DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	THE CLUB BUNGALOWS AT KUKUI'ULA PHASE IB
Project Address	Ke Alaula Street Koloa, Island and County of Kauai, 96756
Registration Number	7537
Effective Date of Report	**March 9, 2015**
Developer(s)	Lodge Hale Development, LLC, a Hawaii limited liability company

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

1. The Project. The Developer has created twelve units - eleven (11) residential units and one (1) spatial unit. Of those twelve units, five (5) residential units are included in Phase IA, and six (6) residential units are included in Phase IB which is the subject of this Public Report. The six (6) residential units covered by this Public Report are units nos. IA, IB, 2, 8, 9 and 10. Additional residential units and common elements in subsequent phases of the Project may be constructed by the Developer within the area currently shown on the Condominium Map as the spatial unit and land appurtenant to the spatial unit as a limited common element. Purchasers should review the Developer's and Fee Owner's Reserved Rights (Exhibit H) with respect to the construction of the Project.

2. Master Association. The Project is located within a master planned community known as "Kukui`ula" and is subject to the "Governing Documents" of that community. Owners of units in the Project must comply with the provisions of the Governing Documents, including the payment of various fees and assessments. Although the Developer has attempted to provide a comprehensive overview of Kukui`ula, purchasers should carefully review the Governing Documents and the Master Developer Disclosure Statement. The Master Developer Disclosure Statement is attached to this Public Report as Exhibit M.

3. Pre-sales. The Developer reserves the right to cancel sales agreements by written notice to the purchaser thereunder unless, on or before one hundred eighty (180) days after the date the first contract for the purchase of a unit in Phase IB of the Project is executed by a purchaser, purchasers have become bound under contracts for not less than four (4) units in Phase IB of the Project. In the event of any cancellation as provided above, the Developer shall cause Escrow to refund all payments previously made by purchaser, together with any accrued interest thereon to the extent provided in Section 7.3 of the sales agreement, and neither party shall have any other or further liability under the sales agreement or with respect to the Project.

4. Fee Ownership. The Developer does not currently own all of the Property on which the Project is to be constructed but has entered into a binding sale agreement with the current fee owner pursuant to which the fee owner is obligated to sell the units in each phase to Developer when certain conditions have been met including: (a) the units have been created; (b) an effective date has been issued for the applicable Public Report; (c) the requisite number of pre-sales have been made; and (d) the construction lender is ready to fund. The units in Phases 1A and 1B have been conveyed to the Developer.

5. Maintenance Fees. Pursuant to H.R.S. 514B-41 and Section 11(a)(vi) of the Declaration, a unit owner does not pay maintenance fees until a certificate of occupancy is issued for his/her unit. Accordingly, the budget attached to this Public Report as Exhibit I allocates the maintenance fees only to the eleven units that that are intended to be constructed in Phase IA and Phase IB. However, the costs in the budget are limited to the costs associated with the common elements included in Phase IA and Phase IB. The costs associated with maintenance of the land area that is earmarked for Phase IB will be subsidized by the Developer (as further described in Paragraph 16a of Section 6 of this Public Report) and the costs associated with maintenance of the land appurtenant to the spatial unit will be paid by the owner of that unit. As new units are constructed in future phases, the budget will be adjusted to include maintenance costs associated with those units and phases. The maintenance fees will be reallocated among all owners of the constructed units based on their percentage of common interest (as recalculated pursuant to Section R.3 of the Declaration).

6. CFD Improvements. Units in the Project are subject to the Kukui`ula CFD special tax which provides a partial reimbursement to Master Developer of its costs to construct certain improvements benefiting Kukui`ula and the Koloa-Po'ipu area. The improvements funded by the Kukui`ula CFD (the "**CFD Improvements**") include regional transportation improvements designed to provide better access through and around the Koloa-Po'ipu area. Chief among those

improvements is Ala Kalanikaumaka (also known as the "**Western Bypass Road**"). Another CFD Improvement is the expansion of the County Department of Water potable water system. As such, a portion of Master Developer's costs to construct the water distribution and storage facilities may be reimbursed to Master Developer via the CFD, meaning that, through each of your CFD payments, you would indirectly contribute toward the costs Master Developer incurred to construct the water distribution and storage facilities. Other planned CFD Improvements include certain civil defense and shoreline recreational improvements (not including Kukui`ula Bay Park) that will benefit residents of and guests to the Koloa-Po'ipu area and that will be specifically designed to meet the objectives of the County.

This special tax for the District is an "ad valorem" tax, meaning that it is based on the value of the real property being taxed. **The special tax** is currently planned to be assessed as follows:

County CFD Tax Based on Land Value	
Fiscal Year	Preliminary Estimate of Maximum Tax Rate per $1,000 of Value (land only)
2012/13	3.33
2013/14	3.40

For years after 2013/14, the special tax rate will continue to increase by 2% per year through the term of the special tax. It is currently mandated by law that special taxes levied on residential property cannot increase by more than 2% per year. However, the law does allow, in certain circumstances, for increases of less than 2% per year in the special tax. For additional information, please see item 6 on page 19, Exhibits L and M to this Public Report and Exhibit E to the Condominium Purchase Agreement,

7. Fees and Assessments. As noted above, Owners of units in the Project are obligated to pay certain fees and assessments to the Master Association and to the Project Association. The fees and assessments include the following:

   (a) Master Association Capital Start-Up Fee. The "**Capital Start-Up Fee**" is a mandatory one-time fee payable by the initial owner of each Unit which fee is is currently $1,600.00, and due and payable at the time of closing.
   (b) Master Association Base Assessment. The "**Base Assessment**" is an assessment established by the Board of Governors, which is imposed upon the owner of each Unit. Currently, the Base Assessment is $866.50/month per Unit, Payment of the Base Assessment to the Association is due monthly and shall commence upon closing.
   (c) Plantation Membership (The Club) Initiation Fee. The "**Initiation Fee**" is a mandatory one-time fee payable to The Club, currently $50,000.00 per Unit, The Initiation Fee is unrelated to the use or non-use of golf and other facilities and is due and payable at the time of closing.
   (d) Plantation Membership (The Club) Regular Club Assessment. The "**Regular Club Assessment**" is currently $1,083.13/month for each Unit. Payment of the Regular Club Assessment to The Club is a monthly assessment which commences upon closing.
   (e) The Club Bungalows at Kukui`ula maintenance fee as discussed in item 5 above.
   (f) The Club Bungalows at Kukui`ula Capital Start-Up Fee. An amount equal to two months maintenance fees for the Unit in effect on the Closing Date.

The amount of the fees and assessments are subject to change. For further information, see Exhibit M, Schedule 3.

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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--PHASE IA ONLY

1.1 The Underlying Land

Fee Simple or Leasehold Project	☒ Fee Simple ☐ Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☐ Yes ☒ No
Fee Owner's Name if Developer is not the Fee Owner	Kukui'ula Development Company (Hawaii) LLC, and Hai Fu International Investment, LLC, each a Hawaii limited liability company
Address of Project	Ke Alaula Street Koloa, Island and County of Kauai, 96756
Address of Project is expected to change because	
Tax Map Key (TMK)	(4) 2-6-019-017
Tax Map Key is expected to change because	
Land Area	408,247 sq. ft. more or less
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	The Developer and fee owner have entered into a purchase agreement whereby the Developer may purchase the property as the Project is developed.

1.2 Buildings and Other Improvements

Number of Buildings	4 residential, 4 carports structures (including one with an attached linen storage structure)
Floors Per Building	1 (except unit type C in Phase 1A which has two floors)
Number of New Building(s)	8
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood frame, wood siding, wood shingle roof, wood studs

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas (outdoor shower)	Other Areas (lanai, etc.)	Total Area
A	3	1/1	766 sq. ft.	75 sq. ft.	394 sq. ft.	1,235 sq. ft.
AR	3	1/1	766 sq. ft.	75 sq. ft.	394 sq. ft.	1,235 sq. ft.
B	3	2/2	1,113 sq. ft.	85 sq. ft.	564 sq. ft.	1,762 sq. ft.
C	1	2/2	1,797 sq. ft.	168 sq. ft.	582 sq. ft.	2,547 sq. ft.
D	1	3/3	1,658 sq. ft.	89 sq. ft.	673 sq. ft.	2,420 sq. ft.
Spatial	1	n/a	n/a	n/a	n/a	n/a
See **Exhibit**. A [Note: The units listed in this Section 1.3 include units in both Phase IA and Phase IB.]						

11	**Total Number of Units**

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

1.4 Parking Stalls

Total Parking Stalls in the Project:	11 covered, 12 uncovered
Number of Guest Stalls in the Project:	12 (parking stalls are for guests and owners jointly)
Number of Parking Stalls Assigned to Each Unit:	1
Attach **Exhibit** A-1 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. Developer has reserved the right to assign parking stalls and to re-assign for any units owned by Developer.	

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

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

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

☐	Swimming pool
☐	Laundry Area
☐	Storage Area
☐	Tennis Court
☐	Recreation Area
☒	Trash Chute/Enclosure(s)
☐	Exercise Room
☐	Security Gate
☐	Playground
☒	Other (describe): See Item Nos. 3, 4 and 5 on page 19.

1.9 Common Elements

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

Common Element	**Number**
Elevators	**0**
Stairways	**0**
Trash Chutes/Enclosure	**1**

1.10 Limited Common Elements

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

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
☒	Pets: 2 per unit maximum; no birds; leash requirement when outside of Unit
☐	Number of Occupants:
☒	Other: See Item Nos. 1 and 2 on page 19.
☐	There are no special use restrictions

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).
Exhibit F describes the encumbrances against title contained in the title report described below.
Date of the title report: October 28, 2014
Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning: See Exhibit G and Item No. 1 on page 19				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
☒	Residential	6 in Phase IB	☒ Yes ☐ No	R-10/RR-10
☐	Commercial		☐ Yes ☐ No	
☐	Mix Residential/Commercial		☐ Yes ☐ No	
☐	Hotel		☐ Yes ☐ No	
☐	Timeshare		☐ Yes ☐ No	
☐	Ohana		☐ Yes ☐ No	
☐	Industrial		☐ Yes ☐ No	
☐	Agricultural		☐ Yes ☐ No	
☐	Recreational		☐ Yes ☐ No	
☒	Other (specify)Transient Vacation Rentals	6 in Phase IB	☐ Yes ☐ No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			☒ Yes ☐ No	
Variances to zoning code have been granted.			☐ Yes ☒ No	
Describe any variances that have been granted to zoning code.				

1.14 Other Zoning Compliance Matters

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

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

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

1.15 Conversions

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

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

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: Lodge Hale Development, LLC Business Address: 20645 N. Pima Road, Suite 195 Scottsdale, AZ 85255 Business Phone Number: (480) 473-4683 E-mail Address: cgregory@cseandassociates.com
Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).	1. Member: Kukui'ula Housing Development LLC Member: KDC, LLC Manager: A&B Properties, Inc. Member: DMB Residential Lending LLC Manager: DMB Associates, Inc. 2. Administrative Member: CSE Hawaii Development, LLC Manager (not a member): CSE & Associates, Inc. Member: Charles Scott Edmunds Member: Lisa Anne Edmunds 3 Hai Fu International Investment, LLC Sole Member: Mairu Yang
2.2 Real Estate Broker	Name: Kukui'ula Realty Group Inc. Business Address: 2829 Ala Kalanikaumaka Street Suite A-101 Koloa, Hawaii 96756 Business Phone Number: (808) 742-0234 E-mail Address:
2.3 Escrow Depository	Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: Unlimited Construction Services, Inc. Business Address: 1696 Haleukana Street Lihue, HI 96766 Business Phone Number: (808) 241-1400
2.5 Condominium Managing Agent	Name: Associa Hawaii Business Address: 4-1579 Kuhio Hwy, #102A Kapaa, Hawaii 96746 Business Phone Number: (808) 629-7162
2.6 Attorney for Developer	Name: Deborah Macer Chun, Chun Kerr LLP Business Address: Fort Street Tower, Topa Financial Twr 745 Fort Street, 9th Floor Honolulu, Hawaii 96813 Business Phone Number: (808) 528-8200

OFFICERS AND DIRECTORS

A & B PROPERTIES, INC.	
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BENJAMIN, CHRISTOPHER J.	P/D
WRIGHT, MICHAEL G.	EV
HALLIN, PAUL W.	EV
STACK, RICK B.	SRV
HAVERLY, DAVID I.	SRV
ARAKAWA, ALAN K.	SRV
LOOMIS, CHARLES W.	V/AS
CHUN, GRANT Y M.	V
SHIGEMOTO, TOM H.	V
SHIGETA, DIANE M.	V
KIEHM, NATALIE I.	V
PARKER, LANCE K.	V
ENDO, RANDALL H.	V
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ITO, PAUL K.	T
CADDELL, CHRISTOPHER J.	CO
CHING, MEREDITH J.	D
CHUN, NELSON N. S.	D

DMB ASSOCIATES, INC.	
BROWN, DREW M.	D
SKLAR, MARK N.	D
DORRANCE, BENNETT	D
BANSAK, SUSAN	D
OLSEN, DAWN	D
KAEHR, TIMOTHY A.	EV/AS
HOSELTON, JAMES C.	SVP
FREERICKS, CHARLEY J.	D/P
HERRINGTON, BRENT E.	SVP

ALEXANDER, MARY S.	EVP/S
KELLY, DANIEL T.	SVP
BEAMS, ANDREW S.	EVP/T/CFO
TARATSAS, NICKOLAS A.	SVP
HEGARDT, JILL KUSY	VP
BOHART, BRIAN	VP
TAYLOR, KARRIN KUNASEK	EVP
ELLSWORTH, DIRK W.	VP
CARLSON, ERIC	SVP
BURKE, MICHAEL	VP
GULICK, MELINDA	VP
O'DONOGHUE, DAVID	SVP
MCDONALD, W. DEA	SVP
CSE & ASSOCIATES, INC.	
EDMUNDS, CHARLES SCOTT	P
EDMUNDS, LISA ANNE	VP/S

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau	December 9, 2013	A-51650727

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau	April 21, 2014	A-52270350A-C
Bureau	September 4, 2014	A-53680874
Bureau	November 14, 2014	A-54410860

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau	December 9, 2013	A-51650728

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

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

Land Court Map Number	
Bureau of Conveyances Map Number	5254

Dates of Recordation of Amendments to the Condominium Map:
April 24, 2014, November 24, 2014

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: Adopted December 9, 2013	
Are Proposed	☐
Have Been Adopted and Date of Adoption	☒
Developer does not plan to adopt House Rules	☐

3.5 Changes to the Condominium Documents

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

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

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
☒	Electricity for the common elements
☒	Gas for the common elements
☒	Water
☐	Sewer
☐	TV cable
☐	Other (specify) – local telephone service, internet service

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
☒	Electricity for the Unit only
☒	Gas for the Unit only
☐	Water
☒	Sewer (Flat rate of $40 per month per unit as of date of Public Report)
☒	TV cable
☐	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
☒	Specimen Sales Contract **Exhibit** J contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
☒	Escrow Agreement dated: December 2, 2013 Name of Escrow Company: Title Guaranty of Hawaii, Inc. **Exhibit** J contains a summary of the pertinent provisions of the escrow agreement.
☐	Other

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer 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.	
☐	There are no blanket liens affecting title to the individual units.
☒	There are blanket liens that may affect title to the individual units. (Although not recorded as of the date of this Report, they will be recorded prior to the commencement of construction.)

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Three Mortgages: 1) American Savings Bank (2) 2) Kukui`ul Development Company (Hawaii) LLC and Hai Fu International Investment, LLC	If the Developer defaults or the lien is foreclosed before the unit is conveyed to the purchaser, then the Mortgagee will have the right to sell the unit to the purchaser under the sales contract or terminate the purchaser's interest thereunder. The mortgagees have no obligation to refund purchaser's deposits.

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: See Exhibit K
Appliances: See Exhibit K

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

Status of Construction: Construction has not commenced; estimate of construction commencement date is the fourth calendar quarter of 2014 or first calendar quarter of 2015
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: Two (2) years from date of execution of sales contract by purchaser
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

☐	Spatial Units. The Developer hereby declares by checking the box to the left that it is offering spatial units for sale and will not be using purchasers' deposits to pay for any costs to pay for project construction or to complete the project. Should the developer be using purchasers' deposits to pay for any project construction costs or to complete the project including lease payments, real property taxes, architectural, engineering, legal fees, financing costs; or costs to cure violations of county zoning and building ordinances and codes or other incidental project expenses, the Developer has to meet certain requirements, described below in 5.6.1 or 5.6.2.

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing or Conveyance

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

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

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

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

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.
1. Developer's Public Report
2. Declaration of Condominium Property Regime (and any amendments)
3. Bylaws of the Association of Unit Owners (and any amendments)
4. Condominium Map (and any amendments)
5. House Rules, if any
6. Escrow Agreement
7. Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8. Other: COMMUNITY ASSOCIATION GOVERNING DOCUMENTS (see list on Exhibit L) MASTER DISCLOSURE STATEMENT

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:
Website to access official copy of laws: www.capitol.hawaii.gov
Website to access rules: www.hawaii.gov/dcca/har

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

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

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

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

(1) The purchaser has signed the sales contract.

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

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

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

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

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

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

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

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

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

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

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

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

(1) Checking the waiver box on the rescission form; or

(2) Letting the 30-day rescission period expire, without taking any action to rescind; or

(3) Closing the purchase of the unit before the 30-day rescission period expires.

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. **Zoning Ordinance PM-2004-370**. The land within the Project (Parcel FF) is designated as Urban by the State of Hawaii Land Use Commission, and is zoned R-10 and RR-10 (Residential and Resort Residential) under the zoning regulations for the County. Nevertheless, in accordance with the zoning ordinance PM-2004-370, the permitted density is limited to four residential units per acre. Under its current zoning, Parcel FF may be used only for residential and accessory purposes.

2. **Use of Unit**. Units may be used only for residential purposes (which include leasing a Unit for residential purposes subject to limitations in accordance with the Governing Documents). Units in the Project have been designated as "TVRs" by the Master Developer which means that they may be rented for a minimum of a one week period (i.e. any 7-day consecutive period). Owners of Units in the Project may also elect to participate in a short-term rental program operated by The Club or its designee (which may include nightly rentals) ("**The Lodge Program**") by which their Unit may be rented to guests through a boutique-style lodging program providing access to and use of The Club amenities. Except for Units in The Lodge Program, or as otherwise designated by the Master Developer, no TVR may be rented for less than the seven-day minimum. Participation in the Lodge Rental Program will require that the Unit has a standard furnishings package. Tenants of leased Units or renters of TVRs within the Project shall have no rights to use The Club's facilities (including the Golf Course) unless they otherwise qualify under the terms of the Governing Documents addressing The Lodge Program.

3. **The Community**. The Project is located within a planned resort community known as Kukui`ula which consists of residential, commercial, recreational, historic, archaeological and civic components (the "**Community**"). The developer of the Community is Kukui`ula Development Company (Hawaii), LLC, a Hawaii limited liability company (the "**Master Developer**"). The Master Developer formed the Kukui`ula Community Association, a non-profit Hawaii corporation (the "**Community Association**"), to own, operate and/or maintain parks and trails, primarily non-recreational features, common property, and community improvements and to administer and enforce the governing documents, restrictions and standards established for the Community. All Unit Owners in the Project are automatically members of the Community Association and are obligated to comply with the governing documents, restrictions and standards thereof, and to pay all fees associated with such membership as set forth in the governing documents and established by Board of Governors of the Community Association. The governing documents are listed on Exhibit L (the "**Governing Documents**"). Purchasers receive copies of the Governing Documents with this Public Report and are encouraged to read them carefully.

4. **The Club**. In conjunction with the Community, the Master Developer organized The Club at Kukui`ula, a Hawaii non-profit corporation, ("**The Club**") to provide recreational, cultural, fitness, wellness, agricultural, educational, and civic programs, services, and activities and to own, manage, and control various properties and facilities which the Master Developer designates for recreational and leisure purposes within Kukui`ula, currently including the following amenities: the Kukui`ula Plantation House, the Kukui`ula Spa; the 18-hole championship Kukui`ula Golf Course and related improvements and facilities, and the clubhouse known as the Kukui`ula Golf Club. All Unit Owners in the Project are automatically members of The Club and are obligated to comply with the governing documents, restrictions and standards thereof, and to pay all fees associated with such membership as set forth in the governing documents and established by Board of Governors of The Club. It should be noted that if the Purchaser sells the Unit, the new buyer must also pay the initiation fee for The Club. The governing documents of The Club are included within the meaning of "Governing Documents" and are listed on Exhibit L.

5. **Golf Membership**. Owners of Units in the Project may apply to purchase additional membership privileges in The Club which grant priority access and use privileges with respect to The Club's golf facilities ("**Golf Membership**"). Golf Membership is subject to approval, availability and payment of additional fees in such amount as established by The Club from time to time. Golf Membership is NOT guaranteed to any Owner and *is a separate transaction from the purchase of the Unit.*

6. **Community Facilities District**. The Project is included within a Community Facilities District known as County of Kaua'i, Hawaii Community Facilities district No. 2008-1 (Kukui'ula Development

Project) (the "**CFD**"). The CFD is a financing district under the jurisdiction of the County of Kaua'i. The County of Kaua'i may issue Special Tax Bonds (the "**Bonds**") payable from special taxes ("**Special Taxes**") levied on property within the CFD including the Project and Units therein. The proceeds of the Bonds will be used to finance the construction and/or acquisition of significant existing and future public improvements that generally benefit the Project and Community, some of which may be physically located outside of the Community. The Special Tax is a lien on the land either subordinate to or on a parity with the general real property taxes and the lien of assessments levied in accordance with Hawaii State and County of Kaua'i laws and the ordinance adopting the CFD. If any portion of the Special Tax is not paid when due, the Unit may be foreclosed upon in generally the same manner and under the same conditions and penalties and with the same effect as provided by general Hawaii State law for sales of real property pursuant to default in payment of real property taxes.

7. **Drainage Easement**. As a part of, and at the northern end of the Project is a major drainage way that is at the north end of Parcel FF and serves to drain a portion of Parcel FF as well as other areas of the Community. Easement D-7A, which is part of the overall drainage easement, affects the Project and is reserved in favor of, and is a common element of, the Community Association.

8. **Sewer Easement**. A sewer easement located within the Project has been granted to Kukui'ula South Shore Community Services, LLC.

9. **Access Easement**. An eight foot wide concrete community path traverses the Project and an access easement across that path has been granted in favor of Lot 33 of the Kukui'ula Residential Subdivision Phase III-A, which is an archeological/biological preserve (the "**Benefited Property**"). The easement may be used by the owner or occupant and any licensee or guest of an owner or occupant of the Benefited Property, and the owner of the Benefited Property has the right to grade, pave, construct, maintain, operate and repair the easement area.

10. **Utility Easement**. An easement for utility purposes affecting the Project has been granted to Kauai Island Utility Cooperative.

11. **Wastewater Facility**. A wastewater collection and treatment facility located within the general vicinity of the Project may be constructed in the future. (An existing facility in the vicinity of the Project is no longer in operation). Potential impacts of a wastewater facility include noise, vibrations, and unpleasant odors. Developer makes no representation or assurances or warranties if or when a new wastewater facility will be constructed.

12. **Golf Course**. Being near or overlooking the Golf Course may result in various risks, nuisances, hazards, conditions and annoyances to persons and property on Parcel FF as a result of golf course-related operations and activities, which include, but are not limited to: (i) Golf Course construction and maintenance (lawn mowers and watering facilities), pest management (use of pesticides), and weed and fungus control (use of herbicides and pesticides); (ii) irrigation of the Golf Course, surrounding lands and "common areas" as defined in the Charter with irrigation water, treated effluent, or other sources of non-potable water (which water is not for human consumption); (iii) errant golf balls or golf clubs or parts thereof (which may cause personal injury and property damage); (iv) the existence of events (including tournaments) at the Golf Course, and other land uses in the vicinity, which may create noise, bright lights, traffic congestion, loss of privacy and other inconveniences; (v) noise, loss of privacy, and entry onto the common elements of the Project by golfers, which may affect use and enjoyment of Parcel FF; and (vi) other conditions and risks common to golf courses and golf communities ("**Golf Course Risks**").

13. **Assumption of Golf Course Risks**. Purchasers of Units in the Project assume the Golf Course Risks and expressly waive any rights, claims or actions that Purchaser might otherwise have against Developer, Master Developer, the Association of Unit Owners of the Club Bungalows at Kukui'ula, the Community Association, The Club, The Club Operator (as defined in the Governing Documents) and their respective agents, principals, members, employees, affiliates or guests, as a result of such circumstances, including, without limitation, any right to seek damages or make any claim for injury to persons or property attributable thereto, and any right to require that such conditions be corrected or eliminated.

14. **Ongoing Construction**. Portions of the Project and adjacent or other nearby properties may be developed after Purchaser has accepted possession of the Unit. Until development or construction of the Project is completed, portions of the Project may be utilized for (a) storing of construction materials or equipment; or (b) a staging area in connection with the construction. The roadways in and around the Project will be used by construction vehicles and equipment for ingress and egress to the construction sites. The development, construction and/or sales within the Project or such other properties (including the Community) may result in noise, dust, increased traffic and other nuisances or annoyances to persons within the Project, and may limit Purchaser's access to portions of the Project.

15. **Ongoing Sales Activities**. Purchaser understands and acknowledges that sales activities for the Project or such other properties, including the use of model homes, sales offices, Project parking stalls, signs, banners, flags, and extensive displays and activities will continue on, near or adjacent to the Project until such time as the sales for such properties have been completed. Such sales activities may result in increased vehicular and pedestrian traffic in the area, increased noise, and less privacy.

16. **Developer Subsidy for Landscaping**. During the period of time commencing after certificates of completion are issued for all units in Phase IA and ending when construction begins on the site work or any unit in Phase IB (if there is such a period of time), Developer will pay a subsidy of $200 per month to cover the cost of mowing and related maintenance in the area where the units in Phase IB are to be constructed.

17. **Minor Encroachment**. There is a minor encroachment by a golf cart pathway at the southern end of Parcel FF where, if further phases are constructed, the final phase will be located. The encroachment cuts across the very southeastern tip of Parcel FF and will have no impact on future development/use of the Project. Copy of a surveyor's map showing encroachment available on request.

18. **Developer's Control Period**. Developer or Developer's designees (including without limitation, its parent companies, affiliates, successors and assigns) shall have control of the Association until the date of termination of such control of the Association (the "**Developer's Control Period**"), during which period Developer shall have sole power and authority to appoint and remove the officers and members of the Board of Directors. The date of termination of Developer's Control Period shall be no later than the earlier of: (1) sixty (60) days after conveyance of seventy-five percent (75%) of the Common Interest appurtenant to Units that may be created in the Project (which, for this purpose, shall be thirty-five Units, which is the maximum number of units that may be constructed under the Class III Zoning Permit Z-III-2012-1 or, if applicable, such other increased number of units that may be constructed if such permit is modified or a new permit is obtained that allows the construction of an increased number of units) to Unit Owners other than Developer or an affiliate of Developer; (2) two (2) years after Developer has ceased to offer Units for sale in the ordinary course of business; (3) two (2) years after any right to add new Units was last exercised; or (4) the date Developer, after giving written notice to Unit Owners at least sixty (60) days prior to such date, records an instrument voluntarily surrendering all rights to control activities of the Association. Developer may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of Developer's Control Period, but in that event Developer shall have the right to require, for the duration of Developer's Control Period, that specific actions of the Board or the Association, as described in a recorded instrument executed by Developer, be approved by Developer before such actions become effective.

19. **Alternative Dispute Resolution Procedures**. The Declaration, Sales Contract and Unit Deed all contain alternative dispute resolution procedures that require mediation and binding arbitration for any and all disputes (whether based on contract, tort, or statute) that arise out of or relate to: the Project; the Project documents, including any disagreements with respect to the rights reserved under the Declaration or any other Project documents by Developer or Fee Owner or the interpretation or exercise thereof; the development, construction, sales, marketing, financing and delivery of the Unit or the Project; the design or construction of any improvements comprising a part of the Project or Unit, including any claimed construction or design defects; any condition affecting the Project or Unit including soils or grading conditions; any alleged breach of contract or warranty; and the determination of the scope or the applicability of the agreements to mediate and arbitrate. The Sales Contract and Unit Deed both contain the Purchaser's acknowledgement that inclusion of the agreement to arbitrate is a material inducement to the Developer to enter into the Sales Contract. By agreeing to arbitrate disputes, the Purchaser is waiving Purchaser's rights to a jury trial of any such dispute.

20. **Adjacent Land Use.** The Declaration includes provisions that each Purchaser agrees that (a) the Project is adjacent to or nearby other lands classified or zoned for agricultural, commercial or residential uses owned by related or unrelated entities of Developer or Fee Owner, and that the operations and activities of, and such entities and their respective, licensees, invitees, or others on such lands include or may include, without limitation, housing, commercial, and resort activities, construction-related activities, agricultural or livestock operations, and other activities incident thereto and such other uses as may be permitted by law on said lands (including, but not limited to, the Hawaii Right to Farm Act, Chapter 165, Hawaii Revised Statutes with respect to those lands classified as agricultural district lands), (b) that the Project is nearby or in the vicinity of lands being, or which in the future may be, actively used for growing, harvesting and processing of sugar cane and other agricultural products, for farming, aquacultural or livestock operations or for other activities incident thereto, and (c) that the Unit may be affected by nuisances or hazards to persons and property from such operations and activities including odors, noise, dust pollution, soot, lights, heat, smoke, noxious vapors and other nuisances or hazards emanating or deriving from or incidental to operations on such lands.

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.

LODGE HALE DEVELOPMENT, LLC
Printed Name of Developer

By: CSE Hawaii Development, LLC
Administrative Member

By: CSE & Associates, Inc.
Manager

By: _____ 2-26-2015
Duly Authorized Signatory* Date

Charles Scott Edmonds
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

EXHIBIT A
UNIT PLAN TYPES AND SIZE OF UNITS

UNIT PLAN TYPES.

The five (5) different Unit Plan Types of the Project are as described below:

Plan A: Single-story Unit with one bedroom, one bathroom, one great room with kitchen facilities, and one appurtenant attached exterior garden shower area and two appurtenant lanais that are for the exclusive use of said Unit. The Net Living Area of the Unit (which excludes the garden shower area and lanais) is approximately 766 square feet.

Plan AR: Single-story Unit with one bedroom, one bathroom, one great room with kitchen facilities, and one appurtenant attached exterior garden shower area and two appurtenant lanais that are for the exclusive use of said Unit. The Net Living Area of the Unit (which excludes the garden shower area and lanais) is approximately 766 square feet.

Plan B: Single-story Unit with two bedrooms, two bathrooms, one great room with kitchen facilities, and one appurtenant attached exterior garden shower area and three appurtenant lanais that are for the exclusive use of said Unit. The Net Living Area of the Unit (which excludes the garden shower area and lanais) is approximately 1,113 square feet.

Plan C: Two-story Unit with two bedrooms, two and one-half bathrooms, one great room with kitchen facilities, dining area, foyer, and one appurtenant attached exterior garden shower area and three appurtenant lanais that are for the exclusive use of said Unit. The Net Living Area of the Unit (which excludes the garden shower area and lanais) is approximately 1,797 square feet.

Plan D: Single-story Unit with three bedrooms, three bathrooms, one great room with kitchen facilities, and one appurtenant attached exterior garden shower area and two appurtenant lanais that are for the exclusive use of said Unit. The Net Living Area of the Unit (which excludes the garden shower area and lanais) is approximately 1,658 square feet.

Access to Common Elements. Each Unit has direct access to the grounds of the Project.

PHASE IB

Unit Number	Building Type	Unit Plan Type	Net Interior Area (sq. ft.)	Lanai Area (total sq. ft.)	Garden Shower Area (sq.ft.)	Total Living Area, including lanais and garden shower areas (sq.ft.)
1A	Duplex	A	766	394	75	1,235
1B	Duplex	AR	766	394	75	1,235
2	Single	B	1,113	564	85	1,762
8	Duplex	A	766	394	75	1,235
9	Duplex	AR	766	394	75	1,235
10	Single	B	1,113	564	85	1,762

EXHIBIT A-1
ASSIGNED PARKING STALLS*

PHASE IB

Unit Number	Parking Stall Number
1A	P19
1B	P20
2	P21
8	P11
9	P12
10	P10

* All assigned parking stalls are regular size and covered to the extent that "cover" is provided by a carport structure.

EXHIBIT B
BOUNDARIES OF THE UNITS

Residential Units: Each Single Unit shall be comprised of all portions and components of the Single Unit Building in which it is located, including, without limitation, all perimeter, party and load-bearing walls, the lanais and the attached areas such as garden showers and the air conditioning unit(s) servicing such Single Unit Building (exclusive of the underground lines between the air conditioning unit and the Building, which is a Common Element). The Duplex Units shall not be deemed to include: the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls; the unfinished floors and ceilings located within or surrounding each Unit; the space above the interior decorated or finished surfaces of all ceilings; or the portion of all pipes, shafts, chutes, flues, vents, ducts, pumps, conduits, cables, wiring or other utility or service lines or fixtures which lie outside the designated boundaries of such Unit all of which shall be deemed Limited Common Elements. Each Duplex Unit shall be deemed to include: all the walls and partitions which are not load-bearing within the perimeter or party walls; the interior decorated or finished surfaces of all perimeter, party and load-bearing walls and the interior decorated or finished surfaces of all floors and ceilings, including all plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces; all doors and door frames located along the boundary of the Unit, including the exterior unfinished surfaces thereof; all windows and window frames located along the boundary of the Unit, including the exterior unfinished surfaces of all window frames; all doorknobs on doors comprising a part of the Unit; the portion of all pipes, shafts, chutes, vents, ducts, pumps, conduits, cables, wiring and other utility or service lines or fixtures within the designated boundaries of such Unit which are utilized for and serve only that Unit; and all fixtures originally installed or contained in the Unit.

EXHIBIT C
PERMITTED ALTERATIONS

Proposed Alterations. Except as otherwise provided in the Declaration including without limitation with respect to the Developer's reserved rights, material and nonmaterial additions or alterations to units (the "**Proposed Alterations**") may be made by any Unit Owner(s) subject to the terms and provisions of Section 514B-140 of the Condominium Property Act.

Compliance with Design Guidelines. The Proposed Alterations must comply with the provisions of the Design Guidelines and any Supplements thereto for Kukui`ula, and the plans and specifications for the Proposed Alterations shall be prepared by a licensed architect or licensed professional engineer and approved by the Board and the appropriate agencies of the State of Hawaii and the County of Kauai (if such agencies so require).

Amendment to Condominium Map. Promptly upon completion of any Proposed Alterations which is different in any material respect from the Condominium Map, the Association or Unit Owner(s), whomever made the Proposed Alterations, may file or record in the Bureau an amendment to the Declaration and the Condominium Map showing the Project as so altered, certified as built by a registered architect or licensed professional engineer, without the need for any further consent or joinder by any Owner but subject to approval of the Board, which approval shall not be unreasonably withheld if the Proposed Alterations complied with any approval required and obtained from the Board pursuant to Section 514B-140 of the Condominium Property Act.

EXHIBIT D
COMMON INTEREST

The Spatial Unit has been assigned the Common Interest as shown below; the balance of the Common Interest has been allocated to the remainder of the Units based upon the square feet of Net Living Area of each Unit divided by the total square feet of Net Living Area of all Units in the Project. The Common Interests derived from such calculations have been adjusted to provide that all Units with the same Net Living Area have the same Common Interest, with minor differences, if any, to account for all one hundred percent (100%) of the Common Interest. The Common Interest appurtenant to each Unit may change if Developer exercises its rights to alter the Project and will change if Developer exercises its rights to decrease or increase the Project or if the Fee Owner withdraws lands, all as further described in Exhibit H.

Whenever in the exercise of Developer's reserved rights, the Common Interest appurtenant to Units needs to be recalculated, the Common Interest for each Unit shall be calculated by first allocating 1% to the Spatial Unit (unless the Spatial Unit has been eliminated) and then allocating to each other Unit the remaining 99% in the ratio that the Unit's Net Living Area bears to the Net Living Area of all Units in the Project; provided that Developer shall have the right, in its sole discretion, to round the results of such calculations so that the sum of the Common Interests equals exactly one hundred percent (100%).

The Common Interest appurtenant to each Unit in the Project is as follows (NOTE: the PHASE IB Units are only Unit Numbers 1A, 1B, 2, 8, 9 and 10 but the common interest all Units is shown for clarity):

UNIT NUMBER	PERCENTAGE OF COMMON INTEREST
1A	6.65797%
1B	6.65797%
2	9.67321%
3	14.41310%
4	6.65797%
5	6.65797%
6	9.67321%
7	15.61945%
8	6.65797%
9	6.65797%
10	9.67321%
50 (Spatial Unit)	1%
Total	100%

EXHIBIT E

COMMON ELEMENTS AMD LIMITED COMMON ELEMENTS

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

(a) The Land in fee simple.

(b) All gateways, fences, grounds, landscaping, driveways, roadways, lanes, concrete aprons, carport structures (including the attached linen storage structure, if any), pathways, sidewalks, walkways, parking stalls (covered and uncovered), entrances and entry areas to the Project, exits, exterior light fixtures including those affixed to carports, and refuse areas.

(c) The portion of all ducts, vents, shafts, sewer lines, drainlines, storm drain improvements, gutters, electrical rooms or closets, electrical equipment and fixtures, wiring, irrigation pipelines and sprinklers, pipes, and other central and appurtenant transmission facilities and installations over, under and across the Project which is not part of a Unit and which serves any portion of the Project for services such as power, light, water, drainage, gas, sewer, refuse, telephone and radio and television signal distribution, including the underground lines between an air conditioning unit and a Building and the solar panel system(s) attached to the carport structures, if any.

(d) The structure which houses the individual assigned mailboxes.

(e) Any and all other apparatus and installations intended for common use and all devises and other parts of the Land necessary or convenient to the existence, maintenance and safety of the condominium property regime, or normally in common use.

Limited Common Elements. Certain parts of the Common Elements, herein called and designated the "Limited Common Elements", are hereby designated, set aside and reserved for the exclusive use of certain Units, and such Units shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. The Limited Common Elements so set aside and reserved are as follows:

(a) The portion of all ducts, vents, shafts, sewer lines, drainlines, storm drain improvements, gutters, electrical rooms or closets, electrical equipment and fixtures, wiring, irrigation pipelines and sprinklers, pipes, and other central and appurtenant transmission facilities and installations over, under and across the Project which is not included as part of a Single Unit Building or Duplex Building and which serves one or more, but less than all, Units for services such as power, light, water, drainage, gas, sewer, refuse, telephone and radio and television signal distribution, shall to the extent servicing such Unit(s) be Limited Common Elements appurtenant to and reserved for the exclusive use of the Units served.

(b) The lanai(s) (including all fans, lighting and fixtures therein) and the stairs leading to each of them and any exterior garden shower (including all surrounding rock or other walls, stairs, poles and landscaping within the garden shower) in each case immediately adjacent to and accessed from a Duplex Unit; the gas meter and the air conditioning unit servicing only

one Duplex Unit; and the portion of any pipes, shafts, chutes, flues, vents, ducts, pumps, conduits, cables, wiring or other utility or service lines or fixtures within the Duplex Building servicing only one Duplex Unit but not comprising part of that Unit shall be Limited Common Elements appurtenant to such Duplex Unit.

(c) All portions and components of a Duplex Building which are neither part of a Duplex Unit nor a Limited Common Element appurtenant to only one Duplex Unit as described in (b) above, including the undecorated or unfinished perimeter, party and interior load-bearing walls, the undecorated or unfinished floors and ceilings, roofs (including the supporting structure), columns, girders, beams and supports shall be Limited Common Elements appurtenant to those Duplex Units within such Duplex Building.

(d) The bicycle post immediately adjacent to each Residential Unit shall be a Limited Common Element appurtenant to that Unit.

(e) The walkway (cross-hatched on the Condominium Map) from the main path to each Residential Unit shall be a Limited Common Element appurtenant to that Unit.

(f) A portion of the Land as shown on the Condominium Map, bounded on one side by the "Phase Line" as shown on the Condominium Map and by the boundaries of the Land on all other sides, shall be a Limited Common Element appurtenant to and reserved for the exclusive use of the Spatial Unit. For avoidance of doubt, the portion of the Land on which the Spatial Unit is located is included within such Limited Common Element.

(g) The mailbox with the same number as the Residential Unit, but excluding the structure which houses the individual assigned mailboxes, shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Unit.

(h) The uncovered parking stall or covered parking stall with owner closets assigned to a particular Residential Unit as set forth in Exhibit B, shall be a Limited Common Element appurtenant to and reserved for the exclusive use of such Unit and shall include, as applicable (a) the interior of the adjacent owner closets; and (b) the parking stall up to but not including the marking separating the parking stall from any adjacent parking stall and also not including any adjacent pillar, wall, ceiling or roof or any other portion of the carport structure except as provided herein with respect to the owner closet.

(i) Any other Common Element which is rationally related to less than all of the Units shall be a Limited Common Element appurtenant to such Unit(s) to which it is rationally related.

EXHIBIT F

ENCUMBRANCES AGAINST TITLE

1. Real Property Taxes, if any, that may be due and owing.

Tax Key: (4) 2-6-019-017 Area Assessed: 408,244 sq. ft.

2. Any and all improvement assessments that may be due and owing.

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

4. The terms and provisions contained in the DEED dated March 31, 2003 and recorded as Document No. 2003-058405.

The foregoing includes, but is not limited to, matters relating to water reservation and agricultural activities, including sugar cane burning, on nearby lands.

5. The terms and provisions contained in the DECLARATION OF CONDITIONS dated November 4, 2003 and recorded as Document No. 2003-244116.

6. The terms and provisions contained in the LIMITED WARRANTY DEED dated March 31, 2005 and recorded as Document No. 2005-062345.

The foregoing includes, but is not limited to, matters relating to water reservation and agricultural activities, including sugar cane burning, on nearby lands.

7. The terms and provisions contained in the AGREEMENT dated November 9, 2004 and recorded as Document No. 2005-080268 between KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC, a Hawaii limited liability company; ALEXANDER & BALDWIN, INC., a Hawaii corporation; McBRYDE SUGAR COMPANY, LIMITED, a Hawaii corporation; and the COUNTY OF KAUAI PLANNING DEPARTMENT, a political subdivision of the State of Hawaii.

8. The terms and provisions contained in the DECLARATION dated --- (acknowledged September 8, 2006) and recorded as Document No. 2006-170244 executed by KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC, a Hawai'i limited liability company.

9. The terms and provisions contained in the KUKUI'ULA TRAIL SYSTEM DECLARATION dated February 28, 2008 and recorded as Document No. 2008-034082.

10. DESIGNATION OF EASEMENT A-23A for access purposes as shown on Exhibit Map dated September 14, 2013, prepared by Erik S. Kaneshiro, Licensed Professional Land Surveyor with Austin, Tsutsumi & Associates, Inc., attached to instrument dated November 27, 2013, recorded as Document No. A-50840983.

-NOTE:- File Plan 2483 continues to show Easement "A-23" which has been replaced by Easement "A-23-A".

11. DESIGNATION OF EASEMENT "D-7A" for drainage channel and landscaping purposes, as shown on Exhibit Map dated September 24, 2013, prepared by Erik S. Kaneshiro, Licensed Professional Land Surveyor with Austin, Tsutsumi & Associates, Inc., attached to instrument dated November 27, 2013, recorded as Document No. A-50840984.

-NOTE:- File Plan 2483 continues to show Easement "D-7" which has been replaced by Easement "D-7A".

12. DESIGNATION OF EASEMENT "S-6" for sewer purposes as shown on File Plan No. 2483.

13. DESIGNATION OF FLOOD AND BUILDING SETBACK LINE-1A as shown on Exhibit Map dated September 24, 2013, prepared by Erik S. Kaneshiro, Licensed Professional Land Surveyor with Austin, Tsutsumi & Associates, Inc., attached to instrument dated November 27, 2013, recorded as Document No. A-50840984

-NOTE:- Flood and Building Setback Line-1A replaces Flood and Building Setback Line-1 as shown on File Plan No. 2483.

14. DETENTION BASIN AND BUILDING SETBACK LINE-4 as shown on File Plan No. 2483.

15. GRANT to KAUAI ISLAND UTILITY COOPERATIVE dated July 14, 2010 and recorded as Document No. 2010-141038 granting a perpetual right and easement for utility purposes over, under, upon, across and through Easement "E-5", said easement being more particularly described therein.

16. The terms and provisions contained in the CERTIFICATE OF FORMATION OF COUNTY OF KAUA'I COMMUNITY FACILITIES DISTRICT NO. 2008-1 (KUKUI'ULA DEVELOPMENT PROJECT) dated September 22, 2010 and recorded as Document No. 2010-143092.

The foregoing includes, but is not limited to, matters relating to the levy of the Special Tax, the lien of which is on parity with the lien of general real property taxes and the lien of assessments levied under Section 46-80, Hawaii Revised Statutes.

17. The terms and provisions contained in the CONVEYANCE OF WATER FACILITY FOR TMK: (4) 2-6-15: 013 (POR) dated October 22, 2010 and recorded as Document No. 2011-037224 between KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC, a Hawaii limited liability company, "Owner", and BOARD OF WATER SUPPLY, COUNTY OF KAUA'I, "Board".

18. The terms and provisions contained in the AMENDED AND RESTATED COMMUNITY CHARTER FOR KUKUI'ULA dated as of September 4, 2012 and recorded as Document No. A-46320954.

The foregoing Amended and Restated Community Charter for Kukui'ula restates the original Community Charter for Kukui'ula dated May 8, 2006, recorded as Document No. 2006-088739, and any amendments thereto.

Said Amended and Restated Community Charter for Kukui'ula was supplemented by SUPPLEMENTAL DECLARATION TO KUKUI'ULA CHARTER AND DECLARATION OF EASEMENTS (PARCEL CC) dated January 10, 2011, recorded as Document No. 2011-010183. Said Supplemental Declaration was amended by instruments dated January 25, 2011, recorded as Document No. 2011-018277, dated October 31, 2011, recorded as Document No. 2011-180579, and dated March 27, 2014, recorded as Document No. A-51990537.

Said Amended and Restated Community Charter for Kukui'ula was amended by instrument dated February 12, 2013, recorded as Document No. A-47991323.

Said Amended and Restated Community Charter for Kukui'ula, as amended, was supplemented by instrument dated November 27, 2013, recorded as Document No. A-50840986.

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

19. The terms and provisions contained in the AMENDED AND RESTATED COVENANT FOR THE CLUB AT KUKUI'ULA, dated as of September 4, 2012, recorded as Document No. A-46320955.

Said Amended and Restated Covenant for the Club at Kukui'ula restates the original Covenant for the Club at Kukui'ula dated May 8, 2006, recorded as Document No. 2006-088740, and any amendments thereto.

Said Amended and Restated Covenant for the Club at Kukui'ula was supplemented by instrument dated November 27, 2013, recorded as Document No. A-50840987.

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

20. AMENDMENT AND RESTATEMENT OF GRANT OF EASEMENT (Easement S-6, File Plan 2483) to KUKUI'ULA SOUTH SHORE COMMUNITY SERVICES, LLC, a Hawaii limited liability company, dated November 27, 2013, recorded as Document No. A-50840982, granting a nonexclusive easement for sanitary sewer purposes over, under, across, along, upon and through said Easement "S-6", as shown on File Plan No. 2483.

The foregoing Amendment and Restatement of Grant of Easement amends and restates in its entirety the original Grant of Easement (Easement S-6, File Plan 2483) dated November 3, 2011, recorded as Document No. 2011-184926.

21. The terms and provisions contained in the DECLARATION OF EASEMENT A-23A AND REPLACEMENT OF DESIGNATION OF EASEMENT A-23, dated November 27, 2013 and recorded as Document No. A-50840983.

The foregoing includes, but is not limited to, granting a nonexclusive easement for access purposes on, over and across said Easement "A-23A", said easement being more particularly described in Exhibit "C-1" attached thereto, and also shown on the Exhibit Map attached thereto as Exhibit "C-2".

22. The terms and provisions contained in the GRANT OF EASEMENT D-7A, QUITCLAIM BILL OF SALE, AND REPLACEMENT OF DESIGNATION OF EASEMENT D-7 AND FLOOD AND BUILDING SETBACK LINE-1 dated November 27, 2013 recorded as Document No. A-50840984.

The foregoing includes, but is not limited to, granting a nonexclusive easement for drainage channel and landscaping purposes over, under, across, along, upon and through said Easement "D-7A", said easement being more particularly described in Exhibit "B-1" attached thereto, and also shown on the Exhibit Map attached thereto as Exhibit "B-2".

23. The terms and provisions contained in the DECLARATION OF CONDOMINIUM PROPERTY REGIME OF THE CLUB BUNGALOWS AT KUKUI'ULA dated December 9, 2013 and recorded as Document No. A-51650727.

Said Declaration was amended by instruments dated April 21, 2014, recorded as Document Nos. A-52270350A thru A-52270350C; dated September 4, 2014, recorded as Document No. A-53680874; and dated November 14, 2014, recorded as Document No.A-54410860.

24. The terms and provisions contained in the BYLAWS OF THE ASSOCIATION OF UNIT OWNERS OF THE CLUB BUNGALOWS AT KUKUI'ULA dated December 9, 2013 and recorded as Document No. A-51650728.

25. The condominium map filed as Condominium Map No. 5254.

26. The terms and provisions contained in the following:

INSTRUMENT :	LIMITED WARRANTY DEED WITH COVENANTS AND RESERVATIONS (PARCEL FF)
DATED :	February 25, 2014
RECORDED :	Document No. A-51690335

CORRECTION TO LIMITED WARRANTY DEED WITH COVENANTS AND RESERVATIONS (PARCEL FF) dated as of February 25, 2014, recorded as Document No. A-51890266.

27. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : LODGE HALE DEVELOPMENT, LLC, a Hawai'i limited liability company; KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC, a Hawai'i limited liability company; and HAI FU INTERNATIONAL INVESTMENT, LLC, a Hawai'i limited liability company

MORTGAGEE : AMERICAN SAVINGS BANK, F.S.B., a federal savings bank

DATED : July 11, 2014
FILED : Document No. A-53080599
AMOUNT : $7,500,000.00

28. REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

MORTGAGOR : LODGE HALE DEVELOPMENT, LLC, a Hawai'i limited liability company; KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC, a Hawai'i limited liability company; and HAI FU INTERNATIONAL INVESTMENT, LLC, a Hawai'i limited liability company

MORTGAGEE : AMERICAN SAVINGS BANK, F.S.B., a federal savings bank

DATED : July 11, 2014
FILED : Document No. A-53080600
AMOUNT : $3,0750,000.00

29. PURCHASE MONEY MORTGAGE SECURITY AGREEMENT; ASSIGNMENT OF RENTS; FIXTURE FILING; AND FINANCING STATEMENT

MORTGAGOR : LODGE HALE DEVELOPMENT, LLC, a Hawai'i limited liability company;

MORTGAGEE : KUKUI'ULA DEVELOPMENT COMPANY (HAWAII), LLC, a Hawai'i limited liability company; and HAI FU INTERNATIONAL INVESTMENT, LLC, a Hawai'i limited liability company

DATED : July 11, 2014
FILED : Document No. A-53080601
AMOUNT : $4,881,310.00

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

31. Encroachments, if any, which would be shown on a correct survey.

32. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described in Schedule C herein.

EXHIBIT G

OTHER ZONING COMPLIANCE MATTERS

Zoning. The land upon which the Project is to be constructed ("Parcel FF") is designated as Urban by the State of Hawaii Land Use Commission, and is zoned R-10 and RR-10 (Residential and Resort Residential) under the zoning regulations for the County. Nevertheless, in accordance with the zoning ordinance PM-2004-370, the permitted density is limited to four residential units per acre. Under its current zoning, Parcel FF may be used only for residential and accessory purposes.

VDA. The foregoing notwithstanding, the Community is zoned as one large Visitor Destination Area ("**VDA**") and up to 750 units in the entire Community may be designated as Transient Vacation Rentals ("**TVR**" or "**TVRs**"), which allows transient rental of a home or Club Bungalows. The Final Subdivision Map provides that all Units within the Project are designated for TVR use (all Units in the Project are designated as "Club Bungalows"). Under the TVR zoning designation, residential dwellings in the Community may be used for short-term rental purposes, pursuant to the terms and restrictions set forth in the Governing Documents. Units in the Project are subject to the various TVR-related restrictions in the Charter and any supplement thereto.

Zoning and Land Uses Subject to Change. County approvals, and existing and/or proposed uses of the property located adjacent to or in the vicinity of Parcel FF are subject to change and are not within Developer's control. All zoning is subject to change in the future and Developer makes no representations, promises, or warranties regarding how the property adjacent to or in the vicinity of the Project will be used or developed. Owners of lands adjacent to or in the vicinity of Parcel FF may seek to rezone their property, may seek zoning variances for their property, and/or may modify their site plan within existing zoning.

EXHIBIT H

DEVELOPER'S AND FEE OWNER'S RESERVED RIGHTS

[Note: any capitalized terms not otherwise defined in this Exhibit shall have the meaning set forth in the Declaration]

1. Sales and Advertising Activities. Developer, its agents, designees, mortgagees, successors and assigns shall have the right to conduct extensive sales activities on the Common Elements (except the Limited Common Elements appurtenant to any Units not owned by Developer) and on any Units owned by Developer and Limited Common Elements appurtenant thereto, including without limitation, the use of parking areas and extensive sales displays and activities. The aforementioned right to conduct extensive sales activities on the Common Elements shall include the right to install directional or informational signs, monuments, flags and banners, and the right of Developer to place such signs, monuments, flags and banners between the Units and the sidewalks. In connection with said sales and advertising activities, Developer reserves unto itself, agents, designees, mortgagees, successors and assigns the right to allow invitees, guests, prospective purchasers, and other third parties reasonable access over, across, under and through the Common Elements of the Project (except the Limited Common Elements appurtenant to any Units not owned by Developer) to inspect, tour, or view any Unit and the model units for the Project, if any.

2. Completion of Improvements. Developer, its agents, employees, contractors, licensees, designees, successors, and assigns shall have an easement over, across, and upon the Common Elements and any Units owned by Developer and Limited Common Elements appurtenant thereto as may be reasonably necessary or convenient for the completion of the improvements of the Project, the correction of any defects therein, or any repairs, renovations, modifications or other work as may be required or which Developer elects to perform. The easement described herein shall terminate twelve (12) months from the date Developer's rights described in Section R of the Declaration terminate or are surrendered or, if later, the date any warranty provided to any purchaser of a Unit expires.

3. Developer's Easement for Noise, Dust, Etc. DEVELOPER AND ITS AGENTS, EMPLOYEES, CONTRACTORS, LICENSEES, DESIGNEES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, "**Developer's Representatives**"), SHALL HAVE AN EASEMENT OVER, UNDER, ACROSS AND UPON THE PROJECT AND ALL OF ITS PARTS, TO CREATE AND CAUSE NOISE, DUST, SOOT, SMOKE, ODORS, SURFACE WATER RUNOFF, VIBRATIONS, AND OTHER NUISANCES OR HAZARDS IN CONNECTION WITH: (a) the exercise of the rights and easements Developer has under Section F of the Declaration; (b) the development and construction of the Project including, if applicable, additional phases of the Project as described in Section R of the Declaration, and including the construction of model units for the Project; and (c) the exercise of Developer's reserved rights or any other rights of Developer described elsewhere in the Declaration. Every person who has an interest in the Project or who has the right to use the Project or any part of it, including, but not limited to, each Unit Owner, each mortgagee of a Unit, and the lessees, occupants and guests of each Unit (individually and collectively, an "**Interested Person**"): (i)

understands, acknowledges and accepts that these activities may result in noise, dust, soot, smoke, odors, surface water runoff, vibrations and other nuisances and hazards; (ii) consents to these activities; and (iii) gives up (in legal terms, "waives, releases and discharges") any rights, claims or actions that he or she may have, now or in the future, against Developer and Developer's Representatives. Each Unit Owner and other Interested Person assumes the risk of any property damage, personal injury or loss in property value arising from these activities. WITHOUT LIMITATION, DEVELOPER SHALL HAVE NO OBLIGATION TO POWERWASH ANY BUILDING OR CLEAN THE INTERIOR OF ANY UNIT OR SHAMPOO ANY CARPETS AS A RESULT OF DUST CREATED IN CONNECTION WITH CONSTRUCTION BY DEVELOPER OR DEVELOPER'S REPRESENTATIVES.

4. Developer's Rights to Use Units. Notwithstanding the provisions of Section H of the Declaration, Developer shall have the right to use any Unit which Developer owns, or with the consent of the Unit Owner any other Unit, for promotional purposes, including the right to have guests stay in such Unit for any length of time, and to conduct marketing, sales and other activities within or from such Units.

5. Phasing. Subject to Developer's rights to modify the composition of any phase or to delete any phase as hereinafter provided: (a) Units 3 through 7 of the Project together with the garages (if any) appurtenant to such Units; parking/garage stalls P1 through P10 and P17 through P21 and P23 and P24; and the pathways, grounds and landscaping and other improvements depicted on the Condominium Map as being part of Phase IA (and specifically excluding parking/garage stalls P11 through P16 and the pathways, grounds, landscaping and other improvements on the areas depicted on the Condominium Map as being part of Phase IB or on the land area that is a Limited Common Element appurtenant to the Spatial Unit), will comprise the initial, or first, phase of the Project (the "**Initial Phase**"); (b) Units 1, 2 and 8 through 10 together with the garages (if any) appurtenant to such Units; parking/garage stalls P11 through P16; and pathways, grounds, landscaping and other improvements (other than on the land area that is a Limited Common Element appurtenant to the Spatial Unit)depicted on the Condominium Map as being part of Phase IB will comprise the next phase of the Project ("**Phase IB**"); and (c) subsequent phases (if any) will be created by Developer and Fee Owner: (i) amending the Declaration and the Condominium Map to remove from the Limited Common Element appurtenant to the Spatial Unit portions of the land area and (ii) adding and constructing additional Units and other improvements including any additional Common Elements on that portion of the land area which does not then comprise a Limited Common Element appurtenant to the Spatial Unit. Accordingly, Developer reserves the right from time to time at any time prior to the date which is twenty-five (25) years from the date of recordation of the Declaration without being required to obtain the joinder or consent of the Association, or any Unit Owner, lienholder or other Person except the Fee Owner, whose consent and/or joinder shall be required so long as the Fee Owner holds title to the Spatial Unit or any other Unit, to expand the Project by increasing the number of Units in the Project as follows: by recording amendmenta to the Declaration, Condominium Map and any other Project Documents as necessary and as set forth in the Declaration.

6. Developer's Rights for Effecting Expansion of the Project with Construction of Additional Phases. Developer expressly reserves the right to so amend the Declaration, the

Condominium Map and other Project Documents as provided in Item No. 5 above notwithstanding the lease, sale or conveyance of any or all of the Units in any or all phases of the Project, and Developer may, without being required to obtain the consent or joinder of the Association or any Unit Owner, lienholder or other Person except the Fee Owner, whose joinder and/or consent shall be required so long as the Fee Owner holds title to the Spatial Unit or any other Unit, execute and file amendments to the Declaration, the Condominium Map, the other Project Documents and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers, or privileges reserved to Developer in the Declaration including without limitation grants of easements. Any such action shall be deemed taken by Developer as the true and lawful attorney-in-fact of the respective Unit Owners or other Person.

7. Rights Reserved to Developer with Respect to the Construction of Additional Phases of the Project. Subject to the provisions in Section R. of the Declaration and in furtherance of the rights reserved to Developer thereunder, Developer, its successors and assigns, and their respective contractors and subcontractors, and their respective employees and agents, shall have the right and an easement at any time, and from time to time prior to the date which is twenty-five (25) years from the date of recordation of the Declaration, to enter upon and use the Common Elements of the Project and do all things reasonably necessary, desirable or useful for designing, developing, constructing or completing the Project and any additional phases of the Project, connecting the same to the utility installations of prior phase(s) of the Project, and selling the Units contained within the additional phases, upon and subject to the following terms and conditions:

(a) Each additional phase, if constructed, shall be constructed in accordance with plans and specifications prepared by a licensed architect; provided, however, that such plans and specifications shall not require the alteration or demolition of any existing Units.

(b) Developer shall have the right to temporarily close and use portions of the Common Elements including, without limitation, parking and landscaped areas for construction, staging, buffer and safety.

(c) Developer shall have the right, without notice to, or the approval, consent or joinder of, the Association, any Unit Owner, lienholder or any other Person except the Fee Owner, whose consent shall be required so long as the Fee Owner holds title to the Spatial Unit or any other Unit: to add, delete, relocate, realign, reserve and grant all easements and rights-of-way over, under, on and across any Common Elements including but not limited to easements and rights-of-way for utilities, sanitary and storm sewers, refuse disposal, driveways, parking areas and roadways; to otherwise make alterations to the Common Elements; to use the Common Elements for such development and construction; and to designate Limited Common Elements over, under, on and across the Common Elements or recharacterize portions of the existing Common Elements as Limited Common Elements, or to recharacterize portions of the Limited Common Elements as Common Elements, all as determined by Developer to be necessary or desirable with respect to any additional phase.

(d) Every Unit Owner (except the Fee Owner) and all holders of liens affecting any of the Units in the Project and each and every other Person acquiring an interest in the Project or any part thereof, by acquiring such Unit, lien or other interest, consents to and agrees that such Owner shall, if required by law or by Developer, join in, consent to and execute all instruments and documents necessary or desirable to effect the granting of easements and/or rights-of-ways and/or covenants or restrictions affecting the Common Elements or Limited Common Elements and/or the designation of Limited Common Elements or recharacterization of Common Elements or Limited Common Elements provided for hereinabove.

(e) Developer, its contractors and subcontractors, and their respective employees and agents, shall not cause any interruption other than a temporary interruption in the service of utilities to the Project and shall use reasonable efforts without additional cost to Developer and consistent with maintaining the progress of the design, development, construction, completion and sale, to minimize interference with the use and enjoyment of the Project by the Unit Owners.

Nothing in the Declaration pertaining to expansion of the size of the Project shall be construed as a representation or warranty by Developer that all or any part of Phase IB or any additional phase will be constructed, or to require Developer to develop all or any part of Phase IB or any additional phases.

8. Right to Alter the Project by Eliminating or Altering Any Phase, Any Unit or Any Other Improvements. Developer reserves: (a) the right from time to time at any time prior to the date which is twenty-five (25) years from the date of recordation of the Declaration without being required to obtain the joinder or consent of the Association, any Unit Owner, lienholder or other Person: (i) to reconfigure or alter the type, location, design, size and number of: phases in the Project including the Initial Phase, Phase IB and any other phase; the Units in any phase (including the right to add or delete Units and the right to change any Building in a phase from a Single Unit Building to a Duplex Building or from a Duplex Building to a Single Unit Building); and any improvements including any Common Elements, (ii) to add or delete Common Elements including without limitation the addition or deletion of garages and storage areas within the Common Elements; (iii) to recharacterize Common Elements as Limited Common Elements appurtenant to any Unit owned by Developer (or owned by an Owner consenting to the recharacterization), (iv) to recharacterize Limited Common Elements appurtenant to any Unit owned by Developer (or owned by an Owner consenting to the recharacterization) as to Common Elements, and (v) to designate Limited Common Elements appurtenant to a Unit owned by Developer to instead be appurtenant any other Unit owned by Developer (or from or to any Unit owned by an Owner consenting to the redesignation), and (b) with respect to any Unit (other than the Spatial Unit or any other Unit owned by the Fee Owner for which consent of the Fee Owner shall be required), whether within the Initial Phase, Phase IB or any subsequent phase, the right, at any time prior to the recordation in the Bureau of a deed conveying such Unit to a purchaser other than another developer and regardless of whether any other Unit has been sold or conveyed and without being required to obtain the joinder or consent of the Association, any Unit Owner, lienholder or other Person, to: (i) modify in any way the size, shape, layout, location, design or other attributes of the Unit and the Limited Common Elements appurtenant to such Unit, including without limitation, the right to change or reverse the configuration of, alter the number

of rooms of, decrease or increase the size of, or change the location of such Unit (and the Limited Common Elements appurtenant thereto); (ii) recharacterize and redesignate any Limited Common Elements as may be appurtenant to such Unit as being Common Elements of the Project; (iii) recharacterize and redesignate and/or further covenant or restrict certain Common Elements of the Project, including recharacterizing and redesignating certain Common Elements as Limited Common Elements appurtenant to such Unit; or (iv) as to an unconstructed Unit change the phase in which such Unit is included or eliminate such Unit in its entirety (with the right but not the obligation to reincorporate a replacement Unit into a subsequent phase). Developer may effect such alterations as follows: by recording amendments to the Declaration and/or Condominium Map and by taking such other actions as necessary or appropriate.

9. Developer's Rights for Effecting Alteration of the Project. Developer expressly reserves the right to so amend the Declaration and Condominium Map as provided in Item 8 above notwithstanding the lease, sale or conveyance of any of the Units in any or all phases of the Project, and Developer may, without being required to obtain the consent or joinder of the Association or any Unit Owner, lienholder or other Person except as specifically required in paragraph (a) above, execute and file amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers, or privileges reserved to Developer as set forth in Item 8 above. Any such action shall be deemed taken by Developer as the true and lawful attorney-in-fact of the respective Unit Owners or other Person.

10. Rights Reserved to Developer to Withdraw Land. Notwithstanding anything to the contrary in the Declaration, Developer reserves the right and option, from time to time at any time prior to the date which is twenty-five (25) years from the date of recordation of the Declaration without being required to obtain the joinder or consent of the Association, any Unit Owner, lienholder or other Person except the Fee Owner, whose consent or joinder shall be required so long as the Fee Owner holds title to the Spatial Unit to: (a) subdivide the Land to create separate legal parcels of land and to withdraw any parcels of land and improvements thereon (including, but not limited to, model homes constructed thereon in connection with the sales of Units in the Project and, subject to parking requirements under applicable law, portions of the parking areas) from the condominium property regime created by the Declaration such that only the Units in the Initial Phase (as the same may be amended pursuant to Developer's reserved rights) and, if developed or to be developed pursuant to Section R of the Declaration, the Units in Phase IB and any additional phase of the Project as elected by Developer are subject to this condominium property regime; (b) create, realign, relocate, delete, reserve and grant such easements over, under and across the Project and/or the withdrawn portion of the Land for utilities, sanitary and storm sewers, cable television, telecommunication systems, driveways, parking areas, walkways and any other use as Developer determines in its sole discretion are necessary or appropriate and, without limiting the foregoing, specifically reserves the right to grant easements for access and utilities over, under and across the Project in favor of the withdrawn land; (c) enter into and execute any grants or licenses or other agreements required in connection with such subdivision and withdrawal; and (d) amend the Declaration to reflect the withdrawal of such lands and improvements thereon and if applicable to delete the Spatial Unit (including the reallocation of the Common Interest appurtenant to each Unit as provided in Section R.3 of the Declaration). In connection with the exercise of such rights, Developer and its

agents and contractors shall have the right to enter upon the Project to do all things necessary or proper to effectuate such subdivision and withdrawal including without limitation, making surveys, and filing and recording any necessary file plan or subdivision map and related subdivision documentation. No representation is made or obligation assumed to construct a development of any particular type or character upon any land withdrawn; to the contrary, Developer, Fee Owner or any other Person shall have the right to determine the use in their sole discretion to which such withdrawn land will be put, including the right to develop a project of any nature and character whether or not requiring a modification to the Class III Permit.

11. Right of Developer to Grant Easements or Create Covenants. Without limiting the generality of the other rights reserved to Developer, Developer reserves the right, at any time and from time to time prior to the date which is twenty-five (25) years from the date of recordation of the Declaration, to designate, grant, dedicate, or declare without notice to, or the approval, consent or joinder of, any Unit Owner, lienholder or other Person except the Fee Owner, whose consent or joinder shall be required so long as the Fee Owner holds title to the Spatial Unit, perpetual easements, rights-of-way (which shall also include the right to transfer, relocate, realign, cancel or otherwise deal with existing rights-of-way or easements) and covenants restricting or obligating use or maintenance, which benefit the Project, other lands, or other third parties (including any utility or governmental entity), over, across, under and through the Common Elements for any purpose as Developer, in its sole discretion, may from time to time determine, including, but not limited to, for roadway (including service lane), bikeway, sidewalk, parking, pedestrian access, landscaping, park, recreation, swales and fence purposes, for public services, for utility lines and other transmission facilities and appurtenances, for electricity, gas, telephone, electromagnetic and/or optical signal distribution, and any other utility or similar distribution system, including, but not limited to, microwave, radio and television antennas, cable, broadband, computer networking, advanced telecommunications (including electromagnetic and optical transmission facilities and similar services), water, sewer, drainage, flowage, fire hydrants, and other public or private services and utilities, and rights to enter for the purpose of installing, repairing, maintaining, altering and removing such roadways, bikeways, sidewalks, parking stalls, fences, walls, retaining walls, swales, lines and facilities and of trimming, pruning, or otherwise, any trees, hedges, or other landscaping and improvements in connection therewith.

12. Developer's Reserved Rights With Respect to Garages, Parking Spaces and Storage Areas. Developer shall have the right and option, from time to time at any time prior to the date which is twenty-five (25) years from the date of recordation of the Declaration without being required to obtain the joinder or consent of the Association, any Unit Owner, lienholder or any other Person to amend the Declaration and, if applicable, the Condominium Map to reflect the addition (or deletion) of garage(s) and/or storage structure(s) within the Common Elements and/or to designate garage spaces, parking spaces and storage spaces as Limited Common Elements appurtenant to such Units as determined by Developer and/or to transfer to or from a Unit owned by Developer (or owned by an Owner consenting to the amendment) one or more garage parking spaces, parking spaces or storage spaces which are appurtenant to one Unit to thereafter be a Limited Common Element appurtenant to another Unit.

13. Reserved Right to Approve Alterations. Developer shall have the right, but not the obligation, to approve any alteration of any kind that affects or may affect the appearance of all or any portion of the Project which is made at any time prior to the date which is twenty-five (25) years from the date of recordation of the Declaration.

14. Reserved Right to Amend Recorded Deeds. Any modification to the Declaration, the Bylaws or the Condominium Map which effects or modifies any provision in any deed or other document conveying or encumbering a Unit or interest in a Unit, including without limitation, any reference to a specific Common Interest, Limited Common Element, the description of the Unit or any other matter therein, shall be deemed to likewise automatically amend that deed or other document without any necessity for preparing or recording a specific amendment to such deed or document. Nevertheless, Developer shall have the reserved right to amend any recorded deed or other document conveying or encumbering a Unit or interest in a Unit so that it conforms to amendments made to the Declaration, the Bylaws or the Condominium Map, or Developer may record a new deed for that purpose or record an appropriate amendment to the Declaration, the Bylaws and/or the Condominium Map, any Unit Owner, lienholder or other Person. For example, if Developer creates new Units in the Project, it will need to adjust the Common Interest of each existing Unit as set forth in Section R.3 of the Declaration. In that event, upon recordation of an amendment to the Declaration reflecting the change in the Common Interest, all existing deeds to Units will be deemed to have likewise been amended to reflect the new Common Interests, but Developer may nevertheless amend the deeds for existing Units to reflect the change in the Common Interest and/or or it may issue replacement deeds reflecting the new Common Interest of each Unit.

15. Reserved Right to Modify Project to Comply with Law; Amend Permit. From time to time and at any time prior to the date which is twenty-five (25) years from the date of recordation of the Declaration, Developer shall have the reserved right without being required to obtain the joinder or consent of the Association, any Unit Owner, lienholder or other Person: (a) to effect such modifications to the Units and Common Elements in the Project and/or to execute, record and deliver any amendments to the Declaration, the Condominium Map, the Bylaws and the House Rules as may be necessary or required to effect compliance by the Project, the Association, or Developer with laws which apply to the Project, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§ 3601 at seq., including any and all rules and regulations promulgated thereunder, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§ 12101 et seq., including any and all rules and regulations promulgated thereunder, and (b) to obtain a modification of the Class III Permit or a new class III permit as may be necessary or advisable in connection with the exercise by Developer of any of its reserved rights.

16. Right to Restate Project Documents. Any amendment to the Declaration, the Bylaws or the Condominium Map which Developer or Fee Owner is authorized to make, may be accomplished by use of an amended and restated document.

17. Reserved Right Respecting Warranty. If and for as long as Developer remains or is alleged to remain liable under warranty, whether statutory, express or implied, for acts or omissions of Developer in the design, development, construction, sale, resale, leasing, financing

and marketing of the Project, then Developer and its contractors, agents and designees shall have the right, in Developer's sole discretion and from time to time and without requiring prior approval of the Association and/or any Unit Owner or other Person and without requiring any consideration to be paid by Developer to the Unit Owners and/or Association or other Person (provided, however, that absent an emergency situation, Developer shall provide reasonable advance notice), to enter the Project, including the Units, Common Elements and Limited Common Elements for the purpose of inspecting, testing and surveying same to determine the need for repairs, improvements and/or replacements, and effecting same, so that Developer can fulfill any of its obligations. The failure of the Association or any Unit Owner to grant, or the interference by the Association or any Unit Owner with, such access shall alleviate Developer from having to fulfill its warranty obligations and the costs, expenses, liabilities or damages arising out of any unfulfilled Developer warranty will be the sole obligation and liability of the person or entity who or which impedes Developer in any way in Developer's activities described in this Item No.18. NOTHING HEREIN SHALL BE DEEMED OR CONSTRUED AS DEVELOPER MAKING OR OFFERING ANY WARRANTY, ALL OF WHICH ARE DISCLAIMED.

18. Assignment of Reserved Rights. Notwithstanding anything stated in the Declaration to the contrary, every Owner of a Unit in the Project and all holders of liens affecting any of the Units and each and every other Person acquiring an interest in the Project or in the Land, or any part thereof, by acquiring or holding such Unit, lien or other interest, agrees, consents to and recognizes: (a) the right of Developer to assign, in whole or in part and on an exclusive or non-exclusive basis, the rights reserved to Developer in the Declaration; (b) upon any such assignment, Developer shall be relieved of any and all liability arising after the assignment; (c) any assignee of Developer shall thereafter be recognized as such under the Declaration; and (d) the right of Developer to also transfer its rights as Developer as collateral for a loan, in which event the assignee lender shall not have the rights and obligations as "developer" until it: (i) forecloses on the loan or obtains a deed in lieu of foreclosure and takes title to Developer's interest in the Project, and (ii) records an instrument declaring itself to be "Developer".

19. Consent to Developer's Reserved Rights; Appointment of Developer as Attorney-in-Fact. Each and every Unit Owner, including the Fee Owner (except to the extent the Fee Owner's joinder or consent is specifically required above in which case such joinder or consent shall not be unreasonably withheld or delayed) and all holders of liens affecting any of the Units in the Project and each and every other Person acquiring an interest in the Project or any part thereof, by acquiring or holding such Unit, lien or other interest, consents to all of the rights reserved unto Developer in the Declaration and to the execution, delivery and recordation by Developer of all instruments or documents necessary, appropriate or convenient to effectuate the same; agrees that such Person shall, if required by law or by Developer, join in, consent to and execute all instruments and documents necessary or convenient to effectuate the same; and appoints Developer and its assigns as the attorney-in-fact for such Person with full power of substitution to execute such documents and to do such things on behalf of such Person, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights and shall not be affected by disability of any such Person.

20. Conflict with Bylaws. If any of the provisions contained in Section R of the Declaration (which sets forth the reserved rights) conflict with the Bylaws (including if any provision in the Bylaws could be construed to in any way limit the exercise of the reserved rights or impose additional conditions to the exercise of the reserved rights), the provisions of Section R of the Declaration shall control.

21. Fee Owner's Reserved Right to Withdraw Lands. Notwithstanding anything to the contrary in the Declaration, if the Purchase Agreement (as defined in the Declaration) is terminated or if there is a Major Buyer Default as defined in the Purchase Agreement, in each case as set forth in an affidavit of the Fee Owner recorded in the Bureau, the Fee Owner hereby reserves and shall have the right and option, at any time prior to the date which is twenty-five (25) years from the date of recordation of the Declaration without being required to obtain the joinder or consent of Developer, the Association, any Unit Owner, lienholder or other Person to: (a) subdivide the Land such that the portion of the Land which is then a Limited Common Element appurtenant to the Spatial Unit constitutes one or more separate legal parcels of land and to withdraw such separate legal parcels of land and improvements thereon from the condominium property regime created by the Declaration; (b) create, realign, relocate, delete, reserve and grant such easements over, under and across the Project and/or the withdrawn portion of the Land for utilities, sanitary and storm sewers, cable television, telecommunication systems, driveways, parking areas, walkways and any other use as Fee Owner determines in its sole discretion are necessary or appropriate and, without limiting the foregoing, specifically reserves the right to grant easements for access and utilities over, under and across the Project in favor of the withdrawn land; (c) enter into and execute any grants or licenses or other agreements required in connection with such subdivision and withdrawal, and (d) amend the Declaration to reflect the withdrawal of such lands and improvements thereon and the deletion of the Spatial Unit (including the reallocation of the Common Interest appurtenant to each Unit as provided in Section R.3 of the Declaration). In connection with the exercise of such rights, the Fee Owner and its agents and contractors shall have the right to enter upon the Project to do all things necessary or proper to effectuate such subdivision and withdrawal including without limitation, making surveys, and filing and recording any necessary file plan or subdivision map and related subdivision documentation. No representation is made or obligation assumed to construct a development of any particular type or character upon any land withdrawn; to the contrary, the Fee Owner or any other Person shall have the right to determine the use in their sole discretion to which such withdrawn land will be put, including the right to develop a project of any nature and character and to rezone the land. No representation is made or obligation assumed to construct a development of any particular type or character upon any land withdrawn; to the contrary, Fee Owner or any other Person shall have the right to determine the use in their sole discretion to which such withdrawn land will be put, including the right to develop a project of any nature and character and to rezone the land.

22. Required Percentage Vote. Except as otherwise provided in the Act or in the Declaration (including without limitation with respect to the reserved rights of Developer and Fee Owner), and subject to and conditioned upon the prior written approval of Eligible First Lienholders as provided in Section T.2 of the Declaration, the Declaration may be amended by the vote or written consent of Unit Owners holding at least sixty-seven percent (67%) of the total Common Interests of the Project; PROVIDED, HOWEVER, that any amendment affecting Developer's

rights under the Declaration, including without limitation any amendment to Section R and Section T of the Declaration shall also require the consent of Developer; any amendment affecting the rights of the Fee Owner under the Declaration, including without limitation any amendment to Section R, Section S, Section T, or Section W.3 of the Declaration shall also require the consent of the Fee Owner; and any amendment to Section V of the Declaration on or before twenty-five years from the date of recordation of the Declaration shall require the consent of the Developer and the Fee Owner.

23. Amendment by Developer.

(a) Developer reserves and has the right from time to time at any time prior to the recording in the Bureau of the first Unit deed in favor of a purchaser, to amend the Declaration, the Bylaws and the Condominium Map in any manner, without notice to, or the approval, consent or joinder of, the Association or any purchaser of any Unit or any other Person other than the Fee Owner to the extent such consent is required by the Declaration.

(b) Developer reserves and has the right from time to time at any time prior to the recording in said Bureau of Unit deeds in favor of purchasers covering 100% of the Units in the Project and the expiration of Developer's right to add additional Units, to amend the Declaration, the Bylaws and the Condominium Map without the approval, consent or joinder of any purchaser of any Unit or any of the Persons then owning any Unit, or any lienholder, or any other Person other than the Fee Owner to the extent such consent is required by the Declaration, to make such amendments: (i) as may be necessary to correct any technical defects or to make non-substantive changes, or (ii) as may be required by law, the Real Estate Commission of the State of Hawaii, any title insurance company issuing a title insurance policy on the Project or any of the Units, any institutional lender lending funds on the security of the Project or any of the Units, or any governmental agency administering governmental loan programs (including without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Department of Housing and Urban Development, the Veterans Administration, the State Housing Finance and Development Corporation, and any successor entities or agencies), (iii) as may be necessary or desirable as determined by Developer to comply with statutory provisions adopted under Chapter 514B of the Hawaii Revised Statutes; or (iv) as may be necessary or desirable as determined by Developer as a result of conditions or requirements imposed upon Developer by any governmental agency of the state, county, or local government related to the development of the lands comprising the Project or by any governmental agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to the marketing or sale of Units in any such jurisdiction.

(c) Notwithstanding the recording of Unit deeds conveying any or all of the Units in favor of any Person and without limiting the rights otherwise reserved to Developer, Developer reserves and has the right to successively amend the Declaration, the Bylaws and the Condominium Map without notice to, or the approval, consent or joinder of, the Association or any purchaser of any Unit or any of the persons then owning or leasing any Unit or any lienholder or any other Person, to make such amendments to file or record an amendment to the Condominium Map as provided in Section 514B-34 of the Act.

Consequences of expansion or alteration of the Project pursuant to Item Nos. 5 and 8 above, are set forth in Sections R.1.(c) and R.2.(c) of the Declaration. Purchasers should carefully read the afore-mentioned sections of the Declaration.

EXHIBIT I

ESTIMATE OF INITIAL MAINTENANCE FEES

The Maintenance Fee Analysis for The Club Bungalows at Kukui`ula has been compiled by Associa Hawaii Management Company, a licensed property manager. Although the Managing Agent makes every effort to estimate the actual cost of operation, many factors will affect the ultimate cost of operation and certain budget items may change. Such estimates are not intended to be and do not constitute any representation or warranty by Developer, including, but not limited to, any representation or warranty as to the accuracy of such estimates. Developer advises that costs and expenses of maintenance and operation of a condominium community are very difficult to estimate initially and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements age. Maintenance charges can vary depending on services desired by unit owners and may increase significantly depending on the level of services eventually selected by the Association's Board of Directors.

Purchasers should also be aware that the estimates provided are as of the date reflected in the Managing Agent's certification. Inasmuch as the estimates are the Managing Agent's best estimate as of the date reflected in the Managing Agent's certification, there may be an increase in the cost of operation for reasons not in the control of Developer.

The estimate of the initial schedule of annual maintenance fees and monthly estimated maintenance fees for each Unit is attached hereto. **Unit Owners are obligated to start paying Unit Owner's share of the common expenses on the date of closing on the purchase of their Unit.**

It should be noted that the estimates are based on the development of Phase IA and Phase IB only and thus the percentage share of the Common Expenses is allocated only among the Units in Phase IA and Phase IB. The percentage allocated to each Unit in Phase IA and Phase IB is based on the ratio that the Unit's Net Living Area bears to the Net Living Area of all Units in Phase IA and Phase IB. As any additional Phases are developed, the percentage allocation will change to reflect the additional units.

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. I am the Chief Operating Officer for Associa Hawaii, a Hawaii corporation, designated by the Developer of The Club Bungalows at Kukui'ula condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each unit in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 2015, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, this 21st day of November, 2014

Stacey Tokairin
Its Chief Operating Officer

Subscribed and sworn to before me
this 21st day of November, 2014

Printed Name: Candace MT Villarmia
Notary Public, State of Hawaii

My commission expires: 07/09/2016

Doc. Date: 11/21/2014 # Pages: 6
Notary Name: Candace M.T. Villarmia First Circuit
Doc. Description: Budget certification

Notary Signature Date 11/21/2014

Proj No: ____ Club Bungalows Kukui'ula Phase 1 (1A & 1B)

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS
(for all budget input)
Approved budget to be effect January 1, 2015

Prepared Assoda Hawaii

		Phase 1 Includes 1A & 1B 2015 Monthly Budget	Phase 1 Includes 1A & 1B 2015 Annual Budget
	BALANCE SHEET		
	INCOME STATEMENT		
	REVENUES:		
	ASSESSMENT INCOME		
4070	Maintenance Assessments	16,211	194,532
	TOTAL ASSESSMENT INCOME	16,211	194,532
	INVESTMENT INCOME		
4910	Interest Earned - Reserve Accounts	100	1,200
	TOTAL INVESTMENT INCOME	100	1,200
	TOTAL REVENUES	16,311	195,732
	EXPENSES:		
	OPERATING EXPENSES:		
	ADMINISTRATIVE		
5000	General Administrative	15	180
5020	Board Meeting Expense	25	300
5025	Collection expense	15	180
5030	Coupon Costs	15	180
5045	Dues & Subscriptions	5	60
5090	Office Supplies	25	300
5100	Records Storage	10	120
5105	Reserve Studies	30	360
5195	Other Administrative Services	55	660
	TOTAL ADMINISTRATIVE	205	2,460
	COMMUNICATIONS		
5210	Printing & Copying	20	240
5215	Postage	25	300
	TOTAL COMMUNICATIONS	45	540
	INSURANCE		
5410	Fidelity Bond Insurance	50	600
5415	D&O Insurance Premiums	81	972
5420	Umbrella Liability Premiums	200	2,400
5445	General Liability Insurance Premiums	142	1,700
5460	Commercial Package Premiums	1,595	19,119
	TOTAL INSURANCE	2,073	24,881

Proj No: ____ Club Bungalows Kukui'ula Phase 1 (1A & 1B)

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS
(for all budget input)
Approved budget to be effect January 1, 2015

Prepared Associa Hawaii

		Phase 1 Includes 1A & 1B 2015 Monthly Budget	Phase 1 Includes 1A & 1B 2015 Annual Budget
	BALANCE SHEET		
	INCOME STATEMENT		
	REVENUES:		
	ASSESSMENT INCOME		
4070	Maintenance Assessments	16,211	194,532
	TOTAL ASSESSMENT INCOME	16,211	194,532
	INVESTMENT INCOME		
4910	Interest Earned - Reserve Accounts	100	1,200
	TOTAL INVESTMENT INCOME	100	1,200
	TOTAL REVENUES	16,311	195,732
	EXPENSES:		
	OPERATING EXPENSES:		
	ADMINISTRATIVE		
5000	General Administrative	15	180
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5025	Collection expense	15	180
5030	Coupon Costs	15	180
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5090	Office Supplies	25	300
5100	Records Storage	10	120
5105	Reserve Studies	30	360
5195	Other Administrative Services	55	660
	TOTAL ADMINISTRATIVE	205	2,460
	COMMUNICATIONS		
5210	Printing & Copying	20	240
5215	Postage	25	300
	TOTAL COMMUNICATIONS	45	540
	INSURANCE		
5410	Fidelity Bond Insurance	50	600
5415	D&O Insurance Premiums	81	972
5420	Umbrella Liability Premiums	200	2,400
5445	General Liability Insurance Premiums	147	1,762
5460	Commercial Package Premiums	1,595	19,149
	TOTAL INSURANCE	2,073	24,881

ASSOCIA HAWAII

PROJECT NUMBER: -

MONTHLY BUDGET ANALYSIS FOR: Club Bungalows Kukui'ula Phase 1 (1A & 1B)

Approved budget to be effective on: January 1, 2015

Prepared By: Associa Hawaii Board Approved Date:

			Phase 1 includes 1A & 1B 2015 Monthly Budget	Phase 1 includes 1A & 1B 2015 Annual Budget
REVENUE:		CHANGE-Fees, Dues, & Receipts =	0.0%	0.0%
4000	ASSESSMENT INCOME		16,211	194,532
4900	INVESTMENT INCOME		100	1,200
TOTAL REVENUES			16,311	195,732
EXPENSES:				
	OPERATING EXPENSES:			
5000	ADMINISTRATIVE		205	2,460
5200	COMMUNICATIONS		45	540
5400	INSURANCE		2,073	24,881
6000	UTILITIES		3,400	40,800
6100	LANDSCAPING		4,700	56,400
6400	CONTRACTED SERVICES		150	1,800
6500	REPAIR & MAINTENANCE		400	4,800
7000	PROFESSIONAL SERVICES		561	6,732
9000	TAXES		7	79
9800	RESERVE EXPENSES		1	12
TOTAL OPERATING EXPENSES:			11,542	138,504
TOTAL EXPENSES			11,542	138,504
NET INCOME			4,769	57,228
	OPERATING RESERVE FUND TRANSFERS:			
11500	TRANSFER TO OPERATING RESERVES		700	8400
	REPLACEMENT RESERVE FUND TRANSFERS:			
3700	TRANSFER CLEARING-FROM RESERVES		1	12
3446	TRANSFER CLEARING-TO RESERVES		4,070	48,840
NET RESERVE TRANSFERS			(4,769)	(57,228)
NET INCOME & NET RESERVE TRANSFERS			0	0

NOTE: The budgeted revenues and expenses are based on accrual-basis accounting.

ASSOCIA HAWAII

PROJECT NUMBER: -

MONTHLY BUDGET ANALYSIS FOR: Club Bungalows Kukui'ula Phase 1 (1A & 1B)

Approved budget to be effective on: January 1, 2015

Prepared By: Associa Hawaii Board Approved Date:

			Phase 1 includes 1A & 1B 2015 Monthly Budget	Phase 1 includes 1A & 1B 2015 Annual Budget
REVENUE:		CHANGE-Fees, Dues, & Receipts =	0.0%	0.0%
4000	ASSESSMENT INCOME		16,211	194,532
4900	INVESTMENT INCOME		100	1,200
TOTAL REVENUES			16,311	195,732
EXPENSES:				
	OPERATING EXPENSES:			
5000	ADMINISTRATIVE		205	2,460
5200	COMMUNICATIONS		45	540
5400	INSURANCE		2,073	24,881
6000	UTILITIES		3,400	40,800
6100	LANDSCAPING		4,700	56,400
6400	CONTRACTED SERVICES		150	1,800
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9800	RESERVE EXPENSES		1	12
TOTAL OPERATING EXPENSES:			11,542	138,504
TOTAL EXPENSES			11,542	138,504
NET INCOME			4,769	57,228
	OPERATING RESERVE FUND TRANSFERS:			
11500	TRANSFER TO OPERATING RESERVES		700	8400
	REPLACEMENT RESERVE FUND TRANSFERS:			
3700	TRANSFER CLEARING-FROM RESERVES		1	12
3446	TRANSFER CLEARING-TO RESERVES		4,070	48,840
NET RESERVE TRANSFERS			(4,769)	(57,228)
NET INCOME & NET RESERVE TRANSFERS			0	0

NOTE: The budgeted revenues and expenses are based on accrual-basis accounting.

ASSOCIA HAWAII

PROJECT NUMBER: -

MAINTENANCE FEE ANALYSIS FOR: Club Bungalows Kukui'ula Phase 1 (1A & 1B)

Approved budget to be effective on: January 1, 2015

Prepared By: Associa Hawaii

Board Approved Date:

Unit Type	PerCent Common Interest	Number Of Units	Prior Year Maint Fees	Maint Fee Per Unit	Total Maint Fee (Unit Type)	Other Fees Per Unit	Special Assess Per Unit	Total Spc Assess (Unit Type)	Total Amount Per Unit
A	6.725198	3	-	1,090.22	3,270.67		-	-	1,090.22
AR	6.725198	3	-	1,090.22	3,270.67		-	-	1,090.22
B	9.771730	3	-	1,584.10	4,752.29		-	-	1,584.10
C	15.776997	1	-	2,557.61	2,557.61		-	-	2,557.61
D	14.556629	1	-	2,359.78	2,359.78		-	-	2,359.78
	-		-	-	-		-	-	-
			-	-	-		-	-	-
TOTALS	100.0000%	11		8,682.00	16,211.00	-	-	-	

ASSOCIA HAWAII

PROJECT NUMBER: -

MAINTENANCE FEE ANALYSIS FOR: Club Bungalows Kukui'ula Phase 1 (1A & 1B)

Approved budget to be effective on: January 1, 2015

Prepared By: Associa Hawaii

Board Approved Date:

Unit Type	PerCent Common Interest	Number Of Units	Prior Year Maint Fees	Maint Fee Per Unit	Total Maint Fee (Unit Type)	Other Fees Per Unit	Special Assess Per Unit	Total Spc Assess (Unit Type)	Total Amount Per Unit
A	6.725198	3	-	1,090.22	3,270.67		-	-	1,090.22
AR	6.725198	3	-	1,090.22	3,270.67		-	-	1,090.22
B	9.771730	3	-	1,584.10	4,752.29		-	-	1,584.10
C	15.776997	1	-	2,557.61	2,557.61		-	-	2,557.61
D	14.556629	1	-	2,359.78	2,359.78		-	-	2,359.78
	-		-	-	-		-	-	-
			-	-	-		-	-	-
TOTALS	100.0000%	11		8,682.00	16,211.00	-	-	-	

Proj No: ____ Club Bungalows Kukui'ula Phase 1 (1A & 1B)

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS
(for all budget input)
Approved budget to be effect January 1, 2015

Prepared Associa Hawaii

	Phase 1 Includes 1A & 1B 2015 Monthly Budget	Phase 1 Includes 1A & 1B 2015 Annual Budget
NET INCOME BEFORE RESERVE FUND TRANSFERS	4,769	57,228
LOAN PAYMENTS ON BALANCE SHEET - INTEREST	0	0
NET INCOME - NET LOAN PAYMENTS	4,769	57,228
OPERATING RESERVE FUND TRANSFERS:		
1100/1200 Operating Reserve Account	700	8,400
TOTAL TRANSFERS TO OP RESERVES	700	8,400
REPLACEMENT RESERVE FUND TRANSFERS:		
3700 Transfer from reserve-General Fund	1	12
TOTAL TRANSFER FROM RESERVES	1	12
TRANSFER TO RESERVES		
3446 To Reserve - General Fund	3,970	47,640
3366 Reserve Interest Income	100	1,200
TOTAL TRANSFER TO RESERVES	4,070	48,840
NET RESERVE FUND TRANSFERS (Replacement and Operating)	-4,769	-57,228
NET INCOME AFTER RESERVE FUND TRANSFERS	0	0

Proj No: ____ Club Bungalows Kukui'ula Phase 1 (1A & 1B)

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS
(for all budget input)
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TRANSFER TO RESERVES		
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NET INCOME AFTER RESERVE FUND TRANSFERS	0	0

Proj No: ____ Club Bungalows Kukui'ula Phase 1 (1A & 1B)

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS
(for all budget input)
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Prepared Assoda Hawaii

		Phase 1 Includes 1A & 1B 2015 Monthly Budget	Phase 1 Includes 1A & 1B 2015 Annual Budget
	UTILITIES		
6000	Electric Service	500	6,000
6025	Water Service	2,100	25,200
6035	Trash and Recycling Service	800	9,600
	TOTAL UTILITIES	3,400	40,800
	LANDSCAPING		
6100	Grounds & Landscaping - Contract	4,500	54,000
6165	Tree Trimming - Contract	200	2,400
	TOTAL LANDSCAPING	4,700	56,400
	CONTRACTED SERVICES		
6434	Pest Control	150	1,800
	TOTAL CONTRACTED SERVICES	150	1,800
	REPAIR & MAINTENANCE		
6540	Driveway/Parking Repair & Maintenance	100	1,200
6600	General Repair & Maintenance	200	2,400
6620	Grounds Repair & Maintenance	100	1,200
	TOTAL REPAIR & MAINTENANCE	400	4,800
	PROFESSIONAL SERVICES		
7000	Audit & Tax Services	66	816
7005	Management Services	495	5,916
7020	Legal Services	50	600
	TOTAL PROFESSIONAL SERVICES	561	6,732
	TAXES		
9025	General Excise Tax	7	79
	TOTAL TAXES	7	79
	OTHER EXPENSES		
	TOTAL OTHER EXPENSES	0	0
	RESERVE EXPENSES		
9800	Repair & Replacement Expenses	1	12
	TOTAL RESERVE EXPENSES	1	12
	TOTAL OPERATING EXPENSES	11,542	138,504
	TOTAL EXPENSES	11,542	138,504

Proj No: ____ Club Bungalows Kukui'ula Phase 1 (1A & 1B)

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS
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	TOTAL CONTRACTED SERVICES	150	1,800
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6600	General Repair & Maintenance	200	2,400
6620	Grounds Repair & Maintenance	100	1,200
	TOTAL REPAIR & MAINTENANCE	400	4,800
	PROFESSIONAL SERVICES		
7000	Audit & Tax Services	68	816
7005	Management Services	443	5,316
7020	Legal Services	50	600
	TOTAL PROFESSIONAL SERVICES	561	6,732
	TAXES		
9025	General Excise Tax	7	79
	TOTAL TAXES	7	79
	OTHER EXPENSES		
	TOTAL OTHER EXPENSES	0	0
	RESERVE EXPENSES		
9800	Repair & Replacement Expenses	1	12
	TOTAL RESERVE EXPENSES	1	12
	TOTAL OPERATING EXPENSES	11,542	138,504
	TOTAL EXPENSES	11,542	138,504

EXHIBIT J

SUMMARY OF PURCHASE AGREEMENT and ESCROW AGREEMENT

Purchase Agreement:

Specimen Purchase Agreements (each, a "**Purchase Agreement**") have been submitted to the Real Estate Commission. ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD CAREFULLY READ THE PURCHASE AGREEMENT IN FULL since this summary is NOT A COMPLETE DESCRIPTION of its contents. The Purchase Agreement contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized herein below):

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a Unit (and Furnishings, if applicable).

(b) That Purchaser acknowledges having received the public report for the Project prior to signing the Purchase Agreement.

(c) That Purchaser's money will be held in escrow (SUBJECT TO THE RIGHT OF SELLER TO USE SUCH FUNDS FOR CONSTRUCTION COSTS and the cost of Furnishings, if applicable), under the terms of the Escrow Agreement.

(d) That unless Purchaser complies with the conditions in the Purchase Agreement, all interest on deposits toward the purchase price shall be the property of Seller.

(e) That the Purchase Agreement is NOT subject to any financing contingency.

(f) That Purchaser must close the purchase at a certain date established by Seller and pay closing costs, in addition to the purchase price. PURCHASER IS FREE TO PURCHASE TITLE INSURANCE FROM ANY TITLE INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN HAWAII.

(g) That the Purchase Agreement shall not be construed as a present transfer of any rights or of any interest in the Unit, but rather is an agreement to transfer in the future.

(h) That the Seller reserves the right to cancel the Agreement by written notice to Purchaser unless, on or before one hundred eighty (180) days after the date the first contract for the purchase of a unit in Phase IB of the Project is executed by a purchaser, purchasers have become bound under contracts for not less than four (4) units in Phase IB of the Project

(i) That if Purchaser defaults, Seller may retain Purchaser's deposits as liquidated damages and may pursue specific enforcement of the Purchase Agreement.

(j) That the Seller will complete construction of Purchaser's Unit within 24 months from the date Purchaser signs the Purchase Agreement.

(k) That, in the event of a default by Seller prior to the close of escrow, Purchaser may terminate the Purchase Agreement and recover Purchaser's deposit and any interest earned

thereon or shall have the right to take advantage of any other rights which the law allows, including specific performance.

(l) An alternate dispute resolution procedure setting forth the mechanism for resolving any "disputes" that arise under the Purchase Agreement, which includes provisions for mandatory mediation and binding arbitrations.

(m) Notice of a contractor's rights to resolve alleged construction defects as provided by Chapter 672E of the Hawaii Revised Statutes, including the requirements imposed on Purchaser under that law.

(n) Purchaser may not at any time assign its rights or obligations under the Purchase Agreement without the prior written consent of Seller in its sole discretion.

(o) Purchaser may not prior to closing market, list for sale or otherwise seek to sell (through advertising or other means) the Unit without the prior written consent of Seller in its sole discretion.

(p) That the Unit and Purchase Agreement are or will be subject to mortgages. Purchaser's interest under the Purchase Agreement will be subordinate to the mortgages, and if a mortgage is foreclosed, there is no assurance that any portion of the Purchaser's deposits used for construction (or Furnishings, if applicable) will be refunded to Purchaser, nor that the Project will be built, nor that the lender will assume the Seller's obligations under the Purchase Agreement.

(q) That the Project is part of a master-planned community and that the Unit is subject to various "Governing Documents" and fees and assessments in connection with the master-planned community that are in addition to the condominium maintenance fees.

(r) That there are specific zoning and other restrictions governing the rental of the Unit.

(s) That Seller makes no representations concerning rental of a Unit, income or profit from a Unit, or any other economic benefit to be derived from the purchase of a Unit.

(t) That the Project and Unit are included within a Community Facilities District known as County of Kaua'i, Hawaii Community Facilities district No. 2008-1 (Kukui'ula Development Project) (the "**CFD**"), that CFD is a financing district under the jurisdiction of the County of Kaua'i, and that the County of Kaua'i may issue Special Tax Bonds payable from special taxes levied on property within the CFD including the Project and Unit. Thus, there is assessed against the Unit a special tax and the Purchase Agreement includes a specific acknowledgement with respect to that tax.

(u) That the Project will be subject to ongoing construction and sales activities which may result in certain damages or annoyances to Purchaser and that the Purchaser waives the right to make claims as a result of those damages or annoyances.

(v) That the unit is near or overlooks a golf course which may result in various risks, nuisances, hazards, conditions and annoyances as a result of golf course-related operations

and activities and that Purchaser assumes all risks and accepts all conditions and annoyances.

(w) That Seller (as Developer) and the Fee Owner have reserved certain rights and powers relating to the Project, and Purchaser acknowledges and consents to the exercise of such rights and powers. In addition to the rights reserved in the Declaration (See Exhibit H), some of which are described in the Purchase Agreement, the Seller reserves the right to make the following changes to the Project Documents and to all other contracts, documents or instruments related to the Project without the approval, consent or joinder of Purchaser:

(i) Changes required by law, the Real Estate Commission, any title insurance company, any institutional lender, or any governmental agency;

(ii) Changes deemed necessary or appropriate by Seller, in its sole discretion, at any time prior to the conveyance of the first unit in the Project or any interest therein to any person other than Seller or any mortgagee of Seller;

(iii) Technical or non-substantive changes deemed appropriate by the Project's architect, in its sole discretion, including any increase or decrease in the thickness of any wall within any building in the Project resulting in the room dimensions thus affected becoming smaller or larger;

(iv) Minor changes in the Unit covered hereby, or changes in the configuration, the number of rooms, the size, or the location of any other unit (including, without limitation, the relocation of walkways, stairs, roads and parking areas), provided that such changes do not affect the physical location or design of the Unit covered hereby without the consent of Purchaser;

(v) Deviations from the plans and specifications for the Project and substitution of materials of equal utility, quality and service; or

(vi) Any other changes which are permitted or desirable as provided in the Project Documents.

(x) That the master developer has reserved certain rights with respect to the master development of Kukui`ula.

(y) That the Seller reserves the right to exercise control of the Association including the sole right to appoint its Board of Directors and officers for the "Developer's Control Period" as defined in the Declaration.

(z) See Exhibit K for a description of the warranties and limitations thereon.

The Purchase Agreement contains various other important provisions relating to the purchase of a unit in the Project. As previously stated, all purchasers and prospective purchasers should carefully read the specimen Purchase Agreement on file with the Real Estate Commission.

Escrow Agreement:
The Escrow Agreement sets up an arrangement under which the deposits a Purchaser makes pursuant to a Purchase Agreement will be held by a neutral party ("**Escrow**"). Under the Escrow Agreement, these things will or may happen:

(a) Escrow will let Purchaser know when payments are due.

(b) Escrow will arrange for Purchaser to sign all necessary documents.

(c) Purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Purchase Agreement.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds, including disbursement prior to closing to pay construction and other costs (subject to certain terms and conditions set forth in the Escrow Agreement) and says what will happen to the funds upon a default under the Purchase Agreement. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. Purchasers and prospective purchasers should carefully read the signed Escrow Agreement on file with the Real Estate Commission. A copy is available at Seller's sales office. The Escrow Agreement contains the following provisions (which may be modified or otherwise limited by provisions not set forth below):

1. As and when Seller enters into a Purchase Agreement, Seller will give Escrow a signed copy of the Purchase Agreement and Purchaser's deposit towards the purchase price of a Unit. The Purchase Agreement will require Purchaser to pay to Escrow all other payments of the purchase price required under the Purchase Agreement. If Purchaser gets a mortgage loan, the money from the loan will be paid to Escrow. The Purchase Agreement will show the correct name and address of each Purchaser.

2. In accordance with written instructions from Seller that are acceptable to Escrow, Escrow shall deposit all funds 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, or savings and loan association authorized to do business in the State of Hawaii. Unless otherwise provided in the Escrow Agreement, any interest earned on funds deposited in escrow under the Escrow Agreement shall accrue as specified in the Purchase Agreement.

3. The Purchase Agreement states when refunds of deposits may be made to Purchaser. In the case where the Purchase Agreement is not yet binding and Purchaser requests a refund, Escrow shall notify Seller of such request. Escrow may refund the deposit to Purchaser, less any cancellation or other fees to which Escrow is entitled, only after receiving written approval from Seller. In all other cases, Escrow shall not make any refund to a Purchaser who asks for it unless Escrow receives written approval from Seller or from a court of competent jurisdiction. The words "cancellation fees" mean Escrow's cancellation fees which are described in the Purchase Agreement and are described later in the Escrow Agreement. Escrow shall give each Purchaser who is to get a refund written notice of the refund. Escrow will send this notice by registered or

certified mail to Purchaser at the address shown on Purchaser's Purchase Agreement or to the last address which Purchaser may have given to Escrow.

4. Escrow will notify Seller promptly if Purchaser fails to make a payment under the Purchase Agreement. If Seller subsequently certifies in writing to Escrow that Seller has terminated the Purchase Agreement in accordance with the terms thereof and provides to Escrow copies of all such notices of termination sent to the Purchaser, Escrow shall thereafter treat all funds of the Purchaser paid on account of such Purchaser's Purchase Agreement as funds of Seller 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 Seller. Upon written request by Seller, Escrow shall pay such funds to Seller, 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.

5. Except for the Purchase Agreements and any note and mortgage that are to be closed by the mortgagee thereof, Escrow shall promptly and diligently arrange for and supervise the execution of all documents related to the Project and shall promptly and diligently close the transactions and perform such services as are necessary or proper therefor. Upon receipt by Escrow of the conveyance document, the receipt for the Public Report, all other receipts required by Escrow under the Escrow Agreement, all necessary releases of encumbrances, the full amount of the purchase price of the unit, any mortgage or other instruments securing payment by the Purchaser of all or part of the purchase price of the unit and Purchaser's share of closing costs, Escrow will act with diligence and dispatch to "close" the sale of the unit by performing the following:

(a) Escrow shall cause the recording of such releases, conveyance document and mortgage, if any; and

(b) After recordation, Escrow may cause a copy of said conveyance document to be delivered to the Purchaser, the release or partial releases to be delivered to Seller, the mortgage, if any, to be delivered to the Purchaser's lending institution, and all sums respecting the purchase of the unit to be disbursed to Seller after deduction by Escrow of Seller's share of the closing costs.

EXHIBIT K

WARRANTIES

1. **Developer's Assignment of Construction Defect Warranties.** EXCEPT AS SPECIFICALLY PROVIDED BELOW, DEVELOPER IS NOT MAKING OR OFFERING ANY WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, HABITABILITY, QUALITY OF CONSTRUCTION, OR FITNESS FOR A PARTICULAR PURPOSE. At closing of each sale, by execution and delivery of a unit deed, Developer shall assign to purchaser any and all of the construction defect warranties on the property from the general contractor as set forth in the construction contract between Developer and such general contractor for the Project, which warranties will be in effect for a period expiring on the earlier of: (i) twelve (12) months from the date of closing of the sale of the unit to purchaser or (b) eighteen (18) months after the date of the certificate of occupancy for the unit purchased by purchaser (the "**Construction Defect Warranties**"). Developer shall provide reasonable assistance to purchaser in making any claim under the Construction Defect Warranties during the effective period of any such warranties, provided that Developer shall have no further obligation nor any liability with respect to the Construction Defect Warranties.

2. **Developer's Assignment of Manufactures' Warranties.** Appliances, equipment, or other items which are "consumer products" for purposes of the Magnuson-Moss Warranty Act, 15 USC 2301, et seq. are for convenience collectively called the "Consumer Products". The closing of the purchase and sale of a Unit shall constitute Developer's assignment to purchaser of any manufacturer's warranties covering any Consumer Products which are incorporated into the property for the unexpired terms of such warranties, to the extent such warranties exist and to the extent that Developer has the right and power to make such an assignment. Developer is not stating that any such warranties exist, or that such an assignment will be effective, nor is Developer adopting any such manufacturer's or dealer's warranties or acting as a co-warrantor, but Developer is merely attempting to pass through to purchaser the benefits of any such warranties, if any exist. Purchaser shall follow the procedure set forth in the manufacturer's warranty if any defects should appear in that item. Purchaser is obligated to read and understand these warranties and any service request should be made directly to the service representative for the manufacturer. Consumer Products are excluded from the Limited Warranty described below, and Developer makes no warranties and does not assume any obligation to service or repair the Consumer Products. Developer makes no representation or warranty with respect to the energy consumption of, or efficiency of, any appliance, equipment, or consumer product, or with respect to energy or utility costs.

3. **Warranty by Developer.** Developer warrants that the items listed below will be free from Cosmetic Flaws on the date of closing, subject to the terms and conditions contained herein. "Cosmetic Flaw" means a material flaw in the appearance of an item (as opposed to a structural or other construction defect) which is readily visible, exceeds normal tolerances, and is substantial enough to affect the overall appearance of and materially affect the market value of the item. An obscured or minor flaw is considered to be of no consequence and to be within building industry standards and is not considered a Cosmetic Flaw.

Following substantial completion of the Property, a walk-through of the Property ("**Walk-through**") by the Purchaser or a representative designated by the Purchaser in writing ("**Purchaser's Representative**") will be scheduled by Seller. Any Cosmetic Flaws must be recorded during the Walk-through on the report (the "**Defect Report**") to be signed by Purchaser or Purchaser's Representative immediately following the Walk-through. Seller will promptly correct any Cosmetic Flaws that are recorded on the Defect Report. Seller will not have any obligation to correct any claimed Cosmetic Flaw not noted on the Defect Report. **Without limitation, Purchaser (or Purchaser's Representative) must carefully inspect the following items during the Walk-through as damage to the items can occur easily during move-in and, therefore, will not be warranted after Purchaser takes possession of the Property:**

Bathroom fixtures and finishes, towel bars, rings, toilet paper dispensers, bathtub and sink finishes, cabinets, ceramic floor tile, counter top tile, cultured marble, plastic laminate, solid surface, marble or granite surface counter tops, door and cabinet handles, vinyl, stone, tile, carpet or laminate floor coverings, tub and shower units, lighting fixtures, luminous lighting panels, mirrors and medicine cabinets, plumbing fixtures, drywall, handrails, window screens, frames and glass, doors and door trim, and appliance finishes.

4. **Limitations of Warranty and Developer Liability.**

THIS IS AN IMPORTANT PROVISION AND PURCHASER IS URGED TO READ IT CAREFULLY. PURCHASER IS ALSO ADVISED TO SEEK LEGAL ADVICE IF PURCHASER DOES NOT UNDERSTAND WHAT THIS PROVISION MEANS.

THE WARRANTIES DISCUSSED ABOVE ARE BEING PROVIDED TO PURCHASER IN LIEU OF ANY OTHER EXPRESS OR IMPLIED WARRANTY BY DEVELOPER. EXCEPT FOR SUCH SPECIFIED WARRANTIES, DEVELOPER NEITHER MAKES NOR GIVES ANY OTHER WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY OR PROJECT.

WITHOUT LIMITING THE FOREGOING, DEVELOPER DOES NOT MAKE AND EXPRESSLY DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY OF HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR WORKMANSHIP, OR THAT THE PROPERTY AND PROJECT ARE FREE FROM DEFECTS.

EXHIBIT L

LIST OF GOVERNING DOCUMENTS

1. The Articles of Incorporation, the Bylaws, the Resolutions of the Board of Governors, if any, and the Standards of the Community Association;

2. The Bylaws of The Club at Kukui'ula, adopted on August 10, 2005 as amended and restated by the Amended and Restated Bylaws of The Club at Kukui'ula adopted on September 4, 2012; The Amended and Restated Club Rules for The Club at Kukui`ula effective September 4, 2012; The Club at Kukui'ula Schedule of Membership Fees; and The Club at Kukui'ula Membership Agreement (requiring the choice, if applicable, to request additional golf use privileges thereby triggering a Golf Initiation Fee and Golf Membership assessments);

3. The Community Charter for Kukui'ula dated May 8, 2006, as amended and restated by instrument dated September 4, 2012, recorded in the Bureau as Document No. A-46320954, as amended by Amendment to the Community Charter for Kukui'ula dated February 12, 2013, recorded in the Bureau as Document No. A-47991323, and all Supplements thereto (collectively the "**Community Charter for Kukui`ula**" or "**Charter**"), which imposes upon the Property and other real property, under a general plan of development, certain covenants, conditions, restrictions, easements, servitudes and other provisions running with the land and binding title to the Property and all owners of any portion thereof or interest therein, whether or not referenced in any future deed or instrument;

4. The Covenant for The Club at Kukui'ula ("**The Club**") dated May 8, 2006, as amended and restated by instrument dated September 4, 2012, recorded in the Bureau as Document No. A-46320955, and all Supplements thereto (collectively, the "**Covenant**"), which guides the entity responsible for owning, maintaining, promoting and overseeing the recreational facilities and amenities and managing programs offered within Kukui`ula and imposes upon Purchaser, subsequent owners, the Property and other real property certain provisions relating to The Club and property and facilities owned by The Club;

5. The Design Guidelines and any Supplemental Design Guidelines containing design standards and architectural and aesthetic guidelines adopted pursuant to Chapter 5 of the Charter that govern new construction and modifications to units within Kukui`ula, including structures, landscaping, and other features on units (generally, those features on or visible from the exterior of the Unit) and which may include specific or supplemental design guidelines for the Project (collectively, the "**Design Guidelines**"); and

6. Any other "Governing Documents" as defined in Table 1.1 of the Charter.

EXHIBIT M

KUKUI`ULA

A RESORT AND RESIDENTIAL COMMUNITY

Island of Kauai, State of Hawaii

MASTER DISCLOSURE STATEMENT

Master Developer

Kukui`ula Development Company (Hawaii), LLC,

a Hawaii limited liability company

2700 Ke Alaula Street, Suite B, Koloa, Hawaii 96756

Dated: January 8, 2014

(Version 5A – Club Bungalows)

NOTE: THE INFORMATION IN THIS MASTER DISCLOSURE STATEMENT IS CURRENT AS OF THE DATE NOTED ABOVE AND AS TO THE SCHEDULES, THE RESPECTIVE DATES NOTED IN THE SCHEDULE. READERS SHOULD CONTACT THEIR SALES AGENT TO CONFIRM THAT THIS IS THE MOST CURRENT VERSION OF THIS STATEMENT AND THE SCHEDULES.

The "Kukui`ula®" name, mark, indicia and logo are federally registered trademarks of Kukui`ula Development Company (Hawaii), LLC, with all rights reserved.

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KUKUI`ULA
MASTER DISCLOSURE STATEMENT
Current as of January 8, 2014

Welcome to Kukui`ula, a master planned community. Kukui`ula Development Company (Hawaii), LLC (**"Master Developer"**) is very pleased that you are considering a purchase in Kukui`ula of a unit that has been or will be constructed (the **"Home"** or **"your Home"**). If you are purchasing an unimproved lot from Master Developer or a new condominium unit (whether constructed or not), please review the applicable reports prepared pursuant to state and federal laws. If you are purchasing a Home or lot from an owner in Kukui`ula (a resale) Master Developer is not involved in such a sale and the purpose of this Disclosure is to acquaint you with Kukui`ula. Nothing in this Disclosure changes any agreement that you may have with your seller.

Master Developer is currently developing Kukui`ula in phases. The primarily residential community which is intended to comprise most of Kukui`ula is referred to as the **"Community."** This Master Disclosure Statement (this **"Disclosure"**) provides information about Kukui`ula and the Community and is in a question and answer format.

"Master Developer" in this Disclosure means Master Developer named above and its agents, employees or affiliates and **"Master Developer Parties"** means Master Developer, and Kukui`ula Community Association (the **"Association"**) and The Club at Kukui`ula (**"The Club"**), both non-profit Hawaii corporations, and their respective agents and employees. Each development parcel that has an existing residential neighborhood is described in **Schedule 1** attached to this Disclosure (each such development parcel is referred to in this Disclosure as a **"Parcel"** or a **"Neighborhood"**). Please read this Disclosure carefully.

This Disclosure.

1. **How accurate and up-to-date is the information in this Disclosure?** This Disclosure is intended to contain the best available information as of the above date on topics of interest expressed by other buyers. Because much of the information included in this Disclosure has been obtained from other sources (e.g., government agencies, public records, etc.) and because circumstances and information are subject to frequent changes, neither Master Developer nor Master Developer Parties can guarantee the accuracy or completeness of the information set forth in this Disclosure. You should independently verify the accuracy of any information that involves a matter of concern to you.

Purchase Documents.

2. **What agreements will I need to sign in connection with my purchase?** Your real estate agent should address those questions. This Disclosure is not intended as a substitute for your review of the purchase and sale agreement and other documents with your seller, and it does not amend, modify or supersede any of them.

3. **What other agreements will affect the ownership of my Home?** There are two major sets of agreements, which agreements are listed in **Schedule 1** attached to this Disclosure, governing residents of the Community.

(a) The first set is the Amended and Restated Community Charter for Kukui`ula (the **"Community Charter"**) and the agreements related to it being (i) the supplement to the Community Charter for each Parcel described below (the **"Charter Supplements"**), (ii) the design guidelines and, if applicable, a supplement for the Parcel (the **"Design Guidelines"**), (iii) the Community-Wide Standard attached to the Community Charter (the **"Community-Wide Standard"**), (iv) board resolutions, and (v) the articles and bylaws of the Association (the Community Charter and such agreements are collectively referred to as the **"Community Charter Documents"**). They set minimum standards and procedures for the development expansion, administration, maintenance, and preservation of the Community as a planned resort community. The Association administers the Community Charter Documents.

(b) The second set is the Amended and Restated Covenant for The Club at Kukui`ula (the **"Club Covenant"**) and the agreements related to it being (i) the supplement to the Club Covenant for each Parcel described below (the **"Club Supplements"**), (ii) the rules and regulations for the use of the facilities (the **"Club Rules"**), (iii) the Club membership agreement, (iv) board resolutions, and (v) the articles and bylaws of The Club (the Club Covenant and such agreements are collectively referred to as the **"Club Covenant Documents"**). The Club Covenant establishes a plan that is designed to provide for the unified, overall

administration of the recreational and leisure services and amenities of the Community and the other Club Covenant Documents assist in the implementation of such plan. The Club is tasked with carrying out such plan in accordance with the Club Covenant.

Kukui`ula and the Community.

4. **What is the Community?** "**Kukui`ula**" generally refers to the master planned area of approximately 1,010 acres of land in Koloa, on the Island and County of Kauai, State of Hawaii. It is being developed in phases into what is intended to be a planned, multi-phased resort and residential community. The Community, for this Disclosure, generally refers to:

(a) the Parcels (residential neighborhoods existing and being planned as described in **Schedule 1**),

(b) the facilities referred to as the Kukui`ula Plantation House (the "**Plantation House**"), the Spa and related facilities (the "**Spa**"), the 18-hole championship Kukui`ula Golf Course and related improvements and facilities (the "**Golf Course**"), and the clubhouse known as the Kukui`ula Golf Club (the "**Golf Clubhouse**"), and

(c) the roadways and various open space and common areas.

As other areas of Kukui`ula are developed, they are intended to be added to the Community by supplements to the Community Charter and Club Covenant. Master Developer's goal is for the Community to ultimately include a diverse mix of housing types, sizes and styles, including single-family attached and detached residential homes and high-density residential condominium projects. Each subdevelopment or condominium project may include amenities that are available for use only by owners or occupants of those projects. As the context may require, the "Community" in this Disclosure may also refer to the entire area that Master Developer currently intends to submit to the Community Charter and Club Covenant.

The "**Farm**" and the "**Lake**" (both of which are described below) are not part of the Community, but are in the immediate vicinity of the Community. **Schedule 2** attached to this Disclosure describes the amenities of The Club (the "**Club Amenities**") and other recreational facilities. The retail shopping area called "**The Shops at Kukui`ula**" is located within Kukui`ula, but not within the Community.

5. **How and when will the Community be finished and will it be as shown on the maps I have seen?** The maps include the current vision for the Community when completed, which may or may not be fully realized. Non-residential development may also be included in the Community. None of the Master Developer Parties has made or makes any representation concerning the timing, location, configuration or existence of any particular non-residential (including commercial) use on or about the Community or the timing of development of the Community.

6. **What is the development plan for Kukui`ula and the Community?** The zoning and land use designations for Kukui`ula, as well as the Community, are subject to change from time to time. You are strongly advised to determine if the zoning and land use designations for Kukui`ula, the Community, and other properties in the vicinity of them are compatible with your intended occupancy, use and enjoyment of your Home. It is anticipated that, upon its completion, Kukui`ula will include residential, commercial, recreational, historic, archaeological, and industrial components comprised of: (a) up to 1,500 residential units (being a mix of vacant residential lots, upon which dwellings will later be constructed, completed homes, which will likely include single-family detached dwellings, attached units, town homes, and multi-family condominium units); (b) the Club Amenities and various other recreational facilities (refer to **Schedule 2**); (c) transient vacation lodging, (d) commercial and industrial facilities; (e) administrative and maintenance facilities for the Association and The Club; and (f) historic and archeological preserves, parks, trails, and open spaces.

It is anticipated that full development of Kukui`ula and the Community will be completed within an approximately 15- to 20-year period, but such time frame is subject to change. Development will be in various segments over many years and will be paced to accommodate the needs of the greater Kauai community, the size of the Community, and market demand. Master Developer reserves the right to make changes in the land uses, improvement plans, street patterns and types, architectural styles and designs, sizes of residences, and other improvements to be built. There can be no assurance that the Community as a whole or the development parcel in which your Home is located will be developed as proposed.

7. **What has Master Developer agreed to provide to the County of Kauai (the "County") and the State of Hawaii as a part of obtaining its permits for the development of Kukui`ula?** There are no less than thirty conditions in the approval from the State of Hawaii and other conditions in the approval from the County. Among other matters, Master Developer has agreed to provide certain work force housing units and dedicate land to the County for the County's construction of affordable housing units, all of which shall be located nearby, but outside of, the currently intended boundaries of the Community. Master Developer also agreed to develop Kukui`ula Bay Park and the Community Park (refer to **Schedule 2**). Although the development of the parks is the responsibility of Master Developer, maintenance costs will be paid for by the Association. Other approval conditions are addressed by (a) the Community Charter, such as appropriate dust control measures and the maintenance of certain AB Sites (as described in Q&A No. 43) and (b) the CFD Assessments (as described in Q&A Nos. 31-34).

8. **Will Master Developer build all of Kukui`ula?** No, Master Developer has sold to builders and developers, and reserves the right to sell to other builders and developers, land in Kukui`ula. Master Developer has and may give to future developers the right to request changes in the development plan. Consequently, no assurance can be given that the zoning or uses for the lands within Kukui`ula will not change from that which currently exists. You may contact the County of Kauai, Planning Department at (808) 241-6677, or write to them at 4444 Rice Street, Suite #472, Lihue, Hawaii 96766, for current zoning or uses for such lands.

Governing Documents.

9. **What are the "Governing Documents" and where may I get a copy of them?** They are described in the Community Charter as (a) the Community Charter Documents (listed above), (b) the Club Covenant, (c) the By-Laws of The Club, and (d) the Club Rules. They are listed in **Schedule 1**. Please ask your sales agent for a copy of each. The other Club Covenant Documents, such as the Club membership agreement, also govern your use of the Club Amenities and are adopted pursuant to the Governing Documents.

Community Charter Documents.

10. **What are the provisions of the Community Charter?** The Community Charter covers minimum standards and procedures for the development expansion, administration, maintenance, and preservation of the Community as a planned resort community. The provisions are generally in the following categories:

(a) The Association's authorized services and reimbursement through assessments (for example, maintenance of: (i) the roadways, drainage swales, and other infrastructure, (ii) landscaping, (iii) historic and archeological sites, and (iv) the Farm and the Lake);

(b) The Association's maintenance of the character of the Community (for example, enforcing the Community-Wide Standard and the other minimum standards in the Community Charter and Design Guidelines);

(c) Procedures for the Association to determine, and enforce payment of, assessments (for example, the determination of the "Capital Start-Up Fee" and the "Base Assessment" (as described in **Schedule 3** attached to this Disclosure) and lien rights of the Association if assessments are not paid);

(d) Procedures for the Association to make, enforce, and amend rules and regulations (in addition to those contained in the Community Charter), and to impose fees for the use of certain facilities of the Association and certain protections for lenders and mortgagees;

(e) The reserved rights of Master Developer for development of the Community (for example, reserved easements and rights to add property to the Community Charter, create and reconfigure lots in the Community, and revise the Community Charter except as to specific matters);

(f) The minimum standards of behavior and maintenance applicable to residents, guests, renters, and other occupants (for example limits on noise, business activities, and signage, maintenance of the homes and landscaping to the Community-Wide Standard);

(g) Obligations and restrictions applicable to residents, guests, renters, and other occupants (for example limits on the number of pets and restrictions on parking, use of common areas, and types of plants that may be grown); and

(h) The disclosures and disclaimers by, and indemnities and waivers in favor of, the Master Developer Parties, and others.

11. **What Community Charter Documents are applicable to me?** The Community Charter and the Community-Wide Standard (Exhibit C of the Community Charter) apply to all owners of lots/homes in the Community. The Charter Supplements impose additional conditions and restrictions on owners of lots/homes in the Parcels covered by the supplement. For example, Exhibit E to the Community Charter is the supplement applicable to lots/homes in Parcel Y and Exhibit F thereto is the supplement applicable to lots/homes in Parcel M1/M4. Other Charter Supplements are separately recorded documents. The articles and bylaws of the Association and the Design Guidelines apply to all owners. The supplements to the Design Guidelines impose additional conditions and restrictions on owners of lots/homes in the Parcels covered by the supplement. It is important to read the Community Charter Documents and not rely on the summaries in this Disclosure.

12. **What are the Design Guidelines?** The Design Guidelines provide design standards and architectural and aesthetic guidelines governing the architectural and landscape design of new construction and modifications to homes in the Community (including structures, landscaping, and other items). The Design Review Committee ("**DRC**") must review and approve most, if not all, architectural and landscape design, new construction and modifications to homes. The Design Guidelines affect such matters as landscaping, building size, style, height, colors, and construction materials. Before any modifications, additions, or alterations to your Home you must have the plans and specifications approved. Such approval must come either from Master Developer (in its capacity as the Design Review Team ("**DRT**")) or, after the DRT's approval authority has been delegated to the DRC, from the DRC. Such approval shall be in accordance with the procedures (including review fees) set forth in the Design Guidelines. These requirements are in addition to any required governmental approvals. Because your Home is in Parcel FF, there will be a greater level of scrutiny by the DRC for any proposed modification to your Home due to its location near the Plantation House and other Club Amenities, and its eligibility for participation in the Lodge Rental Program.

13. **Do I need to maintain my Home?** Yes, the Community Charter has obligations and restrictions that apply to how you maintain your Home. This is intended to ensure that the homes (and their landscaping) and the unimproved lots in the Community meet the Community-Wide Standard. You should review the Community-Wide Standard and the other Community Charter Documents carefully because being part of the Community means that you agree to comply with the minimum standards of the Community Charter Documents as to the use and maintenance of your Home. For example, signs that are not owned or maintained by Master Developer, the Association, The Club, or any governmental agencies cannot be erected or maintained on any lot/home or elsewhere within the Community unless they fall within an exception.

Rental Restrictions.

14. **Is Master Developer offering a rental program with my purchase?** No, Master Developer is not offering any rental or similar program with your purchase. The acknowledgement and agreement (and, if applicable, the purchase agreement) that you have signed or will sign will contain an agreement by you that you represent and warrant that no one has made any representation to you about the investment potential of your Home or the performance of any rental program. YOU SHOULD MAKE YOUR DECISION TO PURCHASE YOUR HOME PRIMARILY ON THE BASIS OF THE VALUE OF SUCH HOME FOR YOUR PERSONAL USE, AND NOT ON THE POSSIBLE INCOME OR INCOME TAX BENEFITS FROM RENTING THE HOME TO OTHERS. The following discussion is to inform you of rental restrictions described in the Community Charter.

15. **What is a TVR?** TVR means Transient Vacation Rental. As described in the Community Charter, the Community is currently zoned as one large Visitor Destination Area ("**VDA**") and under such zoning up to 750 homes in the Community could be designated as TVRs, which allows transient rental of a home.

16. **Is my Home designated as a TVR?** The recorded subdivision map and/or Charter Supplement for a Parcel should show whether a lot therein is designated as a TVR. Please refer to **Schedule 1** for the lots that are and are not designated as TVRs.

17. **If my Home is not a TVR, may I rent it to others?** Parcels without a TVR designation are intended to be occupied by owners and their guests or rented for long-term residential use. The County adopted an

ordinance in 2008 that provides that non-TVR homes are not allowed to be rented for a period less than 180 consecutive days. Whether this applies to Parcels that were in existence prior to the adoption of the ordinance (Parcel M1/M4 and Parcel M2/M3) is not determined. You should ask the County if you are interested in renting your Home for a period greater than 30 consecutive days (the minimum period under the Community Charter for non-TVR homes) but less than 180 consecutive days. Note that the Master Developer may require that you select a rental company that is on an approved list of rental companies. Please refer to **Schedule 6** for a discussion of general excise and transient accommodations taxes.

18. **Why would I need a rental company to rent my Home, whether it is or is not a TVR?** If an owner is not a resident living on the island of Kauai, Hawai'i law requires that such an owner, as landlord, designate an agent residing on the island of Kauai to act in the owner's behalf. Having a reputable agent (rental company) is important to the Master Developer. If you have a rental company that you wish to use, but the company is not on Master Developer's list, please ask your sales agent on the process and criteria to obtain approval of the rental company.

19. **If my Home is a TVR, may I rent it to others?** Pursuant to the Community Charter, TVR-designated Homes may be rented for a minimum of seven days, even though County law allows overnight rentals of TVRs. All rentals are subject to the terms and conditions of the Community Charter.

(a) Owners of Homes that are both designated as TVR **and** eligible for the "**Lodge Rental Program,**" as described in the Community Charter, may:

i. Use the Home and not rent it to others (please refer to The Club Rules on access to the Club Amenities by owners and theirs friends and family members);

ii. Rent the Home for a minimum of seven days using a rental company; provided, however, such renters will not have access to the Club Amenities even if they are willing to pay to use such facilities; or

iii. Participate and submit the Home to the "Lodge Rental Program," subject to the requirements and restrictions of the Lodge Rental Program. Only renters of Homes in the Lodge Rental Program may use the Club Amenities; all other renters are not eligible to use such facilities.

The Parrish Collection, LLC, the operator of the Lodge Rental Program, may be contacted for information about the Lodge Rental Program. Participation in the Lodge Rental Program will require a Home that has a standard furnishings package.

(b) Owners of Homes that are designated as TVR but are not designated as eligible for the Lodge Rental Program may rent their homes for a minimum of seven days using a rental company as described above in Q&A No. 18. As noted above, such renters will not have access to the Club Amenities even if they are willing to pay to use such facilities.

The Master Developer disclaims any involvement with, or endorsement of, information that might have been provided to you concerning the potential income from the rental of the Home.

Club Covenant Documents.

20. **What are the provisions of the Club Covenant?** The Club Covenant establishes a plan that is designed to provide for the unified, overall administration of the recreational and leisure services and the Club Amenities (refer to **Schedule 2**) and the other Club Covenant Documents assist in the implementation of such plan. The provisions are generally in the following categories:

(a) The establishment of: (i) membership categories, and (ii) the rights of such members, their families, and others to use the Club Amenities;

(b) The Club's authorized services and reimbursement through assessments (for example, maintenance and operation of the Club Amenities, coordinating the use of the Farm and Lake, and sponsoring activities);

(c) Procedures for The Club's determination and enforcement of assessments (for example, determination of the "Initiation Fee" and the "Regular Club Assessment" (described in **Schedule 3**) and lien rights of The Club if assessments are not paid);

(d) Procedures for The Club to make, enforce, and amend rules and regulations (in addition to those contained in the Club Covenant) and to impose fees for the use of certain facilities of The Club;

(e) The reserved rights of Master Developer related to the development of the Community (for example, rights to add amenities and revise the Club Covenant except as to specific matters);

(f) The minimum standards of behavior, and obligations and restrictions applicable to those using the Club Amenities; and

(g) The disclosures and disclaimers by, and indemnities and waivers in favor of, the Master Developer Parties and others.

21. **Is my membership in the Association and The Club automatic?** Yes, upon purchasing a Home in the Community, you will automatically become a member of the two organizations and remain so until you no longer own your Home. The memberships are part of owning a home in the Community. From the closing date of your purchase, you will be required to pay the required fees and assessments to the Association and The Club. Unlike those two memberships, a Golf Membership is optional. For The Club, you will be a "**Plantation Member**" and have a mandatory "**Plantation Membership.**"

22. **What are the Club Amenities for the Community?** The "Club Amenities" as defined in the Club Covenant are described in **Schedule 2**. The Community Park and Kukui`ula Bay Park, which are located outside of the Community and are not Club Amenities, are also described in **Schedule 2**.

23. **What assessments will I need to pay to the Association and The Club?** They are described in **Schedule 3** attached to this Disclosure.

24. **What is the Initiation Fee?** The Initiation Fee is a non-refundable fee (as described in **Schedule 3**) that is payable to The Club and is a primary source of funding special initiatives of The Club. The Initiation Fee will be charged to you at the closing of your purchase of your Home, unless the purchase documents specifically and expressly provide that you are not responsible for the payment of the Initiation Fee. If you sell or otherwise transfer your Home, your purchaser or transferee will need to pay the Initiation Fee (at the amount then in effect) unless the sale or transfer is exempt. The Initiation Fee is payable at the closing of the transfer of title, and is secured by a lien in favor of The Club, as provided in the Club Covenant. The exemptions are described in the Club Covenant. The Club has the sole discretion to determine the amount and method of calculating the Initiation Fee.

25. **In addition to the Regular Club Assessment described in the Club Covenant, what other fees do I need to pay to use the Club Amenities?** **Schedule 2** describes certain other costs associated with the use of the Club Amenities.

26. **Are persons who do not own a residential property in the Community entitled to be members of The Club?** To a limited extent (as described in the Governing Documents), a small number of persons who do not own any property within the Community will have some or all of the privileges of Plantation Members (except voting), including the right to use the Club Amenities. Although a Plantation Membership will be issued for every home, there is a limit on the number of people from each home who will be afforded the privileges of a Plantation Member.

27. **What is a Golf Membership?** Plantation Members have the right to apply for, and if approved, to purchase a "**Golf Membership,**" thereby allowing them to become a "**Golf Member.**" Subject to certain limited exceptions, Golf Memberships will only be issued to those who own a home or lot within the Community. If you are approved for and purchase a Golf Membership, then, in addition to having all of the privileges of a Plantation Membership, you will be able to play golf on the Golf Course with advance tee time reservation privileges (with priority over those Plantation Members who are not Golf Members), without the payment of greens fees, as described in The Club Rules. As a Golf Member, you would also have additional privileges as set forth in the general membership plan for the Golf Course. As a Golf Member, you will still be required to pay for use of a golf cart and your guests would still have to pay greens and cart fees.

28. **How much does it cost to purchase a Golf Membership?** The fees charged for the purchase of a Golf Membership is currently the amount described in **Schedule 3** (in addition to the Initiation Fee in the amount described in **Schedule 3**), and may be increased or decreased from time to time, by the board of The

Club, which board may be controlled by Master Developer until termination of its Declarant Control Period for The Club. Thereafter, the owner controlled board of The Club will establish such fees.

29. **If I become a Golf Member, may I resign my Golf Membership while I own my Home in the Community?** You may voluntarily surrender your Golf Membership while you still own your Home within the Community. Following such a surrender of a Golf Membership, you should be refunded 100% of the price of the Golf Membership that you paid, but only after the fourth new Golf Membership following termination is purchased from The Club by a new or existing owner of property within the Community. Until the Golf Membership Fee is refunded to you (provided you still own a home within the Community), you will continue to have full golf privileges and payment obligations for assessments and use fees as a Golf Member. The specific details of the Golf Membership are more particularly described in the general membership plan for the Golf Course and in related documents.

30. **What fees will I need to pay if I am a Golf Member?** In addition to the other assessments (*e.g.*, assessments for the Plantation Membership), you will be obligated to pay monthly assessments for that Golf Membership ("**Golf Assessments**") described in **Schedule 3**. The Golf Assessments and other fees may be increased or decreased by the board of The Club, which board may be controlled by Master Developer until termination of its Declarant Control Period for The Club. Thereafter, the owner-controlled board of The Club will establish such assessments. You should anticipate that the Golf Assessments and other fees will increase in the future due to inflation and other reasons. The current greens fees, cart fees, and guest fees are available from your sales agent.

Community Facilities District (CFD) Assessments.

31. **What is the Community Facilities District (CFD) special tax?** The purchase documents should include a specific disclosure on this assessment entitled, *"County of Kaua'i, Hawai'i Community Facilities District No. 2008-1 (Kukui`ula Development Project")* and you have or will be required to acknowledge receipt of it. Please read such disclosure. As general background information, in 1992, the legislature of the State of Hawai'i passed a law enabling each county within Hawai'i to independently determine whether to pass laws allowing for the formation of "community facilities districts," or "CFDs." On November 23, 2005, the Kaua'i County Council adopted Ordinance No. 837 allowing for the formation of CFDs in the County of Kaua'i. Pursuant to Ordinance No. 837, the Kaua'i County Council authorized the formation of Communities Facilities District No. 2008-1 and established a CFD within the Community (the "**Kukui`ula CFD**"), thereby authorizing the issuance of bonds to be paid by special taxes levied within the Kukui`ula CFD. The CFD assessment is in addition to real property taxes that are described in **Schedule 6**.

32. **What are the CFD improvements?** The Kukui`ula CFD special tax provides a partial reimbursement to Master Developer of its costs to construct certain improvements benefiting Kukui`ula and the Koloa-Po'ipu area. The improvements funded by the Kukui`ula CFD (the "**CFD Improvements**") include regional transportation improvements designed to provide better access through and around the Koloa-Po'ipu area. Chief among those improvements is Ala Kalanikaumaka (also known as the "**Western Bypass Road**"). Master Developer has completed construction of the southern segment of Ala Kalanikaumaka that runs from Koloa Road to its intersection with Po'ipu Road and Lawa'i Road. It has also completed the intersection of Po'ipu Road/Lawa'i Road and Ala Kalanikaumaka/Lawa'i Road as a roundabout for traffic mitigation purposes. Another CFD Improvement is the expansion of the County Department of Water potable water system. As such,.a portion of Master Developer's costs to construct the water distribution and storage facilities may be reimbursed to Master Developer via the CFD, meaning that, through each of your CFD payments, you would indirectly contribute toward the costs Master Developer incurred to construct the water distribution and storage facilities. Other planned CFD Improvements include certain civil defense and shoreline recreational improvements (not including Kukui`ula Bay Park) that will benefit residents of and guests to the Koloa-Po'ipu area and that will be specifically designed to meet the objectives of the County.

33. **How will the CFD special tax be used?** The County is expected to issue one or more series of bonds, as necessary to raise money to pay all or a portion of the costs incurred by Master Developer to construct the CFD Improvements. These bonds will be repaid and secured by a special tax to be levied against property within the Community (including your home). The special tax will be apportioned in accordance with a rate and method of apportionment (the "**RMA**") adopted by the County. The CFD bonds are not general obligations of the County of Kaua'i, the residents of Kaua'i or the Subdivider. Rather, they are secured only by the income stream from the special taxes, as provided in the RMA. The revenues raised from the

annual special taxes and bonds are used to pay the costs of the CFD Improvements, debt service on the bonds, and incidental expenses related thereto, including the County's costs of administering the Kukui`ula CFD.

34. **Who will benefit from the CFD Improvements?** The Kukui`ula CFD affects local residents and visitors to the County (including those within the Community) in two main ways: first, the residents of and visitors to the Koloa-Po'ipu area are expected to benefit from the public infrastructure improvements funded by the Kukui`ula CFD, as described above; second, while the benefits would extend outside of the Kukui`ula CFD area, only property owners within the Kukui`ula CFD will be responsible for paying for these infrastructure improvements through the levy of the CFD special tax.

Master Developer Control Period; Reservations and Title Encumbrances.

35. **What is the "Declarant Control Period"?** It is the period when Master Developer will have the right to exercise, and will exercise, control over the Association and The Club special voting rights, by appointing all or a majority of their boards. For the Community Charter, the "Declarant Control Period" has begun and shall terminate upon the first of the following to occur: (a) when 75% of the total number of "Homes" (which generally refers to lots, homes and/or condominium units) designated in the "Master Plan" (as defined in the Community Charter) have been conveyed to persons other than builders holding title for purposes of construction and resale; (b) December 31, 2040; or (c) when, in its discretion, Master Developer so determines and declares a termination of the Declarant Control Period in a recorded instrument. For a limited period after termination of the Declarant Control Period, Master Developer will also have certain approval rights regarding actions and decisions of the Association. For the Club Covenant, the "Declarant Control Period" has begun and shall terminate when 100% of the total number of "Homes" (described above in this Q&A No. 35) have been conveyed to persons other than builders holding title for purposes of construction and resale.

36. **Has Master Developer reserved easements for itself?** Yes, the Community Charter, the Club Covenant, and the deeds by Master Developer, reserve easements and encumbrances in favor of Master Developer. These easements and encumbrances include, but are not limited to those for: (a) utilities and utility lines; (b) errant golf balls, golf tournaments, golf carts, and golf course use, operations, events, and maintenance; (c) historical, archaeological and biological sites; (d) encroachments and walls; (e) maintenance, emergencies, and enforcement; (f) lake and pond maintenance and flood waters; (g) storm and wastewater drainage, drainage of control basins and release devices; (h) maintenance of lots; (i) landscaping, agricultural hazards; (j) roads, hiking trails, biking trails, and restrictions of vehicular access; and (k) sales, development, and construction. For example, but without limitation, Master Developer has an easement over and upon properties (including those sold by Master Developer) to construct improvements for the Community and for the transmission of surface water runoff, smoke, noise, dust, noxious vapors, odors, chemicals, vibrations, and other substances and nuisances over such properties in connection with such construction.

37. **What are the mineral and water rights reservations and title encumbrances?** The oil, gas and all other mineral and metallic rights under your Home and other parts of the Community will not belong to you and are reserved in favor of the State of Hawai'i. Water rights are reserved to Master Developer, its successors and assigns (or its predecessor, and its successors and assigns). In addition to the Governing Documents, your deed will contain various easements and agreements that will affect title to your Home. You should review the title report for your Home and your sales agent should be able to provide to you a copy of the agreements and encumbrances shown in the title report.

Utilities and Community Facilities and Services.

38. **What utilities are available to a home?** Utilities are described in **Schedule 4** attached to this Disclosure.

39. **What community facilities and services are near the Community?** Some of these facilities and services are described in **Schedule 5** attached to this Disclosure.

Disclosures, Disclaimer, and Waivers.

40. **What risks will I be assuming in purchasing a Home?** Chapter 15 of the Community Charter entitled "Disclosures and Waivers" provides that by accepting the deed to your Home, you are accepting and agreeing to the matters set forth in Chapter 15. Rather than summarizing each of the sections of Chapter 15,

the following is information under each section of disclosures and waivers covered by Chapter 15. Please be informed that the Governing Documents expressly provide that you will be assuming these risks and will indemnify and hold harmless the Master Developer Parties from these risks that you are assuming.

§15.1 Facilities and Services Open to the Public. You assume the risks associated with facilities within Kukui`ula and the Community that are open to the public including the Trails, Community Park, and Kukui`ula Bay Park (described in **Schedule 2**) and the cost of maintaining them though the Base Assessment paid to the Association.

§15.2 No Guarantee of Safety and Security. The Community is not a gated or controlled-access community. You and your family, guests, and invitees are each responsible for their own personal safety and security in Kukui`ula. Although the Master Developer Parties may, but are not obligated to, maintain or support certain activities within Kukui`ula designed to promote or enhance the level of safety or security, none of the Master Developer Parties shall in any way be considered insurers or guarantors of safety or security within Kukui`ula, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

§15.3 Changes in Master Plan. Please refer to Q&A Nos. 4 to 6 above.

§15.4 View Impairment. Views from any individual home or from any other part of the Community, whether developed or undeveloped, are not assured in any way. There shall be no express or implied easements for view purposes or for the passage of light and/or air. Any view observed at the time you inspect or purchase your Home may be subsequently obstructed by (a) the planting of trees, shrubs, plants or other landscaping, (b) the growth and propagation of new and existing landscaping, and (c) the current and future development and construction within and outside the Community, including the construction of fences, walls, roofs, buildings, decks and other improvements. None of the Master Developer Parties shall have any obligation to relocate, prune, or thin trees or other landscaping. The Association (with respect to the Association Amenities as defined in the Community Charter) and The Club (with respect to the Club Amenities) shall have the right to construct additional improvements and add or remove trees and other landscaping from time to time.

§15.5 Notices and Disclaimer as to Community Services. You acknowledge that utilities may be interrupted and the Master Developer Parties and others are not responsible for the same.

§15.6 Ongoing Construction Activities. As presently planned, the Community will be developed in a series of phases, and additional phases that will be developed after you purchase your Home. The Community is in the early stages of development and there is likely to be a significant amount of construction-related activity, such as lighting, rock crushing and blasting, hauling of construction materials, traffic hazards, dust, dirt, debris and noise and other annoyances typically associated with such activity at varying times of the day. The construction and sales of homes in the initial and subsequent phases may cause you some inconvenience (*e.g.*, noise and dust from construction and traffic, increased noise from construction activities and travel delays due to construction traffic). There will be several temporary construction and storage yards located within the Community from time to time during the active term of development of the Community.

§15.7 Additional Notices and Disclaimers Related to Recreational Facilities. In addition to the disclosures related to other recreational facilities, the operation, maintenance and use of the Golf Course may cause inconvenience and disturbance to you and to other residents in the Community and potentially cause injury or damage to persons, residents and personal property, including, without limitation, the following: (a) errant golf ball overflight and resultant personal injury and property damage; (b) lakes, water hazards and other "attractive nuisances" located upon or adjacent to the Golf Course; (c) the possible use from time to time of outdoor speakers and the operation of golf carts and noisy power equipment, such as lawn mowers, compressors, tractors and irrigation pumps and motors, on or adjacent to the Golf Course at various times including weekends and early morning and late evening hours; (d) the operation (including possible overspray) of sprinkler and other irrigation systems during the day and at night; (e) the application (including possible overspray) of pesticides, fertilizers, herbicides and other chemicals for pest, weed and fungus control and management and the use of reclaimed irrigation water on or adjacent to the Golf Course; (f) the proximity of the Golf Course restroom and maintenance facilities to certain lots in the Community; (g) the use of the Golf Course for tournament play, resulting in additional noise, traffic and pollution due to

attendance by large crowds for extended periods of time; and (h) the daily activities of maintaining, operating and playing on or adjacent to the Golf Course. You will not, and will not permit any guests to, enter into or cross over any portion of the Golf Course to access any portion of your Home in the Community. The playing of radios and other audio equipment in a fashion that is disturbing to players on the Golf Course is prohibited. Further, comfort stations for the Golf Course will be located near certain lots in the Community. If your Home is adjacent to or in the vicinity of a comfort station, you will likely experience an increased amount of noise and odors, additional lighting, and increased pedestrian and golf cart traffic.

§15.8 National Tropical Botanical Garden. Kukui`ula is adjacent to and surrounds the National Tropical Botanical Garden and its accompanying visitor center. The visitor center is a public facility open for tours and scheduled bus shuttles. The National Tropical Botanical Garden, and its invited and paying guests shall have the right to access the adjacent gardens through the use of roadways and paths within Kukui`ula, and each owner accepts and assumes the risk of such additional noise, traffic, and related effects. You will not have access rights to the Lawai Bay or the Lawai Valley from any point within Kukui`ula.

§15.9 Conservation District. Certain areas of Kukui`ula have been designated as "Conservation District" by the State of Hawaii and no one may do work (any improvements or landscaping) in such areas without a permit from its Department of Land and Natural Resources.

§15.10 Waste Water Treatment; Use of Reclaimed Water for Irrigation Purposes. Please refer to **Schedule 4** for a description of the waste water system. Homes adjacent to, and individuals in the vicinity of, the existing wastewater pump stations and any new wastewater treatment plant within or near Kukui`ula may be affected by noise, odors, lighting, and other nuisances associated with these facilities. The Master Developer Parties use or may use non-potable water to irrigate various portions of the Community, as well as parks, public rights-of-way and large turf areas outside of the Community. Such non-potable water is not suitable for human consumption and may include untreated ground water, untreated surface water, potable water that has been exposed to the atmosphere and recycled water. The repeated spray, of non-potable water may stain or discolor personal property, fencing and structural improvements over time.

§15.11 Agricultural Activities. The Community is adjacent to, nearby or in the general vicinity of lands that were, are or in the future may be, actively used for: (a) growing, harvesting and processing of sugarcane, including cane milling, burning, tending, fertilizing and pest and weed control; (b) growing, harvesting and processing of coffee and other agricultural products; (c) cultivation of flowers, trees, plants, vegetables, fruits, foliage, forage, and other agricultural products; (d) cattle and other livestock grazing; and (e) irrigation of any and all surrounding lands with reclaimed water, treated effluent, or other non-potable water sources. These agricultural activities may, from time to time, result in various hazards to the Community (and your Home) and bring upon the Community (and your Home) smoke, dust, noise, heat, earthshock, exhaust, soot, ash, odor, noxious vapors, agricultural chemicals, transmission of pollutants or other hazardous materials, surface water runoff, particulates and similar substances and nuisances from such agricultural activities or other adverse environmental conditions). The Master Developer Parties shall not be held liable for any nuisance, personal injury, illness, or any other loss or damage that is caused by such agricultural activities or the by-products of such activities.

§15.12 Natural Hazards. As with other property in Hawaii, the Community is located in an area that has a risk of natural disasters, such as hurricanes, tsunamis, earthquakes, flash floods, and high surf. In the event of hurricanes and larger storms, some flooding may occur, although the drainage system has been designed and will be constructed to meet the requirements of County standards. Although the possibility of volcanic activity on the Island of Kauai is very low, with no currently active volcanoes, volcanic hazards could affect the Island. The Island of Hawaii has several active and inactive volcanoes that emit acidic gases into the air. There are times when air quality on Kauai and the other islands are affected by these volcanic emissions known as "vog". Vog may be carried by the winds and the potential impacts include, but are not limited to, obscured views, lower agricultural yields for certain crops and acidified rainwater in catchment tanks. In addition, persons with respiratory or heart conditions may also be affected by vog. Other effects of volcanic activity that may occur include lava tubes and periodic earthquakes. If you would like more information on this, you should contact the State of Hawai'i, Department of Health or visit its website at http://www.state.hi.us.doh/index.html and make inquiries with other professionals for information about recommended precautions.

§15.13 Blasting and Other Activities. You acknowledge that as part of ongoing construction activities described above, there will be blasting, excavation, and other construction related activities will occur within Kukui`ula. Due to the ongoing construction and other activities, public infrastructure, public and private utilities (*e.g.*, water, electricity, telephones, cable television, sewers, storm drains, etc.) within the Community (including those serving your Home) may be temporarily interrupted and/or adversely affected. You must exercise extreme caution and observe all signs that may be posted when driving through or near a construction zone. Construction sites are inherently dangerous. It is your responsibility to supervise children under your care to prevent them from entering areas under construction without permission or supervision. You and your guests, invitees and contractors are required to comply with the applicable rules. If you enter any construction areas, you will be presumed to have assumed all risk of any and all resulting injuries (including death) to any person and/or damage to any property arising from or in any way related to your entry onto such construction area, and to have waived any and all claims of any kind or nature against the Master Developer Parties and their subsidiaries and related entities, and all of its and their employees, officers, directors, shareholders, contractors, subcontractors, vendors, agents, representatives, consultants, and its and their respective successors and assigns arising from or in any way related to your entry onto such construction area.

§15.14 Adjacent Affordable Housing. As described in Q&A No. 7, affordable housing may be constructed adjacent to the intended boundaries of the Community.

§15.15 Community Facilities District. Please refer to Q&A Nos. 31 to 34.

41. **What are the risks associated with the various detention basins?** The Golf Course has a series of surface detention basins and swales to capture much of the mauka storm water runoff and to route such runoff to the ocean. At times, there may be standing water in those basins and swales, which has the potential to cause odors and attract mosquitoes, birds and other insects, and could present a hazard to unattended children or animals. Maintenance, repair, and replacement of pipes, culverts and other structures and equipment comprising the drainage system that serves the Community are the responsibility of the Association; provided, however, that the County should maintain the drainage systems within the public rights-of-way and those within certain of the roadways, and subassociations may be responsible for maintaining any drainage system within any rights-of-way that are particular to a specific Parcel.

42. **What are the risks associated with the various common areas?** The Community is located in the vicinity of major roads such as Po'ipu Road, Lawa'i Road, Koloa Road, and Ala Kalanikaumaka, as well as paths, trails, golf cart crossings, the Community Park and Kukui`ula Bay Park. The use of these roads, paths and parks may result in additional noise, dust, lighting and pedestrian and vehicular traffic in and around the Community. All of these may present a safety hazard to unsupervised children and to animals and adults. Appropriate precautions should be taken by all individuals when using the roads, paths, parks, open space areas and crossings. On the far west side of Kukui`ula, there is currently a temporary access route used by trams that shuttle visitors to and from the National Tropical Botanical Gardens to Lawai Valley. The tram access route may be relocated to a permanent location. Certain areas in the Community may be subject to on-street parking restrictions due to the requirements of local fire safety codes, street cleaning, restrictive covenants, active construction, or other activities and occurrences. These restrictions may preclude you and your tenants and guests from parking on the street near your Home at any time. Signs will be posted, but parking restrictions may or may not be identified with red-painted curbs. Parking restrictions are subject to change. Vehicles parked in "no parking" zones may be towed, at the vehicle owner's expense, without advance notice.

43. **What are archaeological and biological risks?** Burial grounds, endangered plant and animal life, lava tubes and other historically and archaeologically significant sites (called "**AB Sites**") exist throughout the Community and may be set aside for preserving historical, archaeological and/or biological areas and habitats. AB Sites can include areas dedicated for wildlife habitat to mitigate the environmental effects of constructing the Community or areas to be avoided pursuant to federal permitting requirements. While preserved for the benefit of the Community and its residents and others, the use of these areas may be restricted to ensure preservation of the areas in their natural state.

Identified AB Sites within the Community (the "**Identified Sites**") have been designated for preservation and are depicted on Master Developer's land use plan for the Community, which has been approved by the County and/or the Land Use Commission of the State of Hawaii. These Identified Sites may not be disturbed or

removed. The Association is responsible for protecting and preserving the Identified Sites. Under State law, including the State Constitution, Native Hawaiians have traditional and customary rights, for subsistence, cultural and religious purposes, to the AB Sites, with access on identified paths and trails.

No warranties or representations are made or implied (by Master Developer or anyone else) that all AB Sites that exist within the Community have been discovered or that there will not be any AB Sites on or under the planned location for your Home. Undiscovered AB Sites may affect the manner in which homes within the Community may be developed and such undiscovered AB Site may affect how your home may be constructed. If your Home is already constructed, these AB Sites should not affect it, however, the AB Sites may be an issue if any excavation is required in connection with modifications to your Home (if permitted). None of the Master Developer Parties shall have any liability for any damages, for any increased construction costs, or for any delays caused by the existence or discovery of an AB Site.

44. **Are there any wildlife nuisances and risk?** Yes, Kauai has a large population of feral chickens that cackle during the early hours of the morning and late at night. Mosquitoes, centipedes, geckos, and various other crawling nuisances also exist. Coqui frogs, which make loud noises, have been spotted. Cane toads, which have glands that secrete an irritable solution that can be harmful to humans and poisonous to dogs and other pets, can also be found within the Community. Care should be taken to remove cane toads from yards whenever possible. Feral pigs are also on Kauai and, due to shortages of water in upper elevations, the pigs could migrate to or near the Community in search of a water source. The Department of Land and Natural Resources (808-274-3433), the Humane Society (808-632-0610) and/or the Division of Forestry and Wildlife, Kauai District Office (808-274-3438) should be contacted to address problems associated with the pigs. There are five bird species protected under both federal and State of Hawai'i endangered species laws that may be found within or near the Community. It is a violation of both federal and state laws to disturb, harass, injure or kill any of these species. Violations of these laws can be punishable with jail time and/or significant fines.

It is advisable to (a) keep pets from straying outside of your Home, (b) vaccinate your pets from mosquito-borne viruses, (c) eliminate sources of standing water that can support mosquito breeding, (d) properly protect you and your family when outdoors, (e) confine or fence valuable plants and flowers that may be a potential food source for wildlife and (f) promptly address rodent and pest infestations.

45. **Are there risks with high voltage lines?** Electrical lines owned by Kaua'i Island Utility Cooperative are located approximately one-quarter (1/4) mile north of the Community. The voltage and current associated with these electrical lines produce electric and magnetic fields of varying strengths. Studies on these fields, as reported in newspaper articles and other publications, indicate that experts have not yet determined whether health risks exist from long-term exposure to fields near power lines. Strengths of fields are known to decrease rapidly with increased distance from power lines and other sources of electricity. You are encouraged to inquire into the effects of electric and magnetic fields prior to purchasing your Home. None of the Master Developer Parties has made any representation or warranty regarding electric or magnetic field levels within the Community and all inquiries should be referred to the electricity provider.

46. **Is Master Developer responsible to repair my Home if there are construction defects?** Although Master Developer has master planned and developed certain portions of the infrastructure of the Community, the homes within the Community are built by developers and other builders, who are independent building contractors and have the responsibility under their respective contracts for their products and workmanship. Master Developer has no control over or responsibility for any warranty or other issues related to the construction of your Home and neither has liability nor assumes liability or obligation to you with respect to any claim concerning the Home or other improvements, including any claim concerning any design or construction defect, or any soils condition, involving your Home or other improvements.

47. **If you take a photograph or film me or my guests (including my family), can you use that to advertise Kukui`ula?** By participating in various Community events sponsored by Master Developer, The Club and/or the Association from time to time ("**Kukui`ula-Sponsored Events**"), you acknowledge and agree that photographs, quotes and names of participants, or film footage taken of participants at any Kukui`ula-Sponsored Event, may be subsequently used by Master Developer, its "Island Pursuits Team," its affiliate,

DMB Associates, Inc., and the respective affiliates, legal representatives, agents, and assigns of each (collectively, "**DMB**"), and by Kukui`ula Realty Group LLC (Master Developer's designated broker for the Community) for commercial purposes in advertising and marketing materials, including, but not limited to, any Community newsletters, Community calendars, Master Developer's website for the Community (www.kukuiula.com) and other DMB-affiliated websites, Master Developer's sales center for the Community, Master Developer's magazine ("Artful Living - The Legacy of Kukui`ula") and the Community/DMB marketing and public relations materials. In addition, by attending such Kukui`ula-Sponsored Events, and without the need for a subsequent acknowledgement, you further acknowledge and agree, on behalf of you and your guests (including your family), to allow such uses and waive any right to pre-approval, royalties, or other compensation arising from or related to the use of such photographs, quotes and names of participants, or film footage, which shall remain the sole copyrighted property of Master Developer, The Club, and/or the Association.

48. **If I am a real estate broker and own a home in the Community, may I use the name "Kukui`ula" in my email address?** No, such proposed use and other such uses of the "Kukui`ula" name are not permitted. Neither the name "Kukui`ula" nor any derivative of such name (including any federally registered taglines relating to the Community used in promotional or other materials) shall be used or included in any logo or depiction associated with the Community, the Association or The Club in any printed or promotional material, domain name, club name, business name, or entity name, without Master Developer's prior written consent, even if such entity is created for the sole purpose of either owning a home in the Community, selling such a home, renting such a home or improving it in any manner (including landscaping, design, construction, improvements and repairs) or offering any other services to the Master Developer Parties, residents, guests, tenants or owners within the Community. Such permission may either be granted or withheld in Master Developer's sole discretion. People or entities who infringe on Master Developer's trademarks and other rights (including the creation of websites, URLs, and entities that incorporate Master Developer's or the Community's name, marks, or copyrighted materials) for commercial or personal use shall be subject to full enforcement and penalties allowed by law.

49. **Because this Disclosure Statement says that circumstances and information may change, may I rely on what my sales agent tells me even if it is different from what is in this Disclosure?** No, by signing the agreement and acknowledgement, you will acknowledge and agree that (a) no salesperson, employee or agent of the Master Developer Parties has the authority to interpret, change or modify the terms of any documents whatsoever, including the Governing Documents, and (b) no representation or promise has been made to you by any salesperson, employee or agent upon which you are relying on in connection with the purchase of your Home. Please be informed that no representation or promise, whether oral or in writing, made by any salesperson, employee or agent shall be binding on the Master Developer Parties unless provided in writing by an authorized officer of the applicable Master Developer Parties.

Schedule 1
Description of the Parcels, Designations, and Governing Documents

Parcels: As of the date of this Schedule 1, the development parcels (each with a residential neighborhood) in the Community are the Makai Collection, including the Makai Cottages and Custom Lots (Parcel Y), the Mauka Collection (Parcel M1/M4 and Parcel M2/M3), and the Club Cottages (Parcel CC). These development parcels are each referred to in this Disclosure as a "**Parcel.**" Master Developer intends to include in the Community as "Parcels" the Premier Estate Lot, The Club Villas at Kukui`ula (Parcel Club Villas), and The Club Bungalows at Kukui`ula (Parcel FF), if and when certain governmental and other approvals are obtained.

TVR Designation. Thus far, only lots in Parcel Y, Parcel CC and Parcel FF (The Club Bungalows at Kukui`ula) are designated as TVRs. Lots in Parcel M1/M4 and Parcel M2/M3 are not designated as TVRs. Lot and units in The Club Villas at Kukui`ula (Parcel Club Villas) are intended to be designated as TVRs.

Lodge Eligible. Thus far, only lots in Parcel CC (Club Cottages) and Parcel FF (The Club Bungalows at Kukui`ula) are designated as eligible to participate in the Lodge Rental Program. Lot and units in The Club Villas at Kukui`ula (Parcel Club Villas) are intended to be eligible to participate in the Lodge Rental Program.

Community Charter Documents:

1. Community Charter for Kukui`ula dated May 8, 2006, recorded in the Bureau as Document No. 2006-088739, as amended and restated by Amended and Restated Community Charter for Kukui`ula dated September 4, 2012, recorded in the Bureau as Document No. A-46320954, as amended by Amendment to the Community Charter for Kukui`ula dated February 12, 2013, recorded in the Bureau as Document No. A-47991323.
    a. Supplemental Conditions and Restrictions for **Parcel Y** and **Parcel M1/M4** are attached to the Community Charter.
    b. Amended and Restated Supplemental Declaration to Kukui`ula Charter and Declaration of Easements (**Parcel M2/M3**) dated June 21, 2012, recorded in the Bureau on June 27, 2012, as Document No. A-45610030.
    c. Supplemental Declaration to Kukui`ula Charter and Declaration of Easements (**Parcel CC**) dated January 10, 2011, recorded in the Bureau as Document No. 2011-010183, which was amended by that Amendment to Supplement to Kukui`ula Charter and Declaration of Easements (Attaching Current Description of Lodge Rental Program) dated January 25, 2011, recorded in the Bureau as Document No. 2011-018277, and by that certain Second Amendment to Supplement to Kukui`ula Charter and Declaration of Easements dated October 31, 2011, recorded in the Bureau as Document No. 2011-180579.
    d. Supplement to Amended and Restated Community Charter for Kukui`ula and Declaration of Easements (Parcel FF) dated November 27, 2013, recorded in the Bureau as Document No. A-50840986.
    e. Master Developer intends to record supplement declarations for the **Premier Estate Lot** and The Club Villas at Kukui`ula (**Parcel Club Villas**) if and when certain governmental and other approvals are obtained.
2. Articles of Incorporation of the Kukui`ula Community Association filed with the State.
3. By-Laws of the Kukui`ula Community Association.
4. Design Guidelines, Version 3.0, April 2008.
    a. Supplemental Design Guidelines for Parcel Y.
    b. Supplemental Design Guidelines for M Parcels (M1/M4 and M2/M3).
    c. Supplemental Design Guidelines for Parcel CC.
    d. Master Developer intends to prepare Supplemental Design Guidelines for the Premier Estate Lot, if and when certain governmental and other approvals are obtained.

Club Covenant Documents.

5. Covenant for The Club at Kukui`ula, dated May 8, 2006, recorded in the Bureau as Document No. 2006-088740, as amended and restated by Amended and Restated Covenant for The Club at Kukui`ula dated September 4, 2012, recorded in the Bureau as Document No. A-46320955.

    a. Supplemental Declaration to Covenant for The Club at Kukui`ula (**Parcel CC**) dated January 10, 2011, recorded in the Bureau on January 19, 2011 as Document No. 2011-010184.

    b. Supplement to Amended and Restated Covenant for the Club at Kukui`ula (Parcel FF) dated November 27, 2013, recorded in the Bureau as Document No. A-50840987.

    c. Master Developer intends to record supplement declarations for the **Premier Estate Lot** and The Club Villas at Kukui`ula (**Parcel Club Villas**) if and when certain governmental and other approvals are obtained.

6. By-Laws of The Club at Kukui`ula adopted on August 10, 2005, as amended and restated by Amended and Restated By-Laws of The Club at Kukui`ula adopted on September 4, 2012.

7. Amended and Restated Club Rules effective September 4, 2012 (including the 2012 Guest Privileges), and the form of The Club at Kukui`ula Membership Agreement.

Schedule 2
The Club Amenities and other Recreational Facilities

The Club Amenities are currently the recreational facilities referred to as the Plantation House, the Spa, the Golf Course, the Golf Clubhouse, the Farm, and the Lake. These Club Amenities are primarily for the benefit of residential owners within the Community (and their guests). However, a limited number of other individuals and, in some cases, the general public will also be permitted to use the Club Amenities. For example, guests and renters of homes in the Lodge Rental Program are able to use the Club Amenities. Four daily tee times are available to residents of Kauai and they may use both the Golf Course and the Golf Clubhouse. Please refer to Section 3.5 of the Club Covenant for more details. Except for the Regular Club Assessments that you are required to pay as a Plantation Member, there is no separate annual cost or assessment for you to use the Club Amenities, but excluding the Golf Course.

Kukui`ula Plantation House. The Plantation House (and its environs) includes dining facilities, an outdoor swimming pool, game and T.V. rooms, a lawn, an event pavilion and an "Island Pursuits Room." You will be required to pay for your food, beverages, and other items or special services received at the Plantation House. Events may be held at the Plantation House including, but not limited to, parties, outdoor performances, concerts, luaus, which may involve the erection of tents and temporary stages.

Spa. The Spa includes massage and treatment rooms, a movement studio, a fitness room, an outdoor swimming/lap pool, and locker rooms. You will be required to pay for private or regular group fitness classes and other scheduled activities (*e.g.*, exercise classes, massages, treatments) or any special programs.

Kukui`ula Golf Course. As a Plantation Member, you will be able to play on the Golf Course, but you will be required to pay green fees and cart fees. If you are a Golf Member (that is, if you purchased a Golf Membership), you will have the benefits summarized in Q&A No. 27 above.

Golf Clubhouse. The Golf Clubhouse includes a golf shop, locker rooms and lounges, offices, a cart barn and golf bag storage, central plant facilities, other facilities generally associated with a golf clubhouse, and various "back-of-house" facilities. You will be required to pay for goods and services received at the Golf Clubhouse.

Farm. The Farm is an agricultural and/or recreational facility, located outside the Community, adjacent to the southeasterly shore of the Lake, approximately one-half (1/2) mile north of the 10th hole of the Golf Course. The Farm is on approximately eight acres of land currently owned by a third party and leased to Master Developer for the benefit of Plantation Members. The Farm consists of some small-scale demonstration farm plots and orchards. The Association maintains the Farm and The Club manages it for your use. You may be required to pay for any special programs that are offered.

Lake. The Lake is an approximately 25-acre manmade irrigation reservoir, which is currently filled with non-potable (*i.e.*, undrinkable) water. It is located outside the Community and is owned by a third party and leased to Master Developer for the benefit of Plantation Members. The Association has certain maintenance responsibilities for the Lake and the costs of such maintenance are part of the Base Assessment. The Lake is expected (but not guaranteed) to be filled with water and be stocked with small game fish for catch and release fishing. Due to the varying water quality, the nature of the waterway and underwater hazards that may exist, swimming in the Lake is NOT a recommended activity. Because the Lake's primary function is for irrigation purposes, the water levels of the Lake are subject to change and outside of Master Developer's control. There are several picnic spots along the shoreline of the Lake; however, camping and overnight stays are not allowed. You may be required to pay for any special programs that are offered.

Other Recreational Facilities in the Community.

Tennis Facilities. Master Developer plans to construct at least two tennis courts somewhere within the Community (the "**Tennis Facilities**"). Note, however, that the plans for the Tennis Facilities have not yet been finalized, so their location, size, construction completion date and final number of courts are currently unknown.

Hiking/Biking Trails. Within, around and in the vicinity of certain portions of the Community, there will be a network of hiking and biking paths and trails (collectively, the "**Trails**"). The Trail surfaces may be of dirt, gravel, concrete and/or asphalt. Use of the Trails will be subject to restrictions set forth in the Governing Documents. It is expected that most of the Trails located within the Community will be open to the general

public as well as to you and your guests. As such, use of the Trails (except as otherwise noted) is not exclusive to the Community. Except for the Base Assessment payable to the Association for the maintenance of the Trials, and the Regular Club Assessments that you are required to pay as Plantation Member, there is no separate annual cost or assessment for you to use the Trails, however, you may be required to pay for any special programs that are offered.

The Lodge at Kukui`ula. In addition to the current Lodge Rental Program (discussed above in Q&A No. 19), Master Developer reserves the right to develop lodging units within the Community that are open to the general public.

Other Recreational Facilities Outside the Community.

Community Park. The Community Park will be an approximately 20-acre park located outside of the Community on Poipu Road. It is anticipated (but not guaranteed) that the Community Park, which will be open to the general public, will include ball fields, playground, parking, and restrooms. Initially, the Community Park will be owned and maintained by Master Developer. It is anticipated (but not guaranteed) that the Community Park will be dedicated to the County; however, whether it is dedicated or not, it will be maintained in perpetuity by the Association pursuant to a maintenance agreement with the County. The date that the Community Park will be first available for use by the general public has not been established.

*Kukui`ula Bay Park*. It is expected that Kukui`ula Bay Park will be located outside of the Community, in the residential area located on the Makai (south) side of Lawai Road, adjacent to Kukui`ula Bay and the existing Kukui`ula Small Boat Harbor, which is owned and operated by the State of Hawaii. Additional lighting at Kukui`ula Bay Park and its use may create light and noise nuisances to you and other owners in the Community. Kukui`ula Bay Park will be open to use by the general public. Master Developer intends to dedicate Kukui`ula Bay Park to the County; however, whether it is dedicated or not, the Kukui`ula Association will maintain the park and its facilities in perpetuity pursuant to a maintenance agreement with the County. The date that the Kukui`ula Bay Park will be first available for use by the general public has not been established.

Schedule 3
Fees and Assessments

The following amounts are the fees and assessments as of January 1, 2014 that you will be required to pay from the date of your closing (and subject to change in accordance with the Governing Documents):

- Association Capital Start-Up Fee. The "**Capital Start-Up Fee**" as defined in the Community Charter is a mandatory one-time fee payable by the initial owner of each Unit[1] (including you, but excluding Master Developer), which fee is currently $1,600.00, and is due and payable to the Association at the time of closing.
- Association Base Assessment. The "**Base Assessment**" as defined in the Community Charter is an assessment established by the Board of Governors, which is imposed upon the owner of each Unit (including you, but excluding Master Developer). Currently, the Base Assessment is $866.50/month ($10,398.00/year) per Unit, which assessment could increase by 20% per year, provided that Hawaii law does not mandate otherwise. Payment of the Base Assessment to the Association shall commence upon closing.
- Plantation Membership (The Club) Initiation Fee. The "**Initiation Fee**" as defined in the Club Covenant for the Plantation Membership is a mandatory one-time fee payable to The Club, currently $50,000.00 per Unit. The Initiation Fee is unrelated to the use or non-use of golf and other facilities and is due and payable at the time of closing. If you resell your Home, the purchaser of the Unit will be required to pay the Initiation Fee (then in effect) to The Club.
- Plantation Membership (The Club) Regular Club Assessment. The "**Regular Club Assessment**" as defined in the Club Covenant is currently $1,083.13/month ($12,997.56/year) for your Lot or Home. Payment of the Regular Club Assessment to The Club commences upon closing.
- Neighborhood Assessment. If your Home is a Club Cottage in Parcel CC, you will be charged an additional assessment of $625/month ($7,500/year). You will be charged a similar type of neighborhood assessment if your Home is in Parcel Club Villas.
- Service Area, Specific, Special and Other Assessments. You acknowledge and agree that in addition to the above, other types of fees, dues and assessments may be imposed upon you, in accordance with the Governing Documents. Such fees, dues and assessments may be imposed under certain circumstances, including (i) Service Area Assessments for any Service Area Expenses attributable to any Service Area that your Lot or Home may be within, as reflected in a future Supplemental Declaration of Covenants, Conditions and Restrictions affecting your Lot or Home; (ii) Special Assessments, generally imposed to cover unbudgeted expenses; (iii) Specific Assessments, imposed against one or more individual Lot owners to pay for special services to the Lot owner(s), or to pay the costs of remedying violations by such owner(s) of the Governing Documents; (iv) use and consumption fees, to cover the cost of optional services for which such fees are imposed; (v) permit fees for special events; and (vi) sanction fees, in the case of a violation of the Governing Documents.
- Golf Membership (Optional). The cost of the Golf Membership is currently established at $75,000 (in addition to the Initiation Fee of $50,000). The monthly assessment for that Golf Membership ("**Golf Assessments**") is currently $433.25/month ($5,199.00/year), which is in addition to other assessments. Payment of the Golf Assessment to The Club commences when the Golf Membership commences (which could be at closing).

The foregoing is a brief summary of fees and assessments under the Governing Documents. Nothing contained herein shall limit or otherwise affect in any manner the provisions of the purchase documents pertaining to your Lot or Home or the terms of the Governing Documents, which should be reviewed in detail before purchasing your Lot or Home.

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1 A "Unit" is defined in the Community Charter as including an unimproved residential lot, a home (house and lot), and a residential condominium unit.

Schedule 4
Utilities

Water. Potable (*i.e.*, drinkable) water is supplied to your Home and other homes within the Community by an extension of water lines from the central public water system to be owned, operated and maintained by the County Department of Water, which is located at 4398 Pua Loke Street, Lihue, Hawaii 96766; Phone: (808) 245-5430; Fax: (808) 245-5813; and website: www.kauai.org. Use of this water system is required, not optional, and you will not be permitted to install independent or individual water systems to service your Home.

Wastewater Collection and Treatment. Master Developer has entered into an agreement with HOH Utilities, LLC ("**HOH**"), which is a private wastewater treatment provider. Pursuant to that agreement, HOH will treat the wastewater from the initial phases of the Community at HOH's treatment plant (known as the Poipu Water Reclamation Facility) (the "**PWRF**")). HOH has agreed to provide sufficient capacity to treat wastewater from the first 300 or so homes built in the Community. HOH will own, operate, and maintain the wastewater treatment facilities. The address of HOH is P.O. Box 1214, Lawai, Hawaii 96765, and its phone number is (808) 332-7381. Future phases of the Community will be served either by the PWRF or by a new regional wastewater treatment plant that HOH may build and operate east of Koloa town, approximately three miles from the Community or by a new wastewater treatment plant within or near Kukui`ula.

The wastewater collection and transmission system that Master Developer is constructing for the Community's initial phases will be connected to the PWRF for treatment. The collection and transmission system will initially be owned, operated, and maintained by Kukui`ula South Shore Community Services, LLC ("**KSSCS**"). KSSCS is a private utility company that is an affiliate of Master Developer and that is regulated by the State of Hawaii Public Utilities Commission (the "**PUC**"). The address of KSSCS is c/o Waste Water Treatment Plant, 2700 Ke Alaula Street, Suite B, Koloa, Hawaii 96756 (Attn: WWTP Representative), and the phone number is (808) 742-6304.

Connection to the Community's wastewater collection and transmission system is required, not optional, and you will not be permitted to install a septic tank and other individual sewage disposal system, except as expressly provided by any supplement to the Charter that is applicable to your Home.

Electricity. Electric service to the Community is provided by Kaua'i Island Utility Cooperative ("**KIUC**"), a publicly regulated utility, the office address of which is 4463 Pahee Street, Suite 1, Lihue, Hawai'i 96766. KIUC's telephone number is (808) 246-4300 and their website can be found at www.kiuc.coop. Electrical power is provided by KIUC's Port Allen power plant located at 261A Akaula Street in Port Allen.

Telephone Service. Telephone service is available to your Home by a telephone service provider. Currently, you are able to choose telephone service from: (a) Oceanic Time Warner Cable (the local address of which is 3022 Peleke Street, Lihue, Hawai'i 96766, the telephone number of which is (808) 245-7720, and the website of which is http://www.oceanic.com); or (b) Hawaiian Telcom, Inc. (the Honolulu address of which is 1177 Bishop Street, Honolulu, Hawai'i 96813, the telephone number of which is (808) 643-3456, and the website of which is http://www.hawaiiantel.com). It is possible that other telephone providers will be able to provide you with telephone service or that only one of the listed providers will offer telephone service.

Cable Television and Internet Service. Internet and cable television service is available to your Home and you will be responsible for paying for the services provided.

Propane Gas. It is expected that electricity will be the primary energy source for lighting, operating appliances, and similar services in the Community. However, for the convenience of the Community's residents, propane gas service will be available in most Neighborhoods and will be supplied by Hawaii Gas, which will own and maintain the propane gas lines and propane gas tanks. Hawaii Gas' address, phone number and website are 3990 Rice Street, Lihue, Hawaii 96766, (808) 245-3301, www.hawaiigas.com.

Schedule 5
Community Facilities and Services

Hospitals/Ambulance. The nearest hospital facility to the Community is Wilcox Memorial Hospital, which is located approximately 11 to 12 miles from the Community at 3420 Kuhio Highway in Lihue. Kaua'i Veterans Memorial Hospital, Samuel Mahelona Medical Center and a satellite facility of St. Francis Medical Center are three other hospital facilities located within approximately 17 to 22 miles of the Community. Ambulance service is available to the Community by calling "911."

Physicians/Dentists. Physician services are available at the Kōloa Clinic of the Kaua'i Medical Clinic, which is located approximately one mile from the Community at 5371 Kōloa Road in Kōloa. Dental services are available at Kaua'i Family Dental Center – Kukui Grove, which is located at 4473 Pahee Street, Suite K, in Lihue, approximately 10 miles from the Community. Other physician and dental offices may be located through telephone directories and online.

Warning System. Two new civil defense siren systems have been installed along the Makai (ocean-side) portion of the Community.

Fire Protection. Fire protection is available year round from the County of Kaua'i. The nearest fire substation is located in Koloa, near the intersection of Poipu Road and Lawai Beach Road, and is about ½ mile from the Community. The Community will be serviced by fire hydrants.

Police Protection. Police protection is available from the County of Kaua'i Police Department year round. The nearest police substations are currently located in Waimea, at 9835 Kaumuali'i Highway, and in Lihue, at 3990 Kaana Street, Suite 200. Each substation is approximately 12 miles from the Community.

Mail Service. Mail will be delivered to mailboxes located in centralized mailbox clusters, rather than to individual street-side mailboxes. The location of the mailbox cluster serving your Home is determined by governmental agencies, not by Master Developer, the Association, The Club, or any builder or developer. The U.S. Post Office closest to the Community is the Koloa Post Office located on Koloa Road.

Public Transportation. There is currently no public transportation available to and from the Community. The nearest public bus stop is currently located at the Kukui`ula Market, which is less than one mile from the Community on Po'ipu Road. Private limousine and taxi service is generally available. The Community is located approximately 13 miles from the Lihue Airport. Private automobiles can be rented at the airport and, possibly, at other locations. Other transportation services may be located through telephone directories and online.

Public Schools. Koloa Elementary School is an elementary school, located at 3223 Po'ipu Road in Koloa, approximately 0.5 mile from the Community. Chiefess Kamakahelei Middle School is a middle school located at 4431 Nohu Street, in Lihue, approximately 10 miles from the Community. Kaua'i High School is a high school, located at 3577 Lala Road in Lihue, approximately 12 miles from the Community. Public school bus transportation is not currently available from within the Community.

Shopping Facilities. The nearest shopping area, The Shops at Kukui`ula, is located in the direct vicinity of the Community near the intersection of Ala Kalanikaumaka and Po'ipu Road. Currently, the grocery stores near the Community are: Living Foods Market located at The Shops at Kukui`ula; Sueoka Store located at 5392 Koloa Road, approximately 1 mile from the Community; Big Save located at 5516 Koloa Road, approximately 1.5 miles from the Community; and Kukui`ula Market located at 2827 Po'ipu Road, approximately one-half mile from the Community.

Schedule 6
Real Property and Other Taxes

Real Property Tax. You will be responsible for paying real property tax to the County of Kauai from the closing of your purchase. Because the tax is due and payable two times a year (in August and February), escrow will prorate the tax at closing.

The County determines the assessed value of your Lot or Home and the real property tax is determined by the applicable tax rate. The tax rates for 2013-14, per $1,000 of the assessed value, are as follows:

Residential	$5.75
Vacation Rental	$8.00
Hotel Resort	$9.00

Thus, if you have a vacation rental that has an assessed value of $2,000,000, the annual real property tax for 2013-14 would be $16,000 per year. This is in addition to the CFD assessment.

General Excise Tax. A general excise tax is payable to the State of Hawai'i on gross receipts, including rent, and is currently four percent (4%) of such receipts. Thus, if you receive $1,000 in rents, you will owe general excise tax of $40.00. You may obtain a reimbursement of this tax from your renter, but your rental contract must clearly show that the renter is obligated to reimburse you for this tax. Thus, if you want to receive net rent of $1,000, you could charge the renter $1,000 plus a general excise tax reimbursement of 4.166% or rent of $1,041.66. You will pay general excise tax on $1,041.66 at 4% or $41.67. As such, you would collect $1,041.66 in rent and pay $41.67 in general excise tax for net rent of $999.99. (The reimbursement percentage should not be rounded upward.) You will need to obtain a general excise tax license from the State.

Transient Accommodations Tax. If you are renting your home to a transient person for fewer than 180 consecutive days, you will need to pay to the State of Hawaii a transient accommodations tax of 9.25% of the rental income. You will need to obtain a transient accommodations license from the State (on the same application form as the general excise tax license).

Please consult with the County of Kauai, the State of Hawaii, and/or your tax consultant for more information on these taxes and whether there are exemptions that may be applicable to you.

ACKNOWLEDGMENT OF RECEIPT OF MASTER DISCLOSURE STATEMENT

The undersigned represent that I/we have read and understand all of the Master Disclosure Statement (Version 5A– Club Bungalows; dated January 8, 2014), and have received a copy for my/our records. I/we acknowledge and agree that I/we are solely responsible to make certain that I/we understand the contents of this Disclosure and will take whatever steps are necessary to do so, including, without limitation, consulting an attorney, interpreter, engineer, or any other person whose advice or assistance may be necessary to fully understand the matters set forth herein. I/We acknowledge and agree that I/we have considered the possible impact of such matters in my/our decision to purchase a Home in the Community. I/We also realize that the Governing Documents referred to in this Disclosure contain important information relating to my/our rights and obligations and I/we have familiarized myself/ourselves with their contents to my/our satisfaction. I/We represent and warrant to Master Developer Parties that no one has made any representation to me/us about the investment potential of the Home or the performance of any rental program. I/We acknowledge and agree that (a) no salesperson, employee or agent of the Master Developer Parties has the authority to interpret, change or modify the terms of any documents whatsoever, including the Governing Documents, and (b) no representation or promise has been made to me/us by any salesperson, employee or agent upon which I am/we are relying on in connection with the purchase of my/our Home. I/WE AGREE THAT I/WE SHOULD MAKE MY/OUR DECISION TO PURCHASE A HOME PRIMARILY ON THE BASIS OF THE VALUE OF SUCH HOME FOR MY/OUR PERSONAL USE, AND NOT ON THE POSSIBLE INCOME OR INCOME TAX BENEFITS FROM RENTING THE HOME TO OTHERS.

DATED THIS _____ DAY OF _____, 20____

BUYER'S NAME (Please print): _____

BUYER'S SIGNATURE: _____

BUYER'S NAME (Please print): _____

BUYER'S SIGNATURE: _____

UNIT NUMBER: _____

NAME OF KUKUI`ULA DEVELOPMENT PARCEL: FF

CURRENT ADDRESS: _____

_____

(BUYER'S COPY – BUYER TO RETAIN FOR BUYER'S RECORDS)

ACKNOWLEDGMENT OF RECEIPT OF MASTER DISCLOSURE STATEMENT

The undersigned represent that I/we have read and understand all of the Master Disclosure Statement (Version 5A – Club Bungalows; dated January 8, 2014), and have received a copy for my/our records. I/we acknowledge and agree that I/we are solely responsible to make certain that I/we understand the contents of this Disclosure and will take whatever steps are necessary to do so, including, without limitation, consulting an attorney, interpreter, engineer, or any other person whose advice or assistance may be necessary to fully understand the matters set forth herein. I/We acknowledge and agree that I/we have considered the possible impact of such matters in my/our decision to purchase a Home in the Community. I/We also realize that the Governing Documents referred to in this Disclosure contain important information relating to my/our rights and obligations and I/we have familiarized myself/ourselves with their contents to my/our satisfaction. I/We represent and warrant to Master Developer Parties that no one has made any representation to me/us about the investment potential of the Home or the performance of any rental program. I/We acknowledge and agree that (a) no salesperson, employee or agent of the Master Developer Parties has the authority to interpret, change or modify the terms of any documents whatsoever, including the Governing Documents, and (b) no representation or promise has been made to me/us by any salesperson, employee or agent upon which I am/we are relying on in connection with the purchase of my/our Home. I/WE AGREE THAT I/WE SHOULD MAKE MY/OUR DECISION TO PURCHASE A HOME PRIMARILY ON THE BASIS OF THE VALUE OF SUCH HOME FOR MY/OUR PERSONAL USE, AND NOT ON THE POSSIBLE INCOME OR INCOME TAX BENEFITS FROM RENTING THE IMPROVED HOME TO OTHERS.

DATED THIS _____ DAY OF _____, 20____

BUYER'S NAME (Please print): _____

BUYER'S SIGNATURE: _____

BUYER'S NAME (Please print): _____

BUYER'S SIGNATURE: _____

UNIT NUMBER: _____

NAME OF KUKUI'ULA DEVELOPMENT PARCEL: FF

CURRENT ADDRESS: _____

_____

(MASTER DEVELOPER'S COPY – SELLER TO DETACH AND DELIVER TO MASTER DEVELOPER)