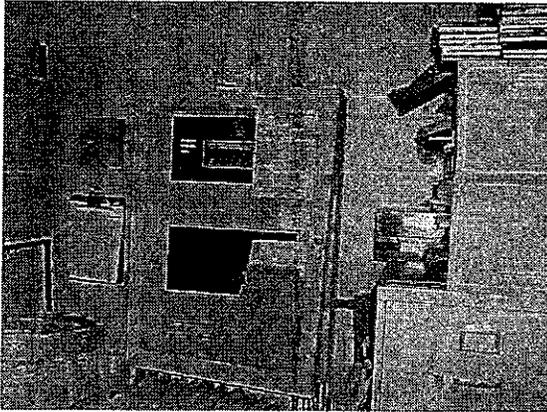


Photo 19: Main Fire Alarm Panel

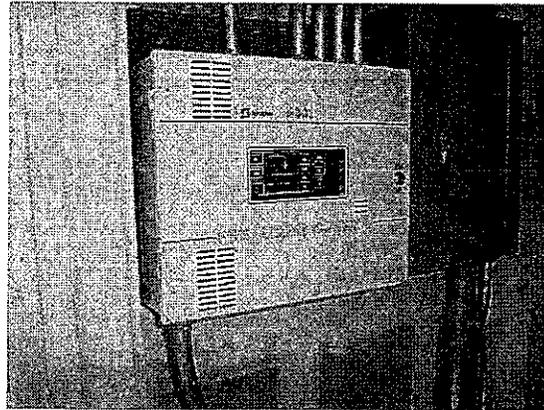


Photo 20: Typical Fire Alarm Sub-Panel



Photo 21: Fire Alarm Station & Bell at Lobby



Photo 22: Fire Alarm Station & Bell at Guest Building

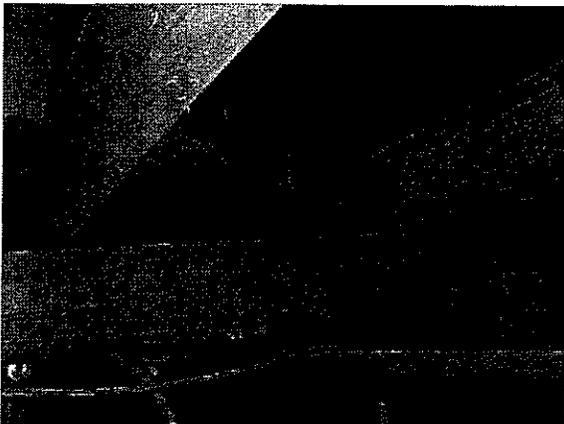


Photo 23: Typical Wiring Guest Building Attic Space



Photo 24: Typical Step-down Transformer

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# MECHANICAL DUE DILIGENCE

*for*

## BAY WEST AT HOTEL WAILEA

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Randolph H. Murayama & Associates  
1267 Young Street  
Honolulu, Hawaii 96814

## **Mechanical Systems Assessment:**

Site visit was done on November 15, 2011. All assessments of the mechanical systems on this property are based on visual inspections and record drawings of the property. It is not an exhaustive evaluation. Time and our scope of work precluded such an investigation. The team conducted a field visit, being able to view inside of typical interior spaces in order to form a general overall evaluation representative of all units.

Specifically not included are:

- Environmental hazard assessment
- Invasive investigation and testing of building components and systems

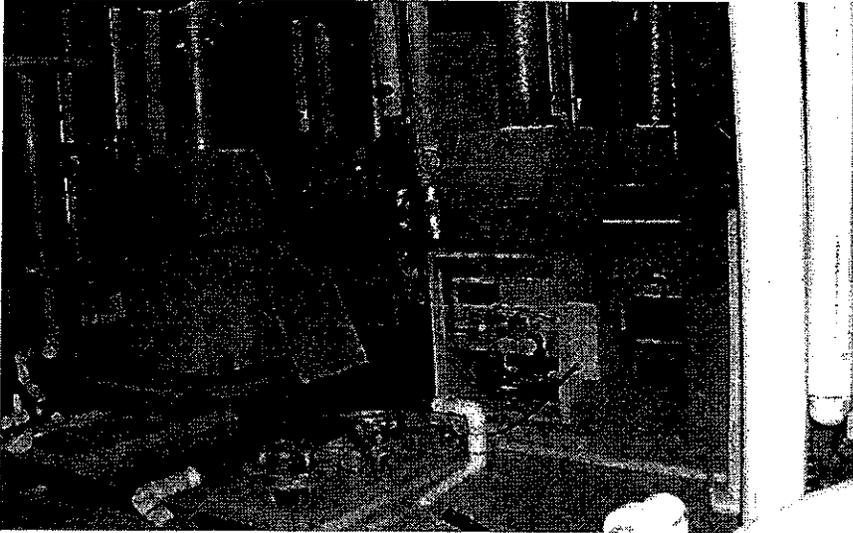
The property is divided into three (3) major areas: Transient Rental Units (TRU), Long-Term Rental Units (LTRU) and Main Building (MB).

## **Plumbing (General):**

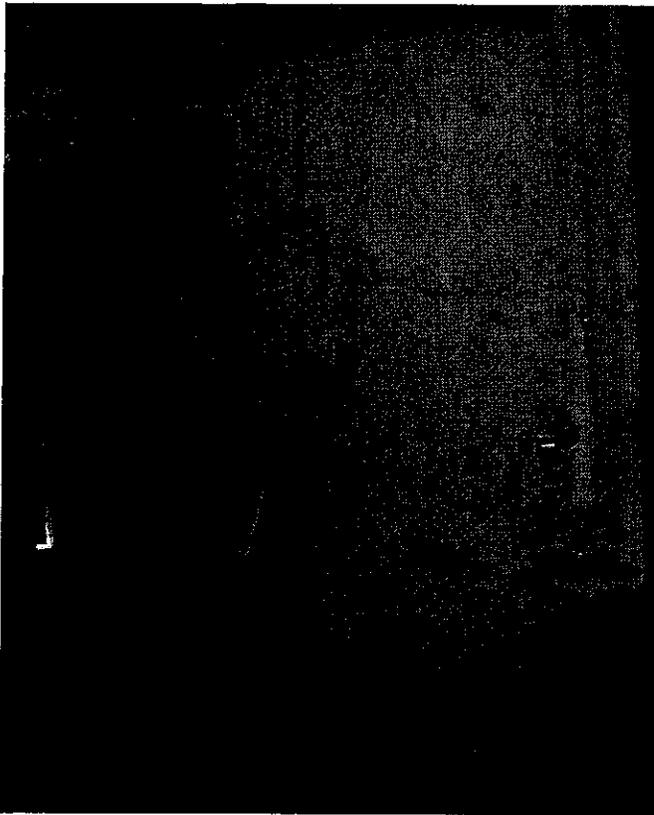
1. The waste lines on this property are cast iron with no persistent pre-existing problems.
2. The water lines on this property are copper with no pre-existing problems.
3. Of the 72 units with tank type water closets, 3 of the water closets have been changed to 1.6 gal/flush type. The remaining are original 3.5 gal/flush.

## **Plumbing (MB):**

1. The space is presently serviced by two (2) 1150 gallon LPG tanks. The gas serves respective boilers for the Spa, Kitchen, and the gas torches located throughout the property.
2. There is an existing 250 gallon grease interceptor that is in use. There is a 1200 gallon interceptor that serves the Main Kitchen, but is not in service due to the Main Kitchen being out of service.
3. Hot water for the main building utilizes heat recovery from a water source heat pump for pre-heating the domestic water feeding the boilers. Boilers are showing its age (original). Refer to picture #1.
4. The existing 1500 gallon hot water storage tanks are also showing its age (original). Refer to picture #2.



Picture #1 - Boilers



Picture #2

### **Plumbing (TRU):**

1. The TRU units are provided with hot water by heat pumps with 80 gallon storage, located in exterior closets. The closets are unvented. Heat pumps require certain amount of ventilation since it discharges cold air. Recommend management confirm that the location is acceptable for proper operation of the heat pumps (this type of evaluation is beyond the scope of this report). Need to confirm with manufacturer.

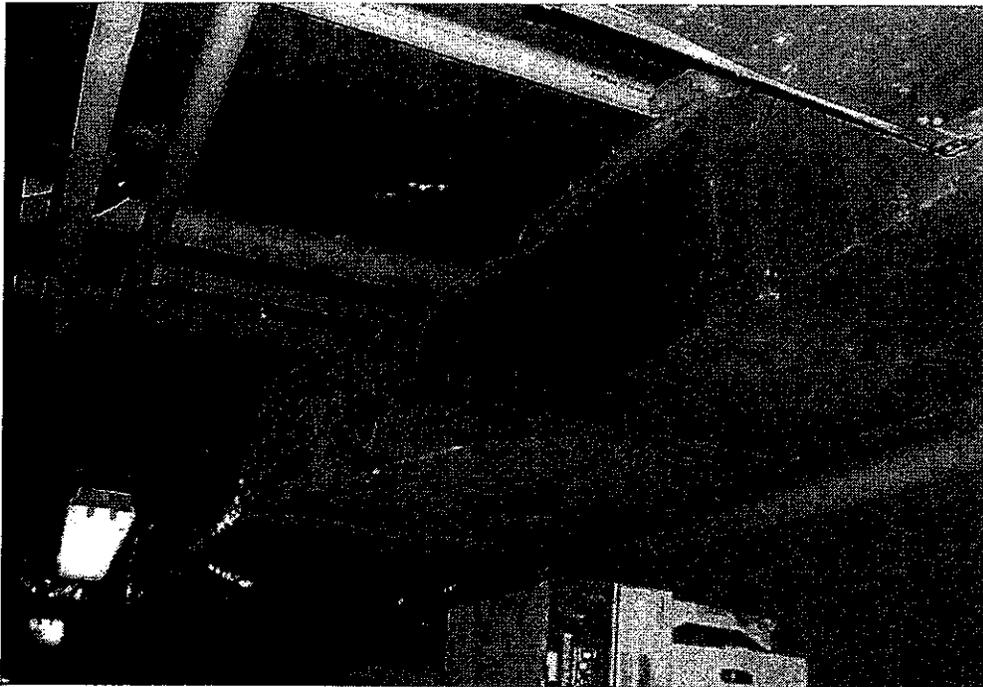
The units appear to be in good condition.

### **Plumbing (LTRU):**

1. The LTRU units have 50 gallon electric heaters. The heaters appear to be in good condition. They are approximately 4 years old. There are 14 units that have been equipped with solar panels, approximately 8 years ago.

### **Air Conditioning and Ventilation (General):**

1. The condition of all the various mechanical air conditioning and ventilation systems on property are in fair to good condition, especially considering the age of some of the systems.
2. The ductwork in the Laundry area is the one exception. It is badly deteriorated. Not sure if there is significant leakage. Refer to picture #3.



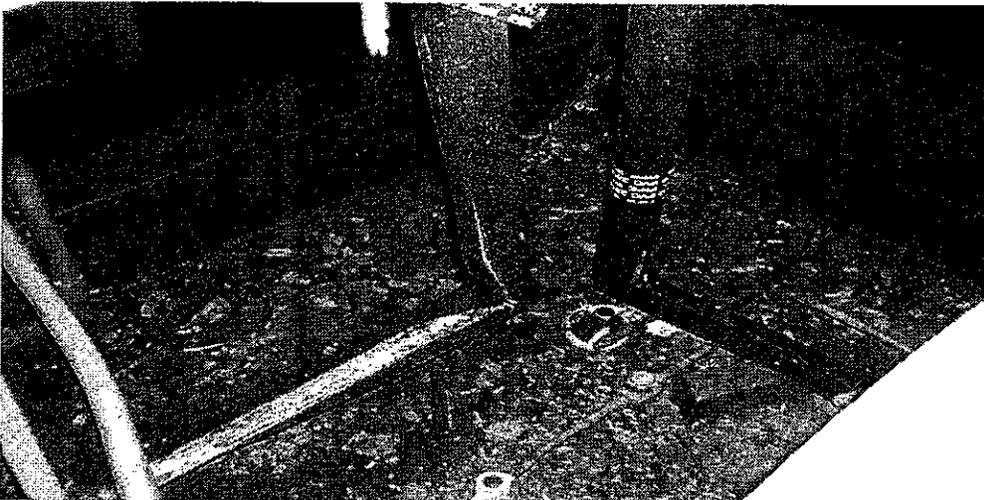
Picture #3

### **Air Conditioning and Ventilation (MB):**

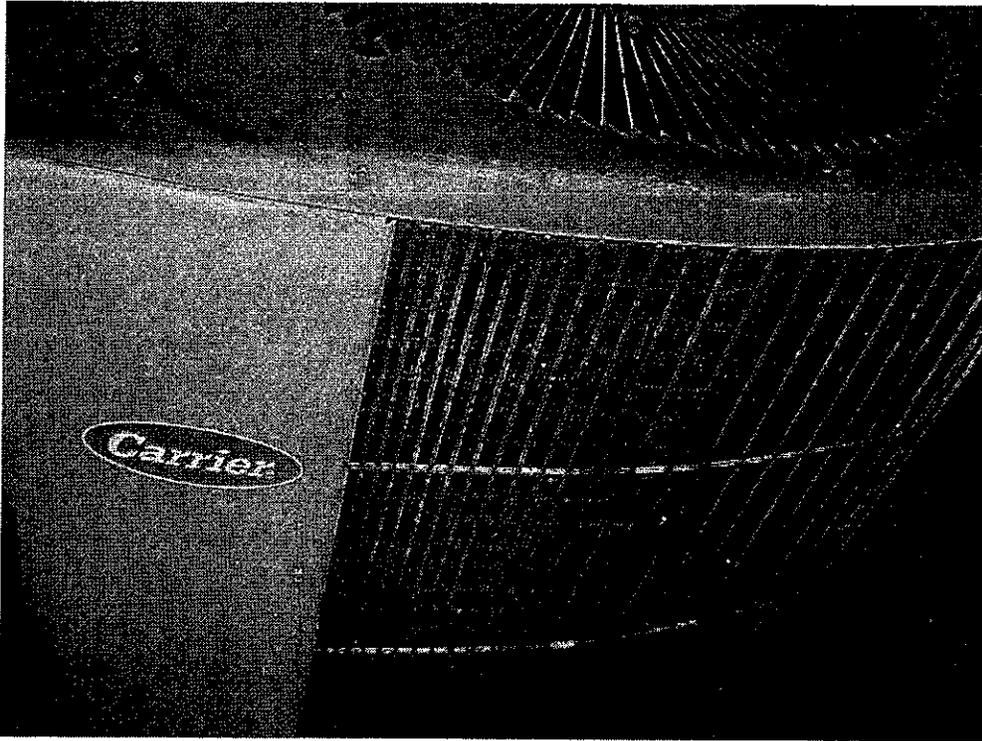
1. The main building is air conditioned with a (approximately 110-ton centrifugal chiller (Smardt SCL500-25) with two (2) remote air cooled condensers (York VCB103). The chiller was installed approximately 5 years ago, the condensers were from the previous chiller (age unknown). The chiller is set for supply temp of 48 deg. F. Recommend evaluation of set points. Water temperatures at 48 deg F. cannot adequately dehumidify the supply air to the space.
2. The chilled water supply pump is equipped with a variable speed drive. However, the 3-way valves at the air handling or fan coil units still have the by-pass valve open. This set-up is not taking advantage of the potential energy savings from the VFD. Pump is still operating at constant speed. Evaluation of the chiller system should be done to optimize the pumping and chiller efficiencies (this type of evaluation is beyond the scope of this report).
3. The air handling units serving the main building are original and therefore approximately 20 years old. They appear to be in fair condition. There once was a Johnson Control automated system to control unit operation. This system has be disconnected for approximately 12 years.

### **Air Conditioning (TRU):**

1. Each hotel unit is currently air conditioned with a 3-ton direct expansion, ducted split system. Most of the units are original and therefore, approximately 20 years old. There have been a few systems that have experienced refrigerant leaks in the underground piping and have since been replaced (refer to picture #4). The existing piping has been abandoned in place. The condensing units are located in the planter area. Refer to picture #5.

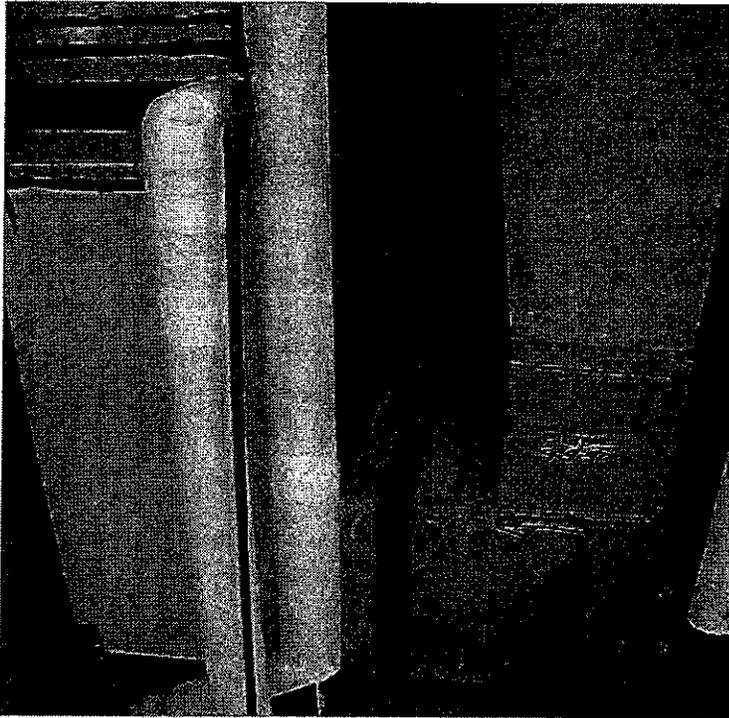


Picture #4



Picture #5

2. The fan coil units are floor mounted in an exterior closet. It is original and therefore approximately 20 years old. They appear to be in fair condition. Refer to picture #6.



Picture #6

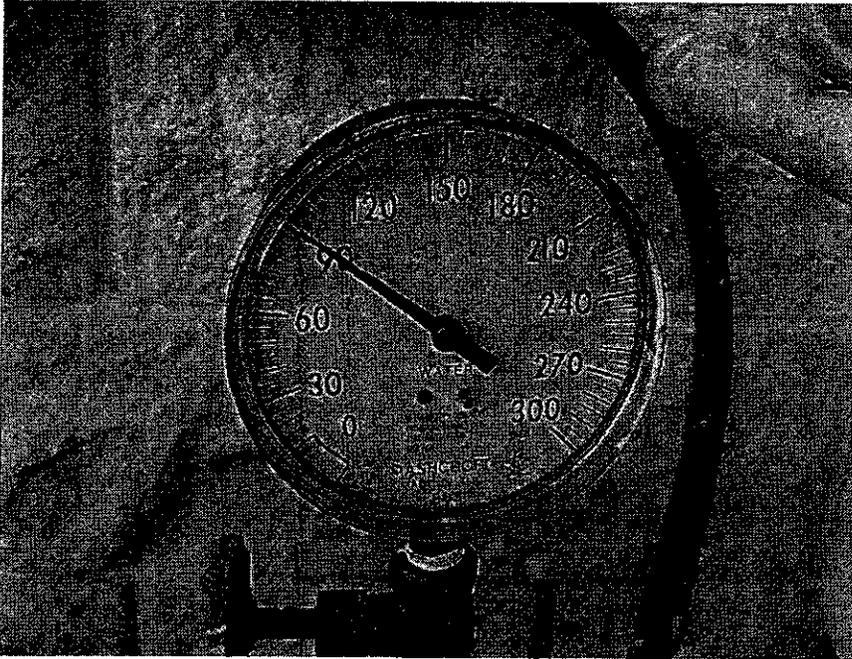
3. Toilet spaces are exhausted by cabinet fans.

**Air Conditioning (LTRU):**

1. The LTRU units located on property are air conditioning with 10,000 Btuh window units. The units are approximately 4 years old and in good condition.
2. Toilet spaces are exhausted by cabinet fans.

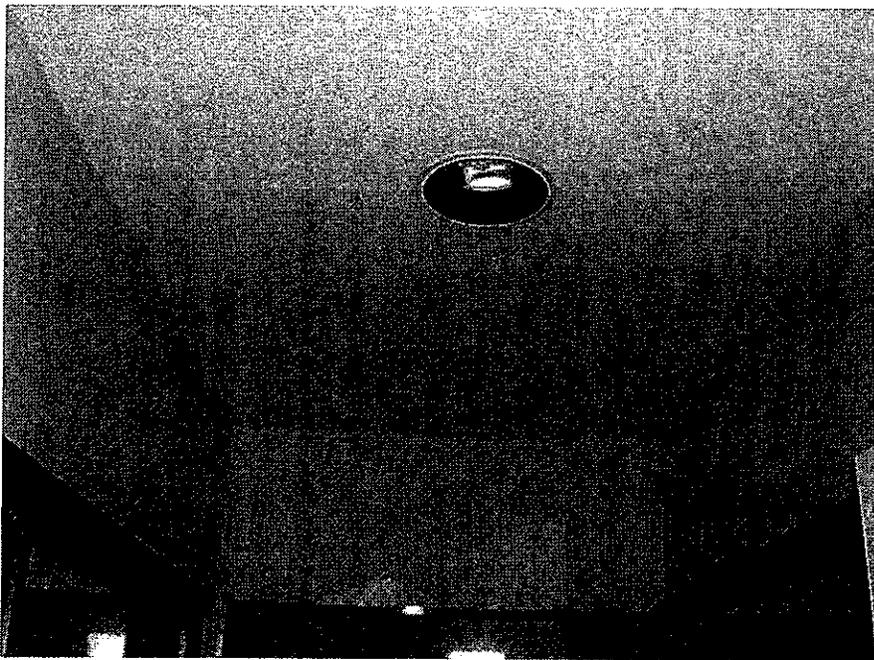
**Automatic Fire Sprinkler System:**

1. All the buildings on this property are fully protected by automatic fire sprinkler systems. The existing heads are generally sidewall discharge type in the hotel rooms and ceiling type in the main building. None of the individual systems have a fire pump. System pressure is approximately 90 psi. Refer to picture #7.



Picture #7

2. There is one area in the TRU units that do not have adequate coverage. In the Hall area adjacent to the Bath, there is a recessed ceiling condition, creating an obstruction from the Bath sprinkler head. See picture #1. This area does not meet current fire sprinkler coverage requirements. Refer to picture #8.



Picture #8

### Considerations:

1. The condensing units serving the hotel units will start to fail. They have operated beyond their economic life. Perhaps within the next 3 to 5 years, the majority of the units would need replacement. The new equipment selected would require the piping and equipment to be replaced due to the different refrigerants now on the market. The existing R-22 machines are obsolete and would be replaced with equipment using R-410A. Estimated cost: \$9,000 per unit.
2. Recommend full evaluation of chiller plant operations and settings in order to take full advantage of the high efficiency equipment being used. Consider installation of building automation system for air conditioning system(s) (perhaps other features could be included) in order to optimize energy efficiencies.
3. Laundry Room ventilation ductwork should be replaced. Estimated cost \$12,000 (includes fan replacement).
4. Modifications should be done to correct fire sprinkler coverage at hallway ceilings. Estimated cost is \$1000 per unit, including ceiling patching.

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# STRUCTURAL DUE DILIGENCE

*for*

BAY WEST AT HOTEL WAILEA

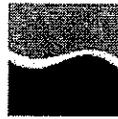
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KAI Hawaii  
31 N. Pauahi Street, 2<sup>nd</sup> Floor  
Honolulu, Hawaii 96817

STRUCTURAL DUE DILIGENCE REPORT  
For  
Hotel Wailea  
555 Kaukai Street  
Wailea, Maui, Hawaii



Prepared for:  
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 **KAI HAWAII**  
STRUCTURAL & FORENSIC ENGINEERS  
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Honolulu, HI 96817

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## **Introduction**

This report summarizes the structural due diligence assessment of the Hotel Wailea located at 555 Kaukai Street Wailea, Maui, Hawaii. The hotel includes a lobby/dining building (Building A), spa/fitness building (Building B), 2 employee apartment buildings (Buildings C1 and C2), and 18 hotel guest buildings (4-units each, Buildings D). Also included in the scope of this assessment are the two pedestrian bridge structures located on the property.

The lobby/dining building, Building A, is L-shaped and consists of a basement, and two floor levels. The roof is a combination of dome and hip features.

The spa/fitness building, Building B, is two-story and basically rectangular in shape. This building has a footprint of approximately 140' x 49', also with a dome/hip roof.

The employee apartment units, Buildings C1 and C2, are two-story and rectangular in shape. Building C1 has dimensions of 68' x 38', while the larger Building C2 is 136' x 44'. These buildings both have hip shaped roofs. Building C1 is comprised of 8 individual units, and Building C2 has 16 units.

The hotel guest buildings, Buildings D, are also two-story and rectangular, with an outline of 50' x 44'-8". These buildings are 4 units each and all have hip roofs.

Two small pedestrian bridge structures cross over water features on the property.

All buildings were constructed from drawings dated September 6, 1988 indicating the buildings were designed in accordance with an early edition of the UBC, likely the 1982 UBC. A complete list of all documents reviewed is included at the end of this report. Construction appeared to be in general conformance with these documents.

## **Scope of Work**

Our scope of work consisted of the following items:

A review of available building documents, including specifications, drawings and related documentation provided. A complete study to verify the accuracy of the drawings with respect to the existing construction is not included.

A field survey of the building which consisted of non-destructive visual observations of exposed building elements at the interior and exterior of the structure that were readily accessible and permitted by the owner. Observations took place from floor level locations and typical distressed structural elements were identified. Hidden or concealed conditions such as those covered by floor,

ceiling or wall panels and coverings were not reviewed during our visit. This survey did not include any physical testing of the structural elements. The survey also did not include any investigation of hazardous materials such as asbestos or lead based paint.

A structural assessment of the building was performed based on the document review and the field survey. Deficiencies that are readily apparent were noted. This assessment does not include any quantitative structural analysis of the structural systems or cost estimates. This assessment does not include Probable Maximum Loss (PML) evaluation.

Only a limited visual observation or several accessible spaces of the wood structure was performed, a complete termite inspection was not done and not part of our scope.

## **Structural Description**

### *Building A – Lobby/Dinning*

The first and second levels of Building A are cast in place concrete flat slabs supported by CMU walls with a stone veneer, concrete, and steel columns below. The basement level rooms of Building A consist of a concrete slab on grade. The roof is framed with glulam beams.

The Vertical Gravity Framing System for the building is summarized as follows:

- The dome roof structures utilize a central steel tube compression ring to support the ends of the glulam framing where they meet at the center of the dome. The exterior ends of the framing bear on glulam beams which are supported by concrete columns. Tension rods connect the framing members above the exterior bearing points. Typical dome roof framing members are 3-1/8"x18" glulam beams spaced at 5'-0".
- The gable and hipped framed roof sections are typically constructed of 3-1/8"x12-1/2" glulam beams spaced at 5'-0" bearing on glulam beams, supported by steel or concrete columns.
- The first and second level flat slabs mostly 8 1/2" thick, with a 6 1/2" slab located at the main hallway at level 2. CMU walls, concrete, and steel columns support the slab above.

The Foundation System is summarized as follows:

- Continuous strip footers support the walls above, while spread footers support the columns. No piles are used.

The Lateral Force Resisting System (for seismic and wind resistance) is summarized as follows:

- The lateral force resisting system of Building A is comprised of CMU and concrete shear walls, cast-in-place concrete floor diaphragms, and a 5/8"

thick tongue and groove plywood sheathed roof diaphragm. Despite large open areas, the building structure is fairly robust, and a defined load path is present.

- Although a clear lateral force resisting system is in place, and likely in compliance with the code to which the building was designed (UBC 1982), the strength requirements of the currently enforced building code (IBC 2006) may be more stringent, and compliance with the current code cannot be assured. This statement can be applied to each structure reviewed on this property. A complete analysis of the system with respect to the IBC 2006 is outside the scope of this report.

#### *Building B – Spa/Fitness*

The construction, vertical, and lateral load resisting systems of Building B are similar to that of Building A with a glulam framed wood roof and cast-in-place concrete floor slab supported by CMU walls.

The Vertical Gravity Framing System for the building is summarized as follows:

- The dome roof structures utilize a central steel I-beam compression ring to support the ends of the glulam framing where they meet at the center of the dome. The exterior ends of the framing bear on concrete beams which are supported by concrete columns and CMU walls. Tension rods connect the framing members above the exterior bearing points. Typical dome roof framing members are 3-1/8"x12" glulam beams spaced at 6'-0".
- The hipped framed roof sections are typically constructed of 3-1/8"x12" glulam beams spaced at 6'-0" bearing on glulam beams or concrete beams, supported by steel columns or CMU walls.
- The second level flat slab is 8 1/2" thick and supported by CMU walls below.

The Foundation System is summarized as follows:

- Continuous strip footers support the walls above, while spread footers support the columns. No piles are used.

The Lateral Force Resisting System (for seismic and wind resistance) is summarized as follows:

- The lateral force resisting system of Building B is comprised of CMU and concrete shear walls, cast-in-place concrete floor diaphragms, and a 5/8" thick tongue and groove plywood sheathed roof diaphragm. A defined load path for resisting lateral forces is present.

#### *Buildings C1 and C2 – Employee Apartments*

The C Buildings are of simple CMU construction with wooden roof trusses. The second floor roof framing is not shown in the as-built drawings, however based on field observation it appears to be cast-in-place concrete.

The Vertical Gravity Framing System for the buildings is summarized as follows:

- Vertical loads from the 2x roof trusses spaced at 24", and the second level concrete slab are supported by CMU walls and transferred directly to the foundation

The Foundation System is summarized as follows:

- Continuous strip footers support the walls above. No piles are used.

The Lateral Force Resisting System (for seismic and wind resistance) is summarized as follows:

- The lateral force resisting system of the C Buildings is comprised of CMU and shear walls, cast-in-place concrete floor diaphragms, and a 5/8" thick tongue and groove plywood sheathed roof diaphragm. A clearly defined load path for resisting lateral forces is present.

#### *Buildings D – Hotel Guest Units*

The D Buildings are also of CMU construction with wooden roof framing. The second floor is framed with 4" thick precast concrete planks with a 3" concrete topping.

The Vertical Gravity Framing System for the buildings is summarized as follows:

- Vertical loads from the 4x12 roof framing spaced at 48", and the second level precast concrete slab are supported by CMU walls and transferred directly to the foundation

The Foundation System is summarized as follows:

- Continuous strip footers support the walls above. No piles are used.

The Lateral Force Resisting System (for seismic and wind resistance) is summarized as follows:

- The lateral force resisting system of the D Buildings are comprised of 8" thick CMU and shear walls, 4" thick precast concrete floor diaphragms, and 2" thick wood decked roof diaphragms. A clearly defined load path for resisting lateral forces is present.

#### *Pedestrian Bridge Structures*

Two pedestrian bridge structures are present on the Wailea Hotel property. These bridges are simple span, open girder, reinforced concrete construction. Although no as-built drawings were available for review in preparation of this report, no structural design deficiencies were apparent based upon the field investigation.

## Field Observations

The structural field condition survey was performed by Joshua Murphree of KAI Hawaii, Inc. on November 15, 2011. A member of the maintenance staff allowed access to various buildings to conduct our investigation.

A summary of our field observations of exposed structural elements is described below:

1. The overall structure of all buildings appeared to be in good physical condition with little significant structural damage or distress observed.
2. Cracking was noticed in the 2<sup>nd</sup> story slab soffit of the employee apartment buildings. This condition is typically occurring at the building corners. No deflection of the slab was noticed at these locations, and the cracking is likely due to shrinkage or expansion with little if any impact on the structural integrity.
3. The wood guard rail at the 2<sup>nd</sup> story of the employee apartment buildings was loose and damaged in a few locations. This is a minor maintenance issue and not a widespread structural problem.
4. The gypsum ceiling soffit of Building B between the two domed roof structures is exhibiting widespread hairline cracking. The framing is concealed at this location and therefore inspection was not possible. The gypsum board is only an architectural finish and there are no definitive signs of a structural issue. Most likely this cracking is a result of variations in temperature and humidity; however it is possible that the spacing of supporting members is greater than allowable for the thickness of the material, resulting in excess deflections and cracking.
5. Cracking with efflorescence staining was noticed in the Building A level 1 slab soffit above the pond area. There are no indications that this cracking is structurally significant or has any impact on the integrity or strength of the floor slab system. Cracking of this type is common in all reinforced concrete structures. Similar cracking was observed in the second floor slab soffit of building B.
6. Cracking was noticed at several concrete slab-on-grade locations, including sidewalks, and the ground level lanais of the Building D guest units. This appears to be typical shrinkage cracking and not a sign of any structural issues.
7. The exposed wood roof framing of all buildings appeared to be in good condition with no apparent indications of moisture damage, rotting, or

termite damage. Truss tie downs and rafter connections appeared in good condition with no rust or active corrosion noticed.

8. The pedestrian bridge structures appeared in good condition with no damage or deterioration noticed.

### **Recommendations**

Based on our investigation and the fact that very little deterioration was observed at any of the structures, no major repairs are required at this time. However, based on this assessment some maintenance items should be addressed.

1. It is recommended that any loose or damaged members of the second story wooden guardrail of the Employee Apartment buildings be repaired as deterioration of this guardrail may present a safety issue. Repairs may consist of replacing some vertical members and securing loose members with additional nails. Estimated cost of these repairs is under \$1,000.
2. Cracking of the gypsum ceiling of Building B is primarily an aesthetic issue, however if it is chosen to be repaired/replaced additional support framing maybe required.

### **Disclaimer**

No representations are being expressed or implied as to the expected or useful life of the main structural elements of the buildings, retaining walls, or pedestrian bridges. The opinions and comments in this report are based on visual observations and the documentation provided only. This letter is intended for the informed reader, knowledgeable of real estate development, engineering and construction. Other third parties are advised not to rely upon this letter for making purchasing decisions or as a substitute for their own analysis and due diligence. Architectural, mechanical, electrical, or plumbing conditions are not included and no warranty expressed or implied as to the condition of the structure is intended.

## List of Record Structural Drawings Reviewed

### *Drawings Dated September 6, 1988*

S0-1	General Notes
S0-2	Typical Details
AS2-1	Building A Basement/Foundation Plan
AS2-2	Building A Level 1
AS2-3	Building A Level 2A Framing Plan
AS2-4	Building A Roof Plan
AS3-1	Building A Building Section
AS3-2	Building A Building Section
AS3-3	Building A Foundation/Basement Details
AS3-4	Building A Level 1 Details
AS3-5	Building A Level 2 Details
AS3-6	Building A Roof Details
AS3-7	Building A Roof Details
AS5-1	Building A Beam Elevations and Details
BS2-1	Building B Foundation and Level 2 Framing Plans
BS2-2	Building B Roof Framing Plan
BS2-3	Building B Roof Framing Plan
BS3-1	Building B Building Section
BS3-2	Building B Building Section
BS3-3	Building B Foundation/Basement Details (Level 1)
BS3-4	Building B Level 2 Details
BS3-5	Building B Roof Details
BS3-6	Building B Roof Details
BS5-1	Building B Beam Elevations and Details
CS2-1	Building C Roof Framing and Foundations Plans
CS3-1	Building C Building Section
DS2-1	Building D Foundation Plan
DS2-2	Building D 2 <sup>nd</sup> Floor Framing and Roof Plans
DS3-1	Building D Building Sections
DS3-2	Building D Foundation and Second Floor Details
DS3-3	Building D Roof Details

**Photographs**

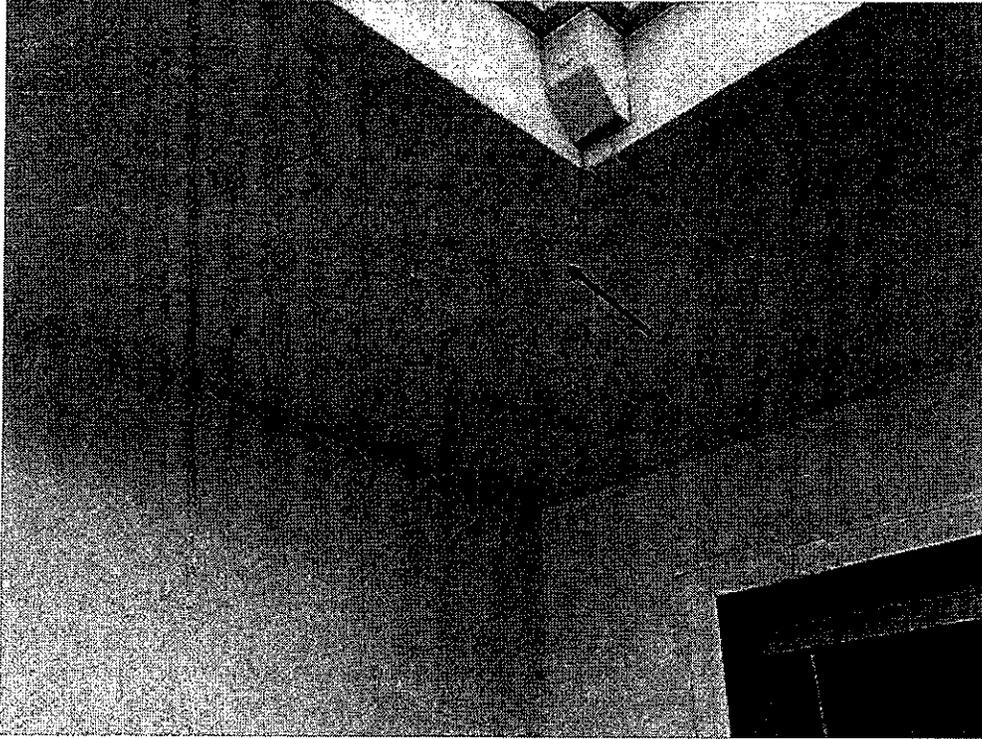


PHOTO 1: Cracking at the second level concrete floor slab of the employee apartment buildings

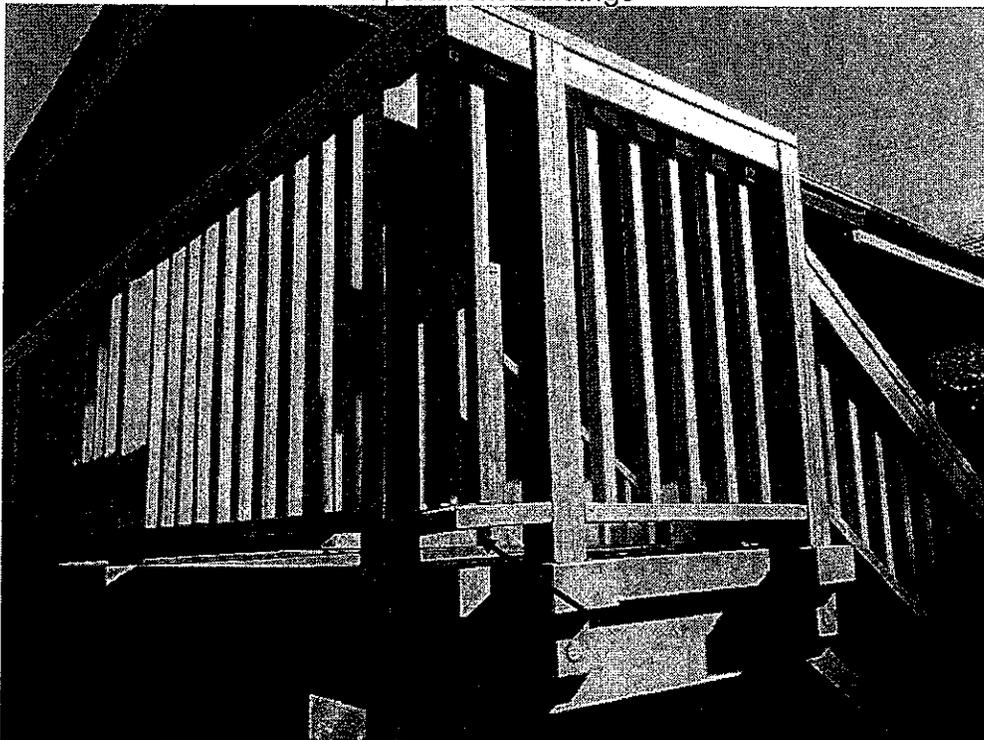


PHOTO 2: Some loose and damaged members of the second floor guardrail at the employee apartment buildings

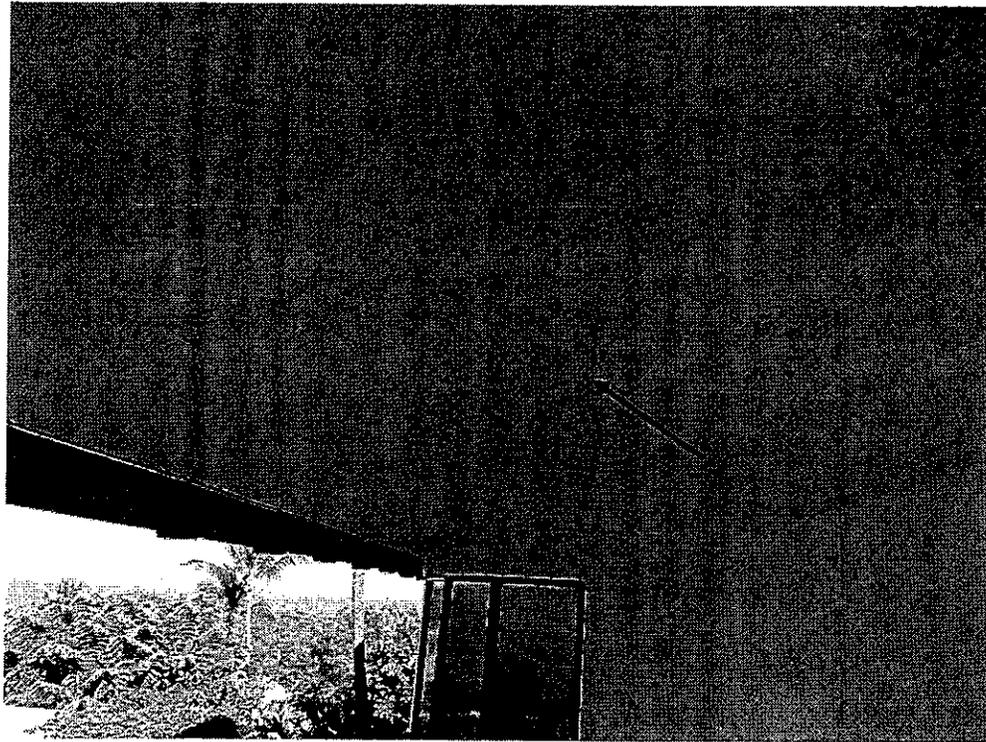


PHOTO 3: Cracking of the exterior gypsum ceiling of Building B

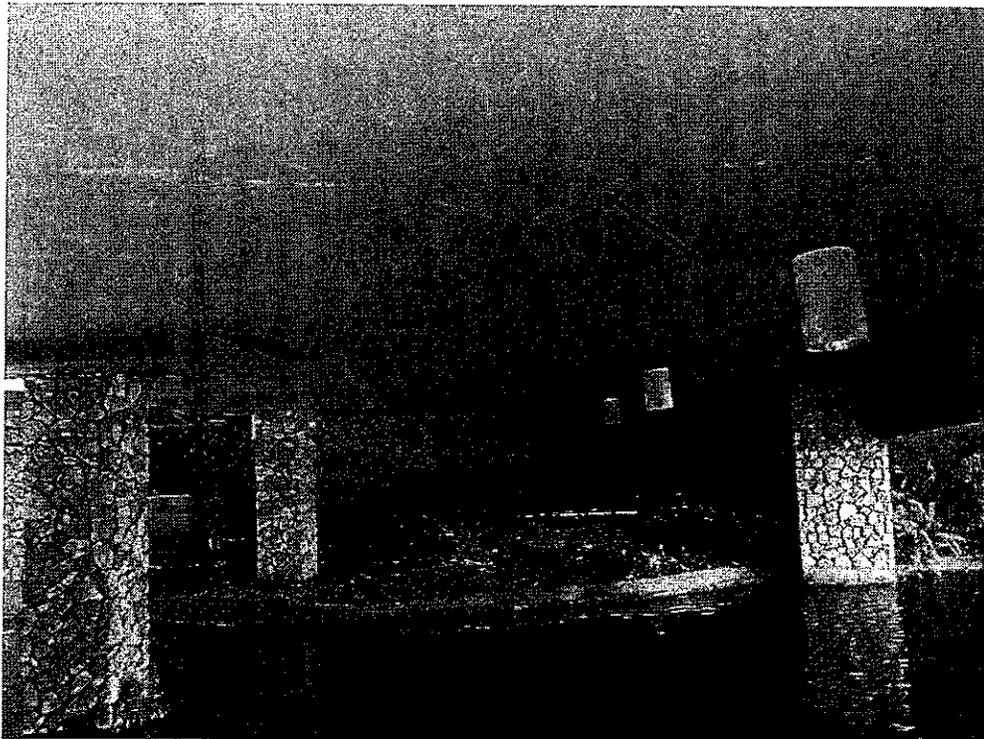


PHOTO 4: Cracking with efflorescence in the first level slab soffit of Building A

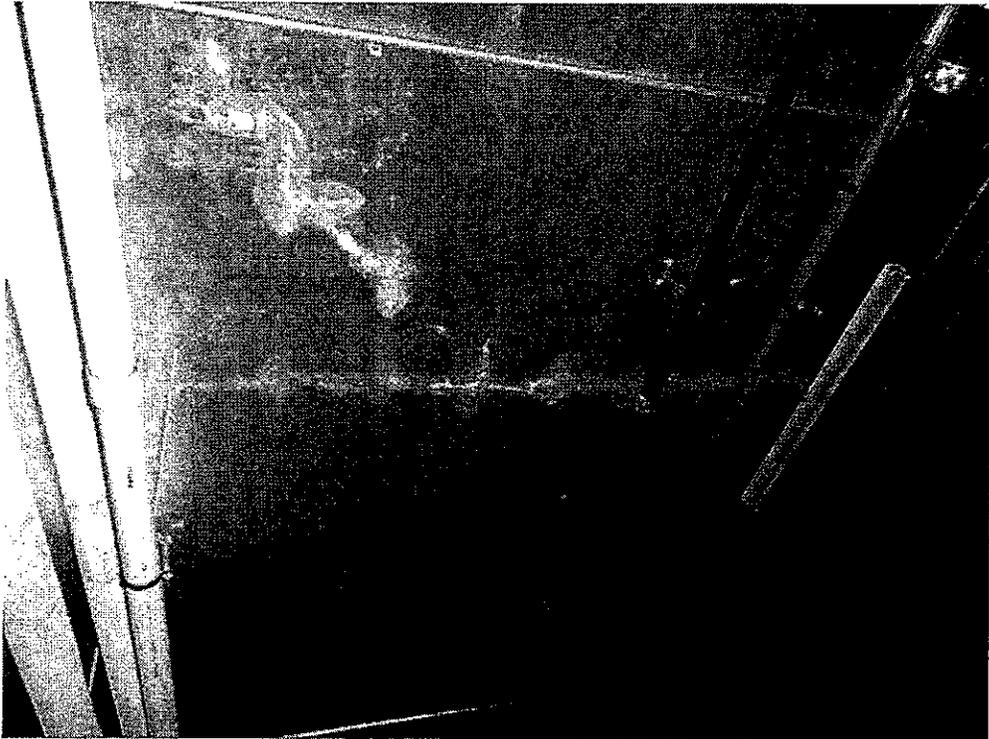


PHOTO 5: Cracking with efflorescence in the 2<sup>nd</sup> story slab soffit of Building B

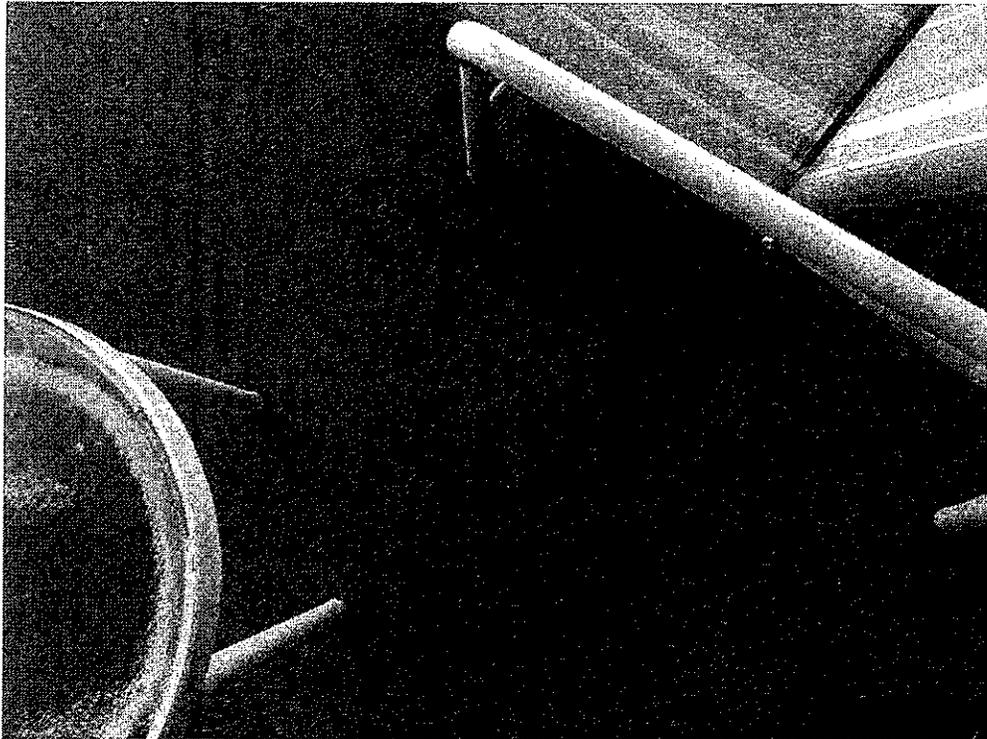


PHOTO 6: Minor cracking of the concrete slab-on-grade at the 1<sup>st</sup> level lanais of the guest unit buildings (Building D)

Hotel Wailea  
Structural Due Diligence

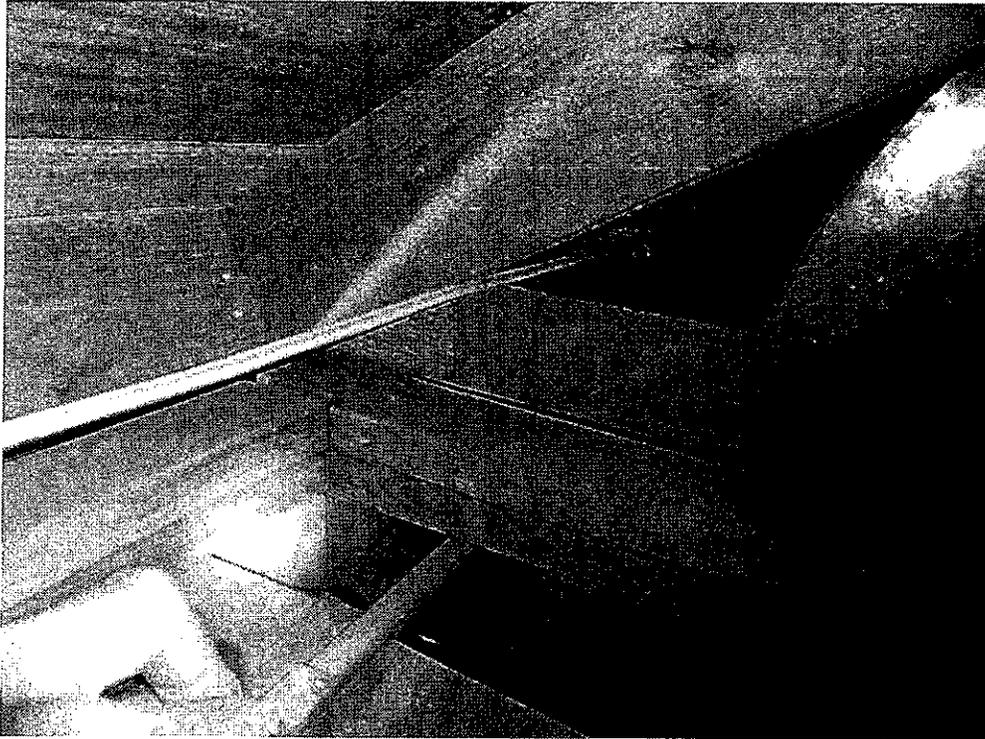


PHOTO 7: Roof framing and connections/tie-downs appeared in good condition with no significant signs of deterioration



PHOTO 8: Pedestrian bridge structures in good condition

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LANDSCAPE  
DUE DILIGENCE

*for*

BAY WEST AT HOTEL WAILEA

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Miyabara Associates, LLC  
810 Richards Street, Suite 808  
Honolulu, Hawaii 96813

## **EXISTING LANDSCAPE REPORT**

Hotel Wailea, Wailea, Hawaii

December 30, 2011

Prepared By: Miyabara Associates LLC  
Landscape Architects & Planners

For: Ushijima Architects & Hotel Wailea

### **PROJECT DESCRIPTION**

The project involves preparation of an evaluation report of the existing conditions of various exterior improvements for the Hotel Wailea property. Improvements include the Landscape, Water Features and other Site Amenities. This report is based primarily on an on-site walk-through with other team members on November 15, 2011 and this firm's familiarity of the project as the original landscape architect of record for the then named Diamond Resort at Wailea.

### **GENERAL OBSERVATIONS**

1. The project appears to be in good to excellent condition and well-maintained since the project was constructed.
2. The landscape plantings have matured since the project was originally completed circa 1990.
3. The original landscape design concept and intent has been maintained.

### **IRRIGATION**

1. It appears that the irrigation systems are in generally good order and maintained with overall coverage good. No significant dry areas were observed.
2. It can be assumed that repairs have been performed over the years, which is normal for a development of this scale.
3. There were instances of sprinkler equipment and pipes being exposed.

### **Recommendations**

- A. Perform an Irrigation Audit to determine overall performance and provide recommendations to replace existing equipment and add other devices to insure more efficient use of irrigation water. Possible actions may include conversion of specific areas to drip-type systems, a Central-Controlled System utilizing updated technology and systems, and replacement of sprinkler heads for better coverage.**
- B. If not already in place, a separate irrigation water meter should be installed to monitor water use and reduce water use charges.**

## PLANTINGS

1. Again, the overall conditions of the plantings appear to be good to excellent.
2. Due to the age of some plantings, some root damage has occurred in a few areas affecting adjacent pavements (lifting) and possible underground utilities and irrigation lines and equipment.
3. Related to the maturation of the trees, some of the larger trees require some pruning and thinning to promote better health and also to open views.
4. Some damage to turf areas adjacent to walkways has occurred due primarily to maintenance vehicle traffic.
5. There are some bare areas that require re-planting or infilling of ground covers.
6. There are numerous locations where edging has been damaged or lifted.
7. A few plant species have been damaged by pests, in particular the Erythrina species (Gall Wasp) and Hibiscus (Mites). The Erythrina appears to have recovered, but not in a normal thriving condition. In addition, the Plumeria appears to have White Fly infestation.
8. The lower pond was originally designed to have water plants, e.g. Lilies and other water-loving plants.
9. Individual unit entries lack a lush, tropical ambiance and needs additional color or flowering plants.

## Recommendations

- A. Engage the services of a certified arborist to perform a complete review of the existing trees and palms and execute his/her recommendations on pruning and general health care improvements.**
- B. In concert with the arborist's recommendations, certain trees and/or palms may need to be replaced due to their age or condition, e.g. the Erythras. It is not unusual for resort properties to have major landscape renovations done every 15-20 years.**
- C. Repair damaged areas and treat pest-infested plants.**
- D. Infill bare areasAdd color and lush plantings at individual unit entries.**

WATER FEATURES (It is noted that the observations are based on the visual appearance of the water features and no mechanical inspections were performed on the equipment.)

1. The water features include the Entry Waterfalls, Lower Falls and Stream, Lower Pond and Swimming Pool.
2. The Entry Waterfalls and Lower Falls, Stream, and Swimming Pool appear in excellent working order and no improvements are required, except for normal maintenance.
3. The Lower Pond appears to have significant silting and lacks plantings as noted above.

## Recommendations

- A. Conduct a complete analysis of the water feature equipment by a water feature consultant/mechanical engineer for performance and possible replacement of specific equipment.**
- B. Improve the Lower Pond, including removal of silt and accommodation of plantings.**

## SPECIAL AREAS & SITE AMENITIES

1. The Japanese Garden was originally designed and installed by the original developer utilizing Japanese designers and gardeners. The area now appears to be over-grown and used for outdoor dining.
2. The Stream Area was intended to be a serene, though lush garden area representative of a Hawaiian mountain landscape. There are bare areas and need for up-grading.
3. The Orchard area appears to be in excellent condition
4. Some Gazebos have either been removed or damaged and demolished.
5. Pavings in general appear in good condition, but some damage has occurred due to tree root damage and maintenance vehicle use.
6. Certain walkways in original design, in particular the lower areas, were not installed. However it does not appear to be required. There appears to be other minor discrepancies with the walkway layout, but insignificant and requires no action.
7. Landscape and Site Lighting, including gas torches, were not inspected during night hours so no comments can be made except for their visual appearance.
8. Walkway lights appear to be out-dated, with some damaged and repaired.
9. There appears to be at least 1 instance of up-lighting, which is now prohibited.
10. There were a few areas where the grades pose possible hazards, such as drain inlets set too low or steep walkways requiring handrails.
11. The Employee Housing Area appears to be in excellent condition.

## Recommendations

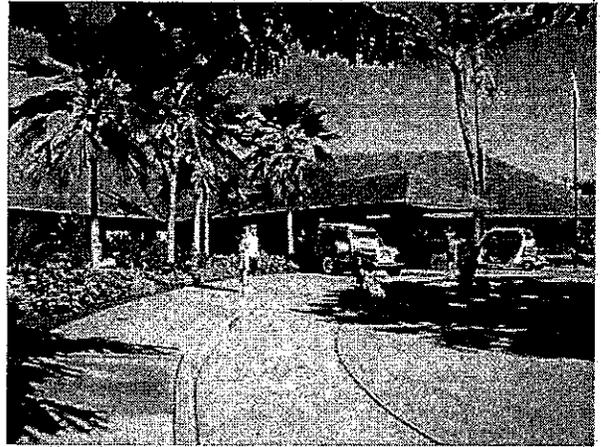
- A. Thin out and/or renovate the Japanese Garden to its original design and/or simplify the area to better accommodate outdoor use.**
- B. The Stream Area should be renovated and enhanced to meet it's original design intent.**
- C. Repair walkways and pavings as required.**
- D. Consider replacement of walkway lights to up-dated fixtures, possibly LED-type lighting for better efficiency. Remove or correct fixture to conform to current code.**

See following photographs (Pages Exhibit A through Exhibit G) of the landscape areas and items discussed above.

End of Report



*Entry Sign*



*Arrival Area*



*Upper Level Entry Water Feature*



*Main Lobby Building*

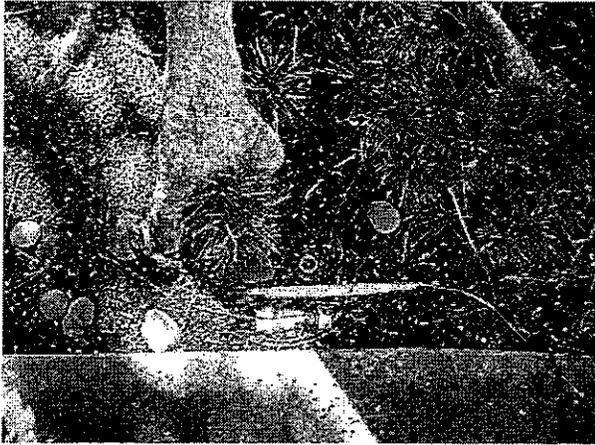


*Typical Landscape Character*

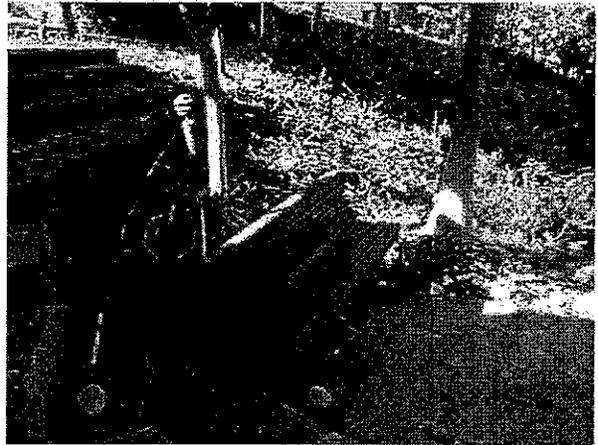


*Open Lawn Area*

## Exhibit A



*Exposed Irrigation Pipe*



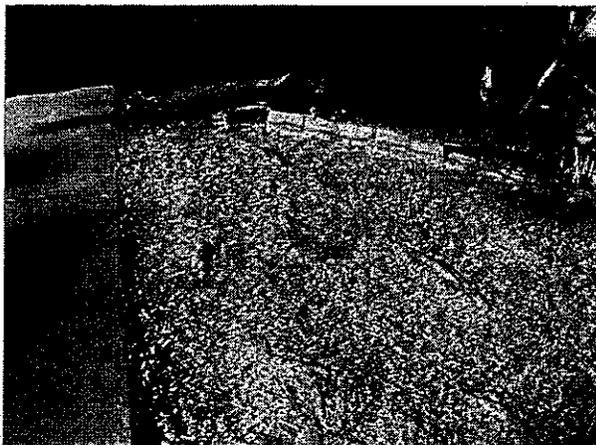
*Bare Area and Exposed Pipe*



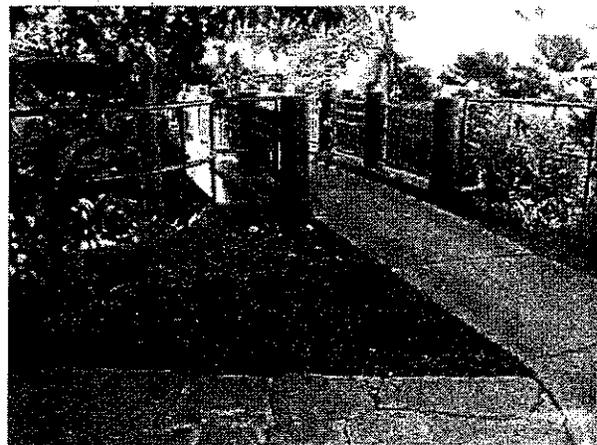
*Bare Area*



*Infested Plumeria*

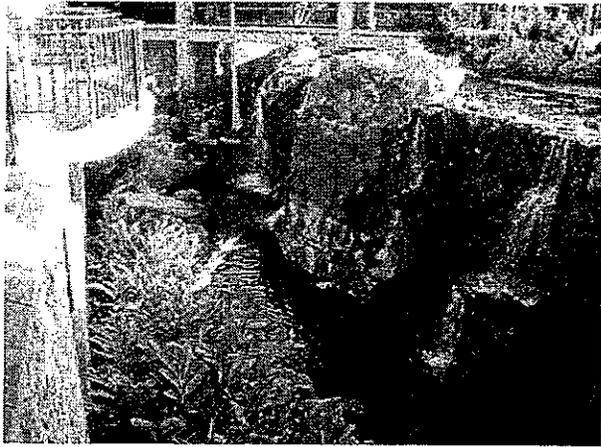


*Roots and Surface Damaged Edging*

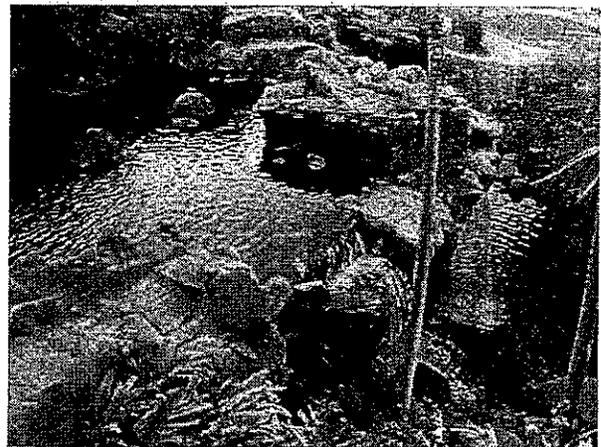


*Bare Planting Area*

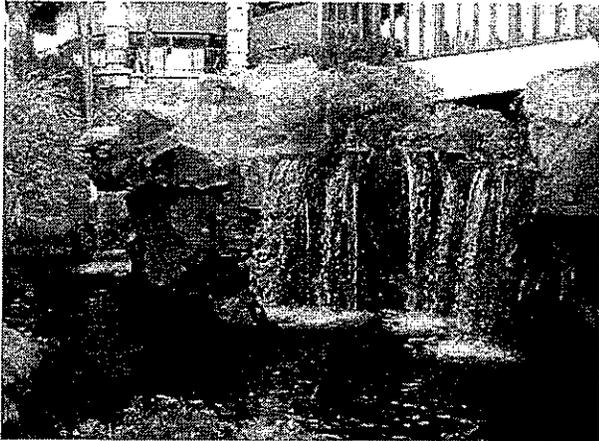
## Exhibit B



*Entry Waterfall*



*Lower Waterfall*



*Lower Waterfall*



*Stream (To be Enhanced)*



*Bare Areas at Stream*



*Lower Pond*

# Exhibit C



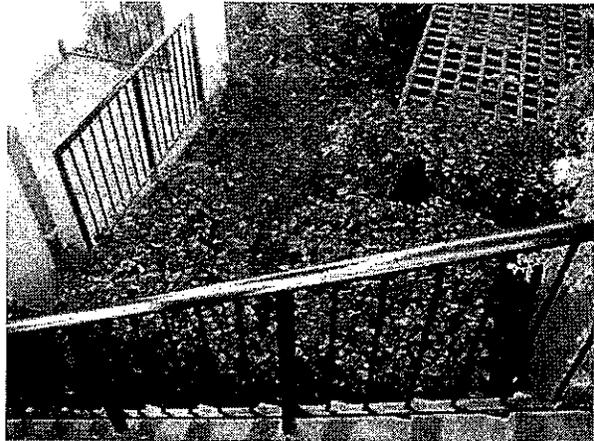
*Lower Pond Edge*



*Lower Pond (To be Enhanced)*



*Swimming Pool*



*Typical Unit Entry (To be Enhanced)*

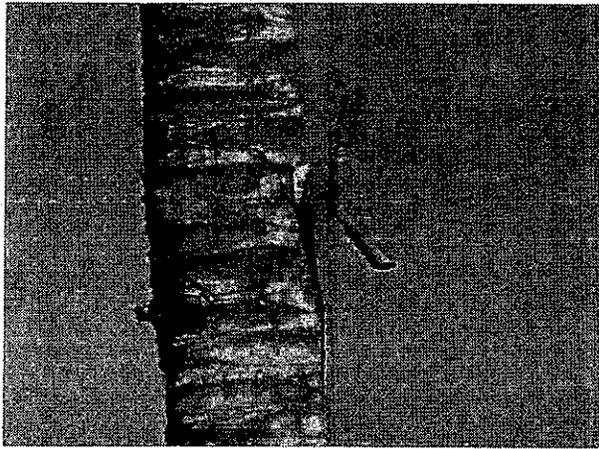


*Drain Inlet*



*Walkway Light*

## Exhibit D



*Uplight/Downlight*



*Japanese Garden*



*Orchard Area*



*Bridge at Stream*



*Walkway at Stream*



*Employee Housing*

## Exhibit E



*Monkeypod at Arrival Area*



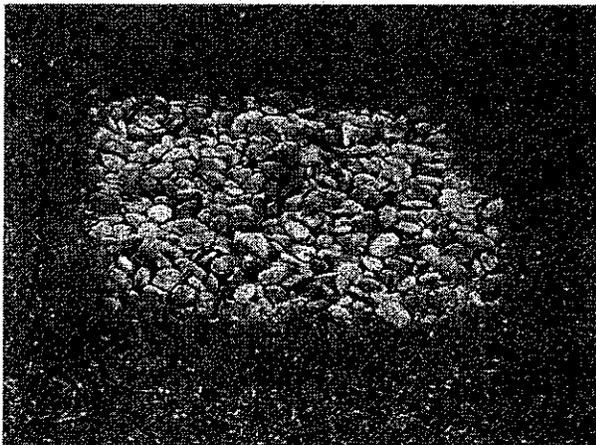
*Damaged Sidewalk*



*Walkway to Units*



*View between Units*



*Drain Inlet Cover Treatment*



*Hammock*

## Exhibit F



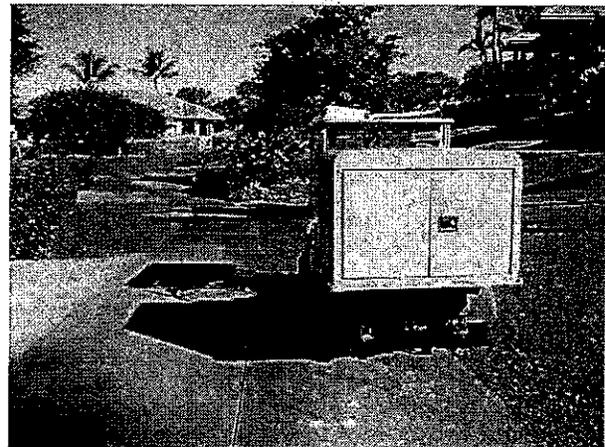
*Typical Landscape Character*



*Overflow Parking Area*



*Rest Area at Lower Pond*



*Maintenance Vehicle*



*Missing Planters*



*Upper Pond at Arrival Area*

## Exhibit G

**EXHIBIT "N"**

**VERIFIED STATEMENT FROM COUNTY OFFICIAL**

**(see attached)**

ALAN M. ARAKAWA  
Mayor

WILLIAM R. SPENCE  
Director

MICHELE CHOUTEAU McLEAN  
Deputy Director



COUNTY OF MAUI  
**DEPARTMENT OF PLANNING**

December 22, 2011

Richard T. Asato, Jr.  
Imanaka, Kudo & Fujimoto  
TOPA Financial Center  
Fort Street Tower  
745 Fort Street Mall, 17<sup>th</sup> Floor  
Honolulu, Hawaii 96813

Dear Mr. Asato:

**SUBJECT: CONDOMINIUM CONVERSION PROJECT AT 555 KAUKAHI  
STREET, KIHEI, MAUI, HAWAII, TMK: (2) 2-1-008:105**

This is in response to your letter dated September 21, 2011.

According to our records, there are no outstanding zoning violations or fines associated with the subject property. Our records show no zoning variances applied for or granted for this parcel. Within the jurisdiction of the department, there are no zoning nonconformities with regards to structures situated onsite or the property. The project includes 24 employee housing units.

Please be aware that the information provided is solely for the jurisdiction of the Department of Planning. We suggest that you contact other agencies to check on any outstanding issues they may have for the subject property.

If you have any questions regarding this letter, please contact Jay Arakawa, Supervising Zoning Inspector, by email at [Jay.Arakawa@co.maui.hi.us](mailto:Jay.Arakawa@co.maui.hi.us) or at 270-7484.

Sincerely,

A handwritten signature in black ink, appearing to read "Francis Cerizo".

FRANCIS CERIZO  
Planner VI

For: AARON SHINMOTO  
Planning Program Administrator

xc: Jay Arakawa, Supervising Zoning Inspector  
TMK (2) 2-1-008:105 (KIVA Related Documents, Project File)  
11/General File

AHS:FAC:JAA:ckk  
S:\ZONING\REPLY2011\REPLY\OutstandingVio\_Asato\Reply.wpd

DEC 23 2011

COUNTY OF MAUI  
 DEPARTMENT OF PLANNING  
 Kalana Pakui Building  
 250 South High Street  
 Wailuku, Hawaii 96793



Zoning Administration  
 and Enforcement Division  
 Telephone: (808) 270-7253  
 Facsimile: (808) 270 7634  
 E-mail: planning@mauicounty.gov

**ZONING AND FLOOD CONFIRMATION**

APPLICANT INFORMATION	
APPLICANT'S NAME	Richard T. Asato, Jr. of IMANAKA KUDO & FUJIMOTO
PHONE	(808) 521-9500
E-MAIL	
PROJECT NAME	Condominium Conversion Project
TAX MAP KEY NO	(2) 2-1-008:105-0000
PROPERTY ADDRESS	555 KAUKAHI ST KIHEI, HI 96753
ZONING INFORMATION	
COMMUNITY PLAN	MF-MULTI-FAMILY RESIDENTIAL
ZONING	H-M-COUNTY'S H-M HOTEL DISTRICT (6 STORIES) STATE URB-STATE URBAN DISTRICT H-1-COUNTY'S H-1 HOTEL DISTRICT (2 STORIES) A-1-COUNTY'S A-1 APARTMENT DISTRICT SMA-SPECIAL MANAGEMENT AREA
FLOOD INFORMATION	
FLOOD HAZARD AREA ZONE(S)	X-AREAS DET. TO BE OUTSIDE THE .2% ANN. FLD
BASE FLOOD ELEVATION	N/A <small>mean sea level, Local Tidal Datum</small>
FLOODWAY	Yes or <input checked="" type="checkbox"/> No
FLOOD DEVELOPMENT PERMIT IS REQUIRED	Yes or <input checked="" type="checkbox"/> No
<small>* For flood hazard area zones X or XS, a flood development permit would be required if any work is done in any drainage facility or stream area that would reduce the capacity of the drainage facility, river, or stream, or adversely affect downstream property.</small>	
FOR COUNTY USE ONLY	
REMARKS/COMMENTS	
Reviewed and Confirmed by	September 27, 2011
<i>[Signature]</i>	
(Signature)	(Date)
For AARON SHINMOTO, Planning Program Administrator Zoning Administration and Enforcement Division	

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

June 18, 2012

Mr. Jonathan Lai  
GRANITE FUND IV, LLC  
2895 Kalakaua Avenue, #504  
Honolulu, HI 96815

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2011/0098 THROUGH 2011/0119  
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE  
HOTEL WAILEA FKA DIAMOND RESORT HAWAII  
LOCATED AT 555 KAUKAHI STREET, KIHEI, MAUI, HAWAII  
TMK (2) 2-1-008:105

Dear Mr. Lai:

This is regarding your December 22, 2011, requests for miscellaneous inspections on hotel buildings for a preliminary condominium public report on the subject property.

**#MISC 2011/0098: BUILDING A**

- Final inspection for Building Permit #B88/3840 (Office/Restaurant Building) was approved on February 16, 1990. As requested, a building re-inspection was conducted on February 8, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspections on Electrical Permits #E89/2119 and #E93/2515 were approved on March 9, 1990 and February 11, 1994, respectively. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0612 was approved on February 14, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Main Building use on March 23, 1990.

June 18, 2012

Mr. Jonathan Lai

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2011/0098 THROUGH 2011/0119  
TMK (2) 2-1-008:105

Page 2 of 13

**#MISC 2011/0099: BUILDING B**

- Final inspection for Building Permit #B88/3841 (Spa Building) was approved on February 8, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2118 was approved on February 28, 1990. As requested, an electrical re-inspection was conducted on February 10, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0614 was approved on November 3, 1989. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Resort use on April 26, 1990.

**#MISC 2011/0100: BUILDING C**

- Final inspection for Building Permit #B88/3842 (4-Unit Employee Housing Building) was approved on February 16, 1990. As requested, a building re-inspection was conducted on February 8, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2116 was approved on February 15, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0615 was approved on March 2, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

June 18, 2012

Mr. Jonathan Lai

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2011/0098 THROUGH 2011/0119  
TMK (2) 2-1-008:105

Page 3 of 13

**#MISC 2011/0101: BUILDING C-1**

- Final inspection for Building Permit #B88/3843 (8-Unit Employee Housing Building) was approved on February 16, 1990. As requested, a building re-inspection was conducted on January 13, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2117 was approved on February 15, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0616 was approved on March 2, 1990. As requested, a plumbing re-inspection was conducted on February 16, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

**#MISC 2011/0102: BUILDING 1**

- Final inspection for Building Permit #B88/3044 (4-Unit Model Units Building) was approved on January 27, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2115 was approved on January 23, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0617 was approved on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

June 18, 2012

Mr. Jonathan Lai

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2011/0098 THROUGH 2011/0119  
TMK (2) 2-1-008:105

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**#MISC 2011/0103: BUILDING 2**

- Final inspection for Building Permit #B88/3844 (4-Unit Guest Unit Building) was approved on January 27, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2114 was approved on January 23, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection for Plumbing Permit #P89/0618 was approved on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

**#MISC 2011/0104: BUILDING 3**

- Final inspection for Building Permit #B88/3845 (4-Unit Guest Unit Building) was approved on January 27, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2113 was approved on January 23, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0613 was approved on February 14, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

June 18, 2012

Mr. Jonathan Lai

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2011/0098 THROUGH 2011/0119  
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**#MISC 2011/0105: BUILDING 4**

- Final inspection for Building Permit #B88/3846 (4-Unit Guest Unit Building) was approved on January 13, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2112 was approved on January 23, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0619 was approved on February 14, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

**#MISC 2011/0106: BUILDING 5**

- Final inspection for Building Permit #B88/3847 (4-Unit Guest Unit Building) was approved on January 13, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2111 was approved on January 23, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0620 was approved on February 13, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

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**#MISC 2011/0107: BUILDING 6**

- Final inspection for Building Permit #B88/3848 (4-Unit Guest Unit Building) was approved on January 13, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2110 was approved on March 9, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0633 was approved on April 16, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Resort use on April 26, 1990.

**#MISC 2011/0108: BUILDING 7**

- Final inspection for Building Permit #B88/3849 (4-Unit Guest Unit Building) was approved on January 27, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2109 was approved on March 5, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0632 was approved on March 7, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Resort use on April 26, 1990.

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**#MISC 2011/0109: BUILDING 8**

- Final inspection for Building Permit #B88/3850 (4-Unit Guest Unit Building) was approved on January 13, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2108 was approved on March 5, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0631 was approved on March 7, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Resort use on April 26, 1990.

**#MISC 2011/0110: BUILDING 9**

- Final inspection for Building Permit #B88/3851 (4-Unit Guest Unit Building) was approved on January 13, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2107 was approved on June 26, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0630 was approved on March 7, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Resort use on April 30, 1990.

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**#MISC 2011/0111: BUILDING 10**

- Final inspection for Building Permit #B88/3852 (4-Unit Guest Unit Building) was approved on January 13, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2106 was approved on April 26, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0629 was approved on March 7, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Resort use on April 30, 1990.

**#MISC 2011/0112: BUILDING 11**

- Final inspection for Building Permit #B88/3853 (4-Unit Guest Unit Building) was approved on January 27, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2105 was approved on February 22, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0628 was approved on March 7, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Resort use on April 26, 1990.

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**#MISC 2011/0113: BUILDING 12**

- Final inspection for Building Permit #B88/3854 (4-Unit Guest Unit Building) was approved on January 17, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2104 was approved on February 22, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0627 was approved on February 16, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

**#MISC 2011/0114: BUILDING 13**

- Final inspection for Building Permit #B88/3855 (4-Unit Guest Unit Building) was approved on January 27, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2103 was approved on February 22, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0626 was approved on February 16, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

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**#MISC 2011/0115: BUILDING 14**

- Final inspection for Building Permit #B88/3856 (4-Unit Guest Unit Building) was approved on January 27, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2102 was approved on March 9, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0625 was approved on February 16, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Resort use on April 26, 1990.

**#MISC 2011/0116: BUILDING 15**

- Final inspection for Building Permit #B88/3857 (4-Unit Guest Unit Building) was approved on January 17, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2101 was approved on February 22, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0624 was approved on February 16, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

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**#MISC 2011/0117: BUILDING 16**

- Final inspection for Building Permit #B88/3858 (4-Unit Guest Unit Building) was approved on January 17, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2100 was approved on February 22, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0623 was approved on February 16, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

**#MISC 2011/0118: BUILDING 17**

- Final inspection for Building Permit #B88/3859 (4-Unit Guest Unit Building) was approved on January 17, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2099 was approved on February 22, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0622 was approved on February 13, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

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**#MISC 2011/0119: BUILDING 18**

- Final inspection for Building Permit #B88/3860 (4-Unit Guest Unit Building) was approved on January 17, 2012, and found the structure to be in general compliance with applicable building codes.
- Final inspection on Electrical Permit #E89/2098 was approved on February 22, 1990. As requested, an electrical re-inspection was conducted on February 2, 2012, and found the structure to be in general compliance with applicable electrical codes.
- Final inspection on Plumbing Permit #P89/0621 was approved on February 13, 1990. As requested, a plumbing re-inspection was conducted on January 30, 2012, and found the structure to be in general compliance with applicable plumbing codes.
- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- We issued a Certificate of Occupancy for Hotel use on March 23, 1990.

**OTHER COMMENTS:**

- The county-assigned address for the property is 555 Kaukahi Street.
- Building Permit #B2003/0742, Electrical Permit #E2003/1205, and Plumbing Permit #P2003/0857 for Keiki Swimming Pool were approved on June 26, 2003, July 10, 2003, and June 25, 2003, respectively.
- There are no driveway violations, pending subdivisions, building code appeals, or administrative waivers currently in process for the premises.
- We also recommend that you contact 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.

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If you have any questions regarding this letter, please contact Jennifer McNeff at (808) 270-7250.

Sincerely,

  
for RALPH M. NAGAMINE

Development Services Administrator

rms/jf S:\DSA\Permits\MISC-INSP\2011\0098-0119\_hotelwalea\_hrs\_march2012.wpd

c: Hawaii Real Estate Commission  
Planning Department  
Real Property Tax Division  
Ms. Kyoko Kimura