

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

CONDOMINIUM PROJECT NAME	WAIALUA BEACH COLONY MAKAI
Project Address	69-435 Waialua Beach Road Waialua, Hawaii 96791
Registration Number	6752
Effective Date of Report	March 18, 2009
Developer(s)	Waialua Beach Land Company Makai LLC

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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

Pursuant to Section 514B-101(b), HRS, of the Condominium Property Act, the Project shall not be subject to Part VI, Chapter 514B, HRS because the Project is not subject to any continuing development rights and contains no more than five Units.

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General Information On Condominiums

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

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

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

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

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

Operation of the Condominium Project

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

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

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	69-435 Waialua Beach Road Waialua, Hawaii 96791
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 6-7-013-035
Tax Map Key is expected to change because	
Land Area	29,658 square feet
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	0
Floors Per Building	
Number of New Building(s)	0
Number of Converted Building(s)	0
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
M-1	1			4203 sq ft	Spatial	4203 sq ft
M-2	1			5758 sq ft	Spatial	5758 sq ft
*A	1			5251 sq ft	nonresidential	5251 sq ft
*B	1			1408 sq ft	nonresidential	1408 sq ft
*C	1			3134 sq ft	nonresidential	3134 sq ft
<p>*Units A, B and C will be conveyed to the Waialua Beach Community Association for use by all members of the Association. Unit A is to be used for access, landscaping, utilities, drainage, drainage facilities, project signage and entry gate. Unit B is to be used for access, utilities, pedestrian beach access, footpath and landscaping. Unit C is to be used for access, landscaping, drainage facilities and a vehicle turnaround.</p>						
See Exhibit _____.						

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

1.4 Parking Stalls

Total Parking Stall in the Project:	0
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	0
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit: The boundaries of residential Units M-1 and M-2 are the building envelope areas shown on the Condominium Map. The boundaries of the non-residential units A, B & C are also shown on the Condominium Map.
--

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): An owner may construct a single family residence within the spatial area of the unit. Following construction an owner may make any changes to the unit.
--

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit _____.
As follows: Unit M-1 49.85% Unit C 0.10% Unit M-2 49.85% Unit A 0.10% Unit B 0.10%

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

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

1.9 Common Elements

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

Described in Exhibit A _____.

Described as follows:

Common Element	Number
Elevators	
Stairways	
Trash Chutes	

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 B _____.

Described as follows:

1.11 Special Use Restrictions

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

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

1.12 Encumbrances Against Title

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

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

Date of the title report: October 27, 2008

Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

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

1.14 Other Zoning Compliance Matters

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

1.15 Conversions

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

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

1.16 Project In Agricultural District

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.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input type="checkbox"/> 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.	<input type="checkbox"/> Yes <input type="checkbox"/> 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: Waialua Beach Land Company Makai LLC Business Address: 1099 Alakea Street, Ste. 1600 Honolulu, Hawaii 96813 Business Phone Number : 808-523-9000 E-mail Address: bbays@legalthawaii.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).	Member: ABB Investment LLC Sole Member: A. Bernard Bays, a Law corporation Money Purchase Pension Plan
2.2 Real Estate Broker	Name: Jack Tyrrell & Company, Inc. Business Address: 1288 Ala Moana Blvd., Ste. 4A Honolulu, Hawaii 96814 Business Phone Number: 808-532-3330 E-mail Address: courtneyheimowitz@gmail.com
2.3 Escrow Depository	Name: First American Title Company, Inc. Business Address: 1177 Kapiolani Blvd. Honolulu, Hawaii 96814 Business Phone Number: 808-457-3796
2.4 General Contractor	Name: N/A Business Address: Business Phone Number:
2.5 Condominium Managing Agent	Name: Self managed by the Association Business Address: Business Phone Number:
2.6 Attorney for Developer	Name: Nancy N. Grekin/McCorriston Miller Mukai MacKinnon Business Address: 5 Waterfront Plaza, 500 Ala Moana Blvd. Honolulu, Hawaii 96813 Business Phone Number: 808-529-7419

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	October 15, 2008	3802382

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Amended & Restated Declaration	December 2, 2008	3810565
1st Amended Declaration	February 9, 2009	3833120

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	October 20, 2008	3802383

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
1st Amended Bylaws	February 9, 2008	3833121

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	1976
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map: Amendment to Map 1976	

3.4 House Rules

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

The House Rules for this project:

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

3.5 Changes to the Condominium Documents

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

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

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

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

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

4.2 Estimate of the Initial Maintenance Fees

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

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:

<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:

<input checked="" type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>G</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: November 18, 2008 Name of Escrow Company: First American Title Company, Inc. Exhibit <u>H</u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage, Security Interest & Fixture	The lien is superior to the interests of the buyers apartments and
Filing	foreclosure of the lien would foreclose buyer's interest.
Assignment of Lessor's Interest in Leas	es - If buyer's interest is foreclosed, buyer's deposit will be returned, less

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:

N/A

Appliances:

N/A

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

Status of Construction:

Developer will not do any construction at the project.

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:

Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):

<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

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

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

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

5.7 Rights Under the Sales Contract

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

1. Developer's Public Report

2. Declaration of Condominium Property Regime (and any amendments)

3. Bylaws of the Association of Unit Owners (and any amendments)

4. Condominium Map (and any amendments)

5. House Rules, if any

6. Escrow Agreement

7. Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.

8. Other:

Declaration of Covenants, Restrictions and Conditions for Waialua Beach Colony
Waialua Beach Colony Design Guidelines
Waialua Beach Colony Community Rules

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

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

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

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

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

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

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

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

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

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

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

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

a. Amendment of Declaration requires the vote only of Units M-1 and M-2. Units A, B and C do not vote.

b. The Project consists of 5 Units and is not subject to any continuing development rights of the Developer. Pursuant to Section 514B-101, HRS, the Developer has elected that the Project not be subject to Part VI of the Condominium Property Act.

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.

WAIALUA BEACH LAND COMPANY MAKAI LLC,
a Hawaii limited liability company

By ABB INVESTMENT LLC,
a Hawaii limited liability company
Its Member

By A. Bernard Bays, a Law Corporation
Money Purchase Pension Plan

By 
A. Bernard Bays, Trustee
Its Member

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
Common Elements

All portions of the Project which are not Units, including specifically, but not limited to:

1. The Land in fee simple;
2. All common driveways, including shoulders areas, rights of way and landscaping in driveways;
3. All yards, grounds, trees, gardens, landscaping and refuse facilities not located within the Limited Common Element Land Area appurtenant to a Unit;
4. All sewer lines, water lines, pipes, cables, conduits, electrical equipment, wiring and other appurtenant transmission facilities and installations on, hereinabove, over, under and across the Project to the point of their respective connections to Improvements comprising a part of a Unit or the Limited Common Elements appurtenant thereto, including, without limitation, those providing electricity, light, gas (if any), water, sewer, refuse, drainage, irrigation, telephone, and radio and television signal distribution (if any) to more than one Unit; and
5. Any and all other apparatus and installations existing for common use by more than one Unit, and any and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

EXHIBIT B
Limited Common Elements

1. The Limited Common Element Land Area identified by such Unit's number on the Condominium Map;
2. All yards, grounds, trees, gardens, Landscaping and refuse facilities located within the Limited Common Element Land Area appurtenant to a Unit;
3. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, lanais, patios, and all exterior doors and windows or other fixtures designed to serve such Unit, but located outside the Unit's boundaries;
4. Any swimming pool, recreation area, sauna and/or storage area located within any Limited Common Elements shall be a Limited Common Element;
5. The driveway located within the Limited Common Element Land Area appurtenant to a Unit leading to the garage of any such Unit;
6. Such Unit's trash enclosure, if any;
7. Such Unit's sewer system and related equipment and any other utility infrastructure serving only such Unit, regardless of where it is located on the Land.

Exhibit C
Special Use Restrictions

The Community Rules of Waialua Beach Colony Community Association provide as follows:

1. Garbage cans, household supplies, trash, signs, notices, bills, advertising matter, or other such unsightly articles, shall not be visible from any point outside a Limited Common Element Land Area on which they are located.
2. No clothes, towels, garments, rugs, or other objects shall be hung on or from the any railing, wall, balcony, deck, doorway, window, or facade of any Unit in such a manner as to be in view of persons outside the Unit.
3. No signs, posters, signals, or lettering shall be inscribed or exposed on any part of the Project without the prior written approval of the Board.
4. No Hazardous Materials are permitted on or in any unit, limited common element land area or the common elements other than limited quantities of such substances, appropriate for reasonable household or personal use only, shall be permitted.
5. No fireworks, or other explosives shall be permitted at any time in the Project.
6. No open fires shall be allowed within the Project, excluding barbecue grills, hibachis, or other similar open-fire cooking equipment.
7. Roadway parking is prohibited.
8. The use of skateboards and roller skates on any and all Common Elements is prohibited.
9. No signs, posters, signals or lettering shall be inscribed or exposed on any part of the Project without the prior written consent of the Board. "For Sale" signs may be placed on the limited common element land areas without consent, after all units have been conveyed by the Developer to third parties.
10. No livestock, poultry, or other animals whatsoever shall be allowed or kept in any part of the Project, except as follows:
 - (a) Subject to the conditions and restrictions of the Bylaws, dogs, cats, or other typical household pets (each referred to hereinafter as a "pet" and more than one as "pets"), such as guinea pigs, rabbits, fishes, or birds, may be kept by occupants within their respective units or limited common elements except dog breeds with dangerous propensities such as pit bulls which are strictly prohibited.
 - (b) Pets may enter upon common elements not constituting part of a limited common element for purposes of ingress to and egress from the units and limited common elements in which they are kept; provided, however, that all such pets while upon such common elements shall be accompanied by its owner or keeper and shall be kept in a cage or on a leash.
 - (c) Except for fishes and birds, no more than two (2) pets per unit shall be allowed without the express consent of the Board, which consent is not be unreasonably withheld.
 - (d) No animal described as pests under H.R.S. ' 150A-2 or prohibited from importation under H.R.S. ' 141-2, ' 150A-5, or 150A-6 shall be kept in the Project.

11. No animals shall be kept, bred, or used in any units or limited common elements for any commercial purpose.

12. Certified guide dogs and signal dogs (as identified below) and other animals trained to provide those life activities of a person which are limited by the disability of such person (hereinafter collectively referred to as "service animals") shall be permitted in the Project, subject, however, to the following restrictions:

(a) Such service animals is not be kept, bred, or used at the Project for any commercial purpose.

(b) Such service animals shall be permitted on common elements which do not constitute part of a Limited common element (including but not limited to, the recreation areas), provided that the service animal is on a leash. The Board may from time to time promulgate such Rules and Regulations regarding the continued presence of service animals as the circumstances may require or the Board may deem advisable.

(c) The term "guide dog" shall mean "any dog individually trained by a licensed guide dog trainer for guiding a blind person by means of a harness attached to the dog and rigid handle grasped by the person", as defined in H.R.S. ' 515-3(8), as the same may be amended from time to time.

(d) The term "signal dog" shall mean" any dog trained to alert a deaf person to intruders or sounds," as defined in H.R.S. ' 515-3(8), as the same may be amended from time to time.

13. Any pet or service animal causing a nuisance or unreasonable disturbance to any other occupant of the Project shall be permanently removed therefrom promptly upon notice given by the Board or the Managing Agent; provided, however, that any such notice given with respect to a service animal shall provide that before such animal must be removed, the owner of such pet shall have a reasonable time to acquire a replacement service animal unless the Board determines that such animal poses an imminent serious threat of physical harm to other occupants of the Project.

14. Any tenant of any owner shall obtain the written consent of the owner to keep any pet in such owner=s unit. Notwithstanding such consent, a tenant may keep only the type of pet permitted by the Condominium Rules and the Bylaws.

15. Any occupant who keeps a pet pursuant to the Condominium Rules and the Bylaws may replace such pet upon its death, and may continue to replace such occupant=s pets so long as the occupant continues to reside in the unit or another unit in the Project, subject to these Condominium Rules, and the Declaration and Bylaws.

16. No residential dwellings other than the residential units shown on the Condominium Map, as such residential units may be relocated, expanded, or improved, shall be permitted in the Project.

17. Except for such home office use as may be allowed or permitted under applicable zoning ordinances, and subject to the provisions of the Declaration which permit the Developer to do otherwise, (a) the units and their limited common elements is not be used to carry on any business, trade or profession; (b) the units and their limited common elements is not be used for sales of any articles or goods; and (c) no unit owner, lessee, tenant or other occupant of an unit shall bring clients, customers or other business invitees onto the land on a regular basis for business purposes.

Exhibit D
Encumbrances Against Title

1. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance.
2. Designation of Easement "75" for access and utility purposes as shown on Map 97, as set forth by Land Court Order No. 169919, filed March 27, 2007, as amended by Land Court Order No. 170056, filed April 5, 2007 in favor of Lot 776-B
3. Designation of Easement "79" for pedestrian foot path purposes as shown on Map 97, as set forth by Land Court Order No. 169919, filed March 27, 2007, as amended by Land Court Order No. 170056, filed April 5, 2007 in favor of Lots 776-A and 776-B
4. Mortgage, Security Agreement and Fixture Filing made by WAIALUA BEACH LAND COMPANY, LLC, a Hawaii limited liability company, as Mortgagor, and CENTRAL PACIFIC BANK, a Hawaii corporation, as Mortgagee, dated May 30, 2006, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 3436851
5. The terms and provisions contained in Assignment of Lessor's Interest in Leases dated May 30, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-104330, made by WAIALUA BEACH LAND COMPANY LLC, a Hawaii limited liability company "Assignor", and CENTRAL PACIFIC BANK, a Hawaii corporation "Assignee", regarding Assignment of the Assignors right, title and interest in leases for the repayment of Mortgage in the amount of \$2,467,000.00 filed in Land Court Document No. 3436851. (Not noted on Transfer Certificate(s) of Title referred to herein)
6. FINANCING STATEMENT made by WAIALUA BEACH LAND COMPANY, LLC, a Hawaii limited liability company, as Debtor, and CENTRAL PACIFIC BANK, a Hawaii corporation, as Secured Party, recorded in said Bureau as Document No. 2006-104331 on June 6, 2006.
7. The terms and provisions contained in Declaration of Protective Covenants, Conditions and Restrictions for Waialua Beach Colony --- (acknowledged October 15, 2008), filed in said Office as Land Court Document No. 3798936.
8. The terms and provisions contained in Declaration of Condominium Property Regime for "WAIALUA BEACH COLONY MAKAI" CONDOMINIUM PROJECT dated October 15, 2008, filed in said Office as Land Court Document No. 3802382; as shown on Map 1976 and any amendments thereto
9. The terms and provisions contained in By-Laws of The Association of Unit Owners dated October 20, 2008, filed in said Office as Land Court Document No. 3802383.

Exhibit E
Developer's Reserved Rights

1. Nature of Developer's Reserved Rights Generally. The Developer reserves the right, but not the obligation, to exercise any of the developer's reserved rights set forth in the Declaration separately or in one or more combinations and at one or more times. The Developer is not be obligated to build any improvements, subdivide any of the land upon which the Project is situated, delete any of the land upon which the Project is situated, annex any adjacent parcel, or merge the Project with any adjacent condominium Project. The Developer's reserved rights are reserved and preserved to, and may be exercised by, the Developer regardless of anything stated in or that may be inferred from any provision of the Condominium Documents or any other document creating, governing, or encumbering the Project or any part thereof.

2. Consents; Special Power of Attorney.

(a) The Developer may exercise the Developer's reserved rights without being required to provide notice to or to obtain the approval, consent, or joinder of any person, including, but not limited to, the Association, any unit owner, any lender, or any other interested person. If and when any unit owner or other interested person acquires any unit or any other interest in the Project, such unit owner or interested person shall be deemed to have conclusively and irrevocably agreed to the following:

(i) to have taken such person's interest in the unit or Project subject to the Developer's reserved rights, and each and every exercise and/or assignment of them;

(ii) to have acknowledged, approved, and agreed that

(1) the Developer shall possess and may from time to time exercise the Developer's reserved rights,

(2) the exercise of any of the Developer's reserved rights may result in the recalculation of the common Interest of some or all units, and

(3) the Developer can file and/or record any and all documents that the Developer deems necessary or convenient to the exercise of such rights, including, but not limited to, amendments to some or all of any document creating, governing, or encumbering the Project or any part thereof;

(iii) to have agreed that such person, promptly upon request therefor, shall join in, consent to, execute (and if requested, acknowledge before a notary public), deliver, and record all documents, and do all other things, that the Developer, in its sole discretion, determines to be necessary for or convenient to the exercise of the Developer's reserved rights or to accomplish the purposes for which those rights were reserved; and

(iv) to have appointed the Developer as such person's attorney-in-fact to join in, consent to, sign, have notarized, deliver and record all documents; to do all things on his, her or its behalf; and to do all things necessary or desirable to exercise Developer's reserved rights. Such appointment shall be deemed to be coupled with an interest and irrevocable, to have been made pursuant to a durable power of attorney, with full power of substitution, and is not be affected by any disability of such unit owner or other interested person.

3. Developer's Reserved Right and Easement for Sales Activities.

(a) Scope. Developer has the exclusive right and easement to conduct extensive sales activities within the common elements (including, but not limited to, the limited common elements)

and from any unit owned and/or leased by Developer. Said right shall include, but is not be limited to, the following rights:

- (i) Project Access. The right to permit purchasers and prospective purchasers and their family members and guests, to come onto the Project through the common elements intended for access to and from any nearby roads, streets or highways;
- (ii) Parking for Purchasers. The right to permit purchasers and prospective purchasers to park motor vehicles in any unassigned parking stalls;
- (iii) Unit Showings. The right to show the Project (including, but not limited to, model units) to purchasers and prospective purchasers (who will have a right of ingress and egress for these purposes);
- (iv) Model Units. The right to use units owned or leased by the developer as model units, sales, management, and/or administrative offices; and
- (v) Sales Signs. The right to use banners, signs or other extensive sales displays and activities at the Project. This easement applies to activities conducted in connection with the initial sale of any unit in the Project, and any unit in any adjacent condominium Project owned by or developed by developer.

4. Developer's Reserved Right to Grant Additional Easements and Modification of Easements by Developer.

(a) Easements Through Common Elements. The Developer reserves the right to designate, grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across or through the common elements as necessary or convenient to the exercise of any other of the developer's reserved rights, or for any reasonable purpose, which may include, but not be limited to, the following:

- (i) operating, maintaining, or repairing any unit, the common elements, or any limited common element, or any adjacent parcel
- (ii) the development of the Project;
- (iii) the development of the Common Areas;
- (iv) for utilities or any public purpose, including, without limitation, for electricity, gas, water, beach access, pedestrian walkways, stairs, ramps, trails, bikeways, or other passageways; or
- (v) which the Developer deems necessary or helpful in connection with the exercise of any of the developer's reserved rights under the Declaration to construct improvements or to subdivide and delete portions of the land upon which the Project is situated.

(b) Easements Through Adjacent Lands. The Developer reserves the right to transfer, cancel, relocate and otherwise deal with any easement or license in favor of the land upon which the Project is situated or the Project for any reasonable purpose which may include, but will not be limited to, any of the purposes described in declaration, or for the reason that any owner of property that is subject to an easement in favor of the land upon which the Project is situated or the Project requires a change in the location of that easement.

(c) Developer's Right to Accept Easements. The Developer reserves the right to accept any easements or licenses over, under, across or through any part of the land upon which the

Project is situated being deleted from the Project pursuant to developer's reserved right to delete such land which shall be common elements of the Project.

(d) Cancellation of Easement. Developer reserves the right to cancel, terminate, or otherwise remove as an encumbrance on title to the land upon which the Project is situated that certain Grant to Hawaiian Electric Company, Inc., a Hawaii corporation, and Verizon Hawaii Inc., a Hawaii corporation, dated November 7, 2002, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 2862868, granting a perpetual right and easement for utility purposes, and any and all improvements associated therewith constructed in, upon, over and under the part of the Land encumbered thereby.

5. Developer's Reserved Right to Withdraw Land from Project. Notwithstanding anything contained in the Declaration or the By-Laws, the Developer reserves the right to withdraw and delete from the Project, and from the condominium property regime established by the Declaration, all or any part of the land. The Developer's reserved right to withdraw land includes the rights to do anything necessary or convenient to delete all or any part of the land including the right to do or undertake any of the following:

- (a) to amend the Declaration and the By-Laws to change the description of the Land;
- (b) to amend the Condominium Map, if necessary or useful, to reflect the deletion of all or any portion of the Land;
- (c) to Record an amendment to the Declaration and By-Laws at least containing an amended description of the Land and, if necessary, an amendment to the Condominium Map to reflect the same;
- (d) to amend any previously Recorded deed or other document conveying or encumbering a Unit so that it conforms with the revised Declaration and/or to Record a new deed or conveyance document for that purpose;
- (e) to sign, acknowledge, and Record one or more deeds, releases, or other documents or instruments as the Developer deems necessary or convenient to effect the deletion of all or any part of the Land and to delete the same from the condominium property regime or to vest title to the same in the Developer free of all claims, liens, and interests of anyone else; provided, however, that the deleted Land, will be subject to the Waialua Beach Colony CC&Rs, and any mortgage made by the Developer encumbering the Land; and
- (f) to use any of the other Developer's reserved rights as may be necessary or convenient to delete all or any part of any Land as provided in the Declaration.

6. Developer's Right to Annex Land and Improvements. Notwithstanding anything contained in the Declaration or the By-Laws, the Developer reserves the rights to change the Project at any time and from time to time during the Development Period (as defined in the Declaration) by annexing any or all interests in any adjacent parcel and improvements located on such adjacent parcel into the Project and the condominium property regime established by the Declaration.

7. Developer's Right to Change Project to Comply With Law. Notwithstanding anything contained in the Declaration or the By-Laws, and except as otherwise provided by applicable laws and regulations, the Developer reserves the right, at any time and from time to time, to change the units, the common elements, the limited common elements, and/or to amend the condominium documents as required to comply with any applicable laws and regulations that apply to the Project, the Association, or the developer, including, without limitation, the federal Fair Housing Act, 42 U.S.C. § 3601 et seq. and the Americans With Disabilities Act 42 U.S.C. § 12101 et seq., and any rules and regulations adopted with respect to either of them.

Exhibit F
Estimated Maintenance Fees

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

Unit	Common Interest	Monthly Fee	Yearly Total
M-1	49.85%	69.77	837.24
M-2	49.85%	69.77	837.24
A	.10%	n/a	1.67
B	.10%	n/a	1.67
C	.10%	n/a	1.68

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

Estimate of Maintenance Fee Disbursements:

	Monthly Fee x 12 months = Annual Total
Maintenance, Repairs and Supplies	
Grounds – Landscaping and Water	\$ 200
Management	
Accounting and Income Tax Preparation	\$ 333.50
Insurance	\$ 117
Reserves(*)	
Driveway	\$ 333.50
Mail Boxes	\$ 16.50
Fencing	\$ 50
Taxes and Government Assessments	\$ 362.50
Other Contingency Expenses	266.50
TOTAL	\$1,679.50

Unit owners will begin paying common expenses upon recordation of a deed from Developer of the unit owner's spatial unit.

I, A. Bernard Bays, as Trustee of the A. Bernard Bays Money Purchase Plan, the Member of ABB Investment LLCA, the Administrative Member of the developer of WAIALUA BEACH COLONY MAKAI condominium Project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

WAIALUA BEACH COLONY MAKAI, LLC, a Hawaii limited liability company

By ABB INVESTMENT LLC,
a Hawaii limited liability company
Its Administrative Member


By 
A. Bernard Bays, a Law Corporation,
Trustee of the A. Bernard Bays Money
Purchase Plan

EXHIBIT G
Summary of Pertinent Provisions of Sales Contract

1. When Sales Contract Becomes Binding. A sales contract becomes binding when:

(a) the Real Estate Commission has issued an effective date for a Public Report for the Project and Developer has met the requirements of Section 514B-86, HRS;

(b) the buyer under the sales contract has receipted for or been deemed to have receipted for a Public Report; and

(c) the buyer under the sales contract shall have waived or be deemed to have waived such buyer's right to cancel the sales contract as more particularly provided in HRS §514B-86.

2. Qualifying for Purchase.

(a) Buyers are required to submit to Developer within twenty (20) days of the date of Developer's acceptance of a sales contract, evidence of proof of funds in the amount of the purchase price, and/or any other financial data reasonably satisfactory to Developer. Satisfactory evidence of proof of funds mean statements of a bank, brokerage or other institutional depository evidencing deposit of sufficient funds to the pay the full amount of the purchase price.

(b) Developer has fifteen (15) days after receipt of such financial data to notify buyer of Developer's acceptance or rejection of such proof as adequate to proceed with the sale of the unit to buyer. If such proof of funds is not produced by buyer as requested by Developer or Developer rejects such proof of funds because it is not adequate, Developer may, in its sole discretion, terminate the sales contract and cause Escrow to refund to buyer all amounts paid pursuant the sales contract, less the cost of any credit report, cancellation fees of Escrow, if any, and other costs incurred by Developer in reviewing such financial statement.

3. Reconfirmation of Cash Purchase; Developer's Option to Terminate.

(a) Confirmation of Buyer's Financial Ability. Buyer is required to submit to Developer within ninety (90) calendar days prior to the estimated closing date, such written evidence as Developer may reasonably request from buyer's bankers or accountants or other persons to reconfirm that buyer is still able to pay the purchase price in cash or has a binding commitment for financing to pay the purchase price.

(b) Developer's Approval.

(i) If Developer, in its sole discretion, after reviewing the written evidence referred to in Section 2(a) above, is not satisfied as to buyer's continued ability to pay the purchase price in cash, or that buyer has a binding commitment to finance payment of the purchase price, or a combination of both of the foregoing, and if Developer determines that buyer has not acted in good faith or otherwise complied with the requirements to submit financial information, then, and in such event, buyer shall be in default under the sales contract, and Developer may terminate the sales contract, and exercise its remedies under the sales contract.

(ii) If Developer determines that buyer does not have the continued ability to pay the purchase price, but has at all times acted in good faith in seeking to fully comply with buyer's obligations under the sales contract, then, Developer has the right and option to cancel the sales contract upon written notice to buyer; *provided, however*, that upon such cancellation, Developer shall direct Escrow to refund to buyer, all sums paid by buyer pursuant to the sales contract, less any cancellation fees of Escrow and any other actual expenses incurred by Developer by reason of buyer entering into the sales contract.

4. Developer's Right to Change Purchase Price of Unsold Units. Notwithstanding anything to the contrary in the sales contract, Developer expressly reserves the right, from time to time, to increase or decrease the listed purchase price of any unsold unit.

5. Buyer's Rescission Rights. Buyer shall have the right to rescind the sales contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of the unit or the limited common elements appurtenant thereto, *provided, however,* that buyer does not have the right to rescind the sales contract if there is any change, addition, deletion or modification, or any merger of the Project pursuant to the terms of the Declaration.

6. Cancellation in the Event of Buyer's Death. If buyer, or, if there is more than one buyer, any one or more of such buyers, dies prior to Closing, Developer reserves the right in its sole discretion to return all deposits paid under the sales contract by buyer, less Escrow's cancellation fee, whereupon the sales contract shall be deemed to have been canceled and both Developer and buyer shall be released from all obligations and liabilities hereunder.

7. Interest on Funds Deposited with Escrow Agent.

(a) All interest on buyer's deposits shall accrue for the benefit of Developer. All funds received by Escrow Agent from Buyer may be held together with other funds received by Escrow.

(b) Any interest earned on funds held by Escrow not required by the terms of the sale contract to be credited to the account of Buyer shall be paid to Seller.

8. Buyer's Assumption of Risks. Buyer accepts and assumes the following risks with respect to the unit, its appurtenant limited common elements and all common elements:

(a) Buyer accepts the risk of flooding from the ocean or surface water and the risk of damage caused by ocean water action. Buyer acknowledges the Project is located in flood, tsunami, coastal high hazard and/or other flood district and/or zone established by the City and County of Honolulu, Hawaii, State or federal governments and the legal consequences of such classification, including, without limitation, building restrictions and requirements and the unavailability of flood hazard and/or other insurance coverage.

(b) Buyer accepts the condition of the soil on and geophysical condition of the Project and all risks associated with the foregoing.

(c) The risk that adjoining or nearby property owners may use their property in such a way that could adversely affect the use, value or desirability of the unit, its appurtenant limited common elements, or common elements of the Project.

(d) The Project is located in a Special Management Area under the Hawaii Coastal Zone Management Act, HRS Chapter 205A, and Chapter 25 of the Revised Ordinances of Honolulu relating to Special Management Areas. Provisions of these laws apply to construction of dwellings or other activities in the Project. Buyer expressly assumes the risks of the application of these laws to buyer's unit, its appurtenant limited common elements and common elements of the Project.

(e) Buyer understands that the Project is subject to the shoreline setback established in accordance with Chapter 23 of the Revised Ordinances of Honolulu and HRS Chapter 205, and accepts and assumes all risks and limitations relating to the Project within the shoreline setback, and the effect of the shoreline setback on the unit and its appurtenant limited common elements.

(f) Buyer accepts and assumes all risks relating to the location, establishment and determination of the shoreline boundary for the unit and its appurtenant limited common elements.

(g) There could be issues regarding the source of the water, the quantity and quality of the water, and the size and condition of the transmission pipes that could adversely affect the potential water supply for the Project. Water hook-ups for the units could be denied or limited. These risks and all other risks regarding the water supply for the unit, its appurtenant limited common elements and the common elements of the Project are all assumed by buyer. Buyer assumes the risk that buyer's use and enjoyment of the unit and its appurtenant limited common elements may be adversely impacted by improvements or activities in the Project or on other nearby properties.

(h) Buyer assumes the risk that changes in governmental laws, rules and regulations or their enforcement may adversely impact buyer's use and enjoyment of the unit, its appurtenant limited common elements and the common elements of the Project.

(i) Buyer assumes the risk that use of the common elements in the Project may adversely impact buyer.

9. Default; Liquidated Damages; Delays in Closing.

(a) Default by Buyer. Buyer will be in default under the sales contract if any of the following occurs:

- (i) buyer fails to make a payment when due; or
- (ii) buyer fails to furnish Developer satisfactory evidence of buyer's ability to pay the purchase price; or
- (iii) buyer fails to execute and return the receipt and notice of right to cancel in connection with buyer's receipt of a copy of the Public Report or Contingent Public Report **within 30 days**; or
- (iv) buyer fails to perform any other obligation required under the Purchase Contract and such failure continues for fifteen (15) days after Developer gives written notice to buyer of such failure; or
- (v) buyer breaches the provisions of sales contract prohibiting assignments.

(b) Default by Buyer Prior to Purchase Contract Becoming Binding. In the event of any default by buyer which occurs before the sale contract becomes a binding contract in accordance with HRS §514B-84, Developer may, at Developer's option, terminate the sale contract by written notice to buyer, and the following shall apply:

- (i) All moneys paid under the sales contract shall be refunded or the check returned to buyer, all payments previously made by buyer less any cancellation fee imposed by Escrow and any other actual expenses incurred by reason of buyer having signed the sales contract; and
- (ii) All costs, including, without limitation, reasonable attorneys' fees, incurred by reason of the default by buyer shall be paid by buyer promptly upon Developer's demand therefor.

(c) Default by Buyer After Purchase Contract Becomes Binding.

(i) Cancellation. In the event of any default by buyer which occurs after the sales contract becomes a binding contract in accordance with HRS §514B-86, Developer may at its option cancel the sales contract. Buyer agrees that if Developer exercises its option to cancel the sales contract, the injury to Developer will be uncertain as to nature and amount and difficult to ascertain in view of, but not limited to, the following:

(1) Developer's financial commitments with respect to the Project;

(2) the connection between the sale, cancellation or such default with respect to one unit and the sale, cancellation or any default with respect to other units in the Project; and

(3) the nature of the real estate market in Hawaii.

(ii) Developer's Liquidated Damages. As a reasonable estimate of Developer's damages resulting from any default occurring after the sales contract becomes a binding contract, the sums previously paid by buyer under the sales contract together with all accrued interest thereon shall become, at Developer's option, the sole property of Developer as liquidated damages and not as a penalty for such default. It is understood that the damages suffered by Developer by virtue of such a default later in time will likely be greater than such a default occurring at an earlier point in time. If Developer does not elect to retain as liquidated damages the sums previously paid by buyer under the sale contract, Developer may pursue any other remedies permitted at law or in equity, including, without limitation, specific performance of buyer's obligation to purchase the unit for the purchase price.

(iii) Developer's Alternative Remedies. Damages suffered by Developer by virtue of a buyer default later in time will likely be greater than such a default occurring at an earlier point in time. Therefore, Developer may elect not to exercise its right to liquidated damages, and instead, Developer may pursue any other remedies permitted at law or in equity, including, but not limited to, specific performance.

(d) Default by Developer; Developer's Cure Rights. If Developer fails to perform any obligation required of Developer under the sales contract prior to Closing, including, the obligation to execute promptly all documents necessary to close the transaction, Buyer shall notify Developer in writing of such default by mail. Developer shall have fifteen (15) days after the date of such notice to cure such default. If Developer does not cure such default within such 15-day period buyer's sole and exclusive remedy shall be to terminate the sales contract. Buyer shall give written notice to Developer of buyer's election to terminate the sale contract, whereupon buyer may exercise buyer's remedies under the sales contract.

(e) Buyer's Remedies. If buyer elects to terminate the sales contract due to Developer's default above, the full amount of buyer's deposits, and all interest actually accrued thereon, shall be paid to buyer as its sole and exclusive remedy, buyer shall have no other rights or remedies whatsoever, including, without limitation, claims for damages or specific performance of the sales contract by Developer, and Developer shall be released and discharged from any and all further obligations whatsoever under the sale contract.

10. Assignability.

(a) Prohibition Against Certain Assignments by Buyer. The sales contract cannot be assigned by buyer without the prior written consent of Developer, which consent may be withheld by Developer for any reason, in Developer's sole discretion; *provided, however*, that buyer may assign the sales contract to a revocable living trust of which buyer is the settlor, and buyer's personal representative or successor trustee may acquire the unit pursuant to the sales contract following buyer's death if Developer does not exercise its option to cancel the sales contract following buyer's death. Any assignment, attempted assignment or purported assignment of buyer's right, title and interest hereunder without such consent shall be null and void, and shall constitute a material breach of the sales contract.

(b) Assignment to Buyer Affiliate. Buyer shall have the right to designate an affiliate as its nominee to receive title to the unit, or assign all of its right, title and interest in the sales contract to any affiliate, by providing written notice to Developer; *provided, however*, that the following shall apply to any such assignment:

(1) buyer shall not be released from any of its liabilities and obligations under the sales contract by reason of such designation or assignment prior to the closing; and

(2) such affiliate shall be deemed, for all purposes, to have assumed the obligations of buyer under the sales contract.

EXHIBIT H
Summary of Pertinent Provisions of Escrow Agreement

1. Sales Contracts to be Deposited in Escrow. When the Developer enters into a sales contract, the Developer will deliver an executed copy of such sales contract to Escrow.

2. Receipt of Funds by Escrow.

(a) Deposits by Developer. The Developer will deposit with Escrow any monies received by the Developer from each buyer under a sales contract.

(b) Escrow's Responsibilities. Escrow will receive and hold in escrow and disburse as set forth in the Escrow Agreement:

(i) all payments made by the Developer under sales contracts to the extent received by Escrow;

(ii) all funds from any lending institution disbursed pursuant to a mortgage loan made to a buyer for the purchase of an unit; and

(iii) all sums received by Escrow from any other source on account of the sale to a buyer of an unit.

3. Deposit of Escrowed Funds. In accordance with written instructions from the Developer, Escrow will deposit all funds received by it, within a reasonable time of such receipt by Escrow and in reasonably convenient sums, in trust accounts at a federally insured bank, savings and loan association or trust company authorized to do business under an escrow arrangement.

4. Interest on Escrowed Funds. Any interest earned on deposits shall accrue to the credit of the Developer.

5. Conditions to be Satisfied Prior to Disbursement. No disbursement of funds held by Escrow shall be made unless and until all of the following conditions have been satisfied, which may occur before closing of the sale of an unit to a buyer:

(a) Public Report. The Real Estate Commission shall have issued an effective date for the "Public Report" for the Project, and such buyer is given a copy of the Final Report and acknowledges receipt of same or is deemed to have acknowledged receipt of same.

(b) Buyer's Rescission Rights. The Developer or the Developer's attorney shall have delivered a written opinion to Escrow stating that the requirements of HRS Sections 514B-86 and 514B-87, as amended, have been satisfied.

(c) Developer's Cancellation Rights. The Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

6. Disbursement of Buyer's Funds. Subject to the provisions of Section 5 above, upon the Developer's written instructions, Escrow may disburse funds held in escrow to pay the following amounts:

(a) Construction Costs. To the Developer, the Developer's general contractor, or the Developer's mortgagee, if any, as specified by the Developer, to pay for construction costs of the buildings and other improvements and fixtures in such amounts and at such times and in proportion to the valuation of the work completed by said general contractor in accordance with the terms of said general contractor's construction contract with the Developer, as certified by a registered architect or professional engineer and as approved by said mortgagee, if any, or a financially disinterested person who shall be

designated in writing by the Developer and said mortgagee, if any, and who shall certify to Escrow in writing that such person is financially disinterested (which certification Escrow shall have the right to rely upon).

(b) Other Expenses. To other persons for architectural, engineering, finance and legal fees and other incidental expenses of the Project (but not selling expenses or brokerage fees relating to sales of any unit) to the extent approved by the Developer's mortgagee or said financially disinterested person.

7. Disbursement of Balance. The balance of funds held by Escrow may be disbursed in accordance with the directions of the Developer and said mortgagee, if any, or of said financially disinterested person, only upon completion of the Project's buildings being constructed by the Developer's general contractor, or forty-six (46) days after the filing of the affidavit of publication of the notice of completion of construction of the Project in the office of the Clerk of the Third Circuit Court of the State of Hawaii, a copy of which shall have been delivered to Escrow; provided, however, that if any notice of a mechanic's or materialmen's lien has been filed, said funds shall be disbursed only when all such mechanics' or materialmen's liens have been released and/or sufficient funds have been set aside to cover the claims for which any notice of lien have been filed.

8. Return of Funds and Documents.

(a) Escrow's Obligations to Return Funds. A buyer shall be entitled to a return of funds, and Escrow shall pay such funds to such buyer, if any one of the following shall have occurred:

(i) The Developer and such buyer shall have instructed Escrow in writing to return to such buyer funds of such buyer held by Escrow pursuant to this Agreement; or

(ii) The Developer has notified Escrow of the Developer's exercise of the option to cancel or rescind the sales contract entered into by such buyer pursuant to any right of cancellation or rescission provided for therein or otherwise available to the Developer with respect to which, and such buyer is entitled in accordance with the sales contract to a return of funds deposited by such buyer with Escrow; or

(iii) With respect to any buyer whose funds were obtained prior to the issuance of the Public Report, such buyer has exercised such buyer's right to cancel the sales contract entered into by such buyer pursuant to HRS Section 514B-86; or

(iv) Such buyer has exercised such buyer's right to rescind the sales contract pursuant to HRS Section 514B-87.

9. Cancellation Fee; Cancellation of Sales Contract. Upon the occurrence of any event described in Sections 8 (a)(i) or 8(a)(ii) above or upon receipt of a written request for a refund from any buyer upon the occurrence of any event described in Sections 8(a)(iii) or 8(a)(iv) above, and unless such buyer has waived or has been deemed to have waived such buyer's right to a refund, Escrow shall deliver to such buyer all funds received from such buyer, less, if so specified in the sales contract entered into by such buyer, a cancellation fee to Escrow of not less than Two Hundred Fifty Dollars (\$250.00) per unit which is the subject matter of such sales contract. Upon such payment, said sales contract shall be deemed cancelled and any partially executed conveyance document theretofore delivered to Escrow shall be returned to the Developer; provided, however, that no refund shall be made to any buyer prior to Escrow giving the Developer written notice of Escrow's intention to make such refund.

EXHIBIT I

Summary of Pertinent Provisions of Waialua Beach Colony Declaration of Covenants, Conditions and Restrictions

1. Definitions. All terms used in this summary have the same meanings such terms are assigned in the CC&Rs.
2. Common Areas.
 - a. Community Rules. The manner in which the Common Areas may be used will be subject to the Community Rules as adopted by the Developer, and as the WBC Association may amend and promulgate from time to time, including, without limitation, rules and regulations which may restrict vehicular traffic on any paved surfaces therein to vehicles of a certain size; limit or prohibit bicycle or equestrian use; or restrict the times of use or operation.
 - b. Common Area Easements. The Owners of Lots and Units that are subject to Common Areas must not construct, install or make any improvement, or permit any condition to exist, on any portion of such Common Areas situated within such Owner's Lot or Unit which may prevent, obstruct, interfere or hinder the use of any part of such Common Areas for the intended purpose of such Common Areas without the prior written consent of the Board.
3. Dwelling Units Limited to Single Family Residences. Dwelling units on the Lots are be limited to Single Family Residences. The maximum number of Single Family Residences is two (2) on each of Lots 776-B and 776-C, and one (1) on Lot 776-A.
4. Prohibited Uses. No Owner, lessee, tenant, occupant, or other Person having any interest in a Lot may, directly or indirectly, use the Project or any part thereof for bed and breakfast establishments; boarding facilities, rooming, or lodging houses; multiple-family dwellings; group living facilities; the promotion or sale of time share interests, or sale, transfer or contribution to any membership club or plan; sales by auction or lottery; or for the operation of a tour or activity desk or any other business that directly or indirectly promotes the sale of time share interests; *provided, however*, that fractional ownership of a Lot or Unit by six Persons or less which does not constitute a Time Share Plan under Chapter 514E, HRS is permitted.
5. Refuse. Owners will dispose of all trash and refuse in the Refuse Facilities located on Common Area D, and will not maintain exterior refuse facilities on their Lots or the Limited Common Element Land Areas appurtenant to their Units.
6. Design and Construction of Improvements; Design Guidelines.
 - a. Design Guidelines.
 - i. Generally. The Design Guidelines, as the same may be modified, amended or otherwise changed governs the design and construction of all Single Family Residences, other improvements, and landscaping on the Land.
 - ii. Adoption and Amendment.
 - (1) The Developer has the right and authority to adopt Design Guidelines.

(2) The Design Committee may from time to time amend the Design Guidelines, including, without limitation, the procedures for review and approval of plans as set forth therein. A copy of all such amendments, as the same from time to time may be adopted, amended, or repealed, certified by the Design Committee, will be available at all times at the office of the WBC Association for inspection by any Owner, and any Architect or agent of such Owner.

(3) The Design Guidelines are intended to supplement the CC&Rs, and in the event of any conflict between any provision of the CC&Rs and the Design Guidelines, the CC&Rs govern and control.

iii. Developer's Reserved Right to Modify Design Guidelines. Developer reserves the right, to make reasonable modifications to the Design Guidelines to facilitate the planning and development of the Land for any of the following reasons:

(1) to comply with laws, ordinances, rules or regulations of the City and County of Honolulu or any administrative division thereof;

(2) as required by any City and County of Honolulu administrative agency or court having jurisdiction over the Land;

(3) as is reasonably necessary to satisfy engineering or architectural feasibility requirements of such development; and

(4) as necessary to implement Developer's intent in establishing such Design Guidelines.

7. Drainage.

a. Obligation of Owner to Keep Drainage Area Clear. Each Owner of any interest in a Lot or Unit must keep all Drainage Easements and Drainage Facilities located on such Lot or Unit free and unobstructed for the flowage of surface waters and in good repair, and if any Owner constructs any improvements, including driveways, within any Drainage Easement located on such Owner's Lot or Unit, the Owner must construct or install Drainage Facilities as may be required to permit the free flowage of waters through such Drainage Easement. No Owner may permit to be constructed on such Owner's Lot or Unit any improvements which will create a problem of flooding, erosion or interference with natural water flow or runoff damaging to such Owner's Lot, Unit or other adjacent properties, nor may any Owner fail to reasonably act so as to minimize runoff damage or interference with the natural flow of storm waters.

b. Obligation of Owner for Uncured Flood Damage. In the event any government agency, the WBC Association or Owner determines that any alteration and/or disturbance by any Owner of a Lot or Unit, resulted in increased flood damage to such Lot or Unit such Owner has full responsibility and liability for such increased flood damage and will indemnify the Developer, the Lot or Unit Owner and the WBC Association from and against all claims, demands, and complaints resulting therefrom.

c. Obligation of Owner for Failure of Drainage Facilities. In the event any government agency, the WBC Association determines that any action or inaction by another Owner resulted in any failure of any Drainage Facilities to operate as designed and/or any alteration of a Lot or Unit or construction of improvements on a Lot or Unit caused any injury or destruction, damage or harm to property, such other Owner will accept full responsibility and liability for such injury, damage and harm and will indemnify and defend the Developer and the WBC Association from and against all claims, demands, and complaints resulting therefrom including reasonable attorneys' fees.

8. Lateral and Subjacent Support. No Owner of any interest in a Lot or Unit may permit the existence of any condition on such Lot or Unit which would undermine the lateral and subjacent support of any adjoining or abutting Lot or Unit or any adjoining property and such other owner must indemnify and defend the owner of such Lot, Unit or adjoining property from and against all claims, demands, and complaints resulting therefrom including reasonable attorneys' fees.

9. Community Rules. The Community Rules constitute the rules and regulations of the WBC Association which govern the use of all Lots and Units. No Owner and no Owner's Guests may use or permit the use of any Lot or Unit in violation of the Community Rules.

10. Maintenance and Repair.

a. Removal of Trash, Debris. All Lots, Units and improvements thereon must be maintained by the Owner thereof in good and clean condition and repair, clear of all trash, rubbish and other debris.

b. Maintenance of Improvements, Landscaping. After the construction of any improvements and installation of landscaping on any Lot or Unit in accordance with plans and specifications approved by the Design Committee, such improvements and landscaping must be maintained in good and clean condition and repair in accordance with such approved plans and specifications.

c. Limitation on Tree, Plant Heights. All trees, shrubbery and other plants on any Lot or Unit must be kept at reasonable heights as contemplated by the original landscaping plans therefor, so as not to unreasonably obstruct views from other Lots or Units. Shrubby will generally be limited to a height of three feet (3') above ground level in order to maintain an open, spacious appearance of the Land.

11. Right of Developer to Conduct Sales Activities. Notwithstanding anything contained in the CC&Rs to the contrary, as long as any portion of any Lot is owned by the Developer or any of its Affiliates or designees, the Developer has the right to use such Lot(s) or Unit(s) for conducting extensive sales activities of Lots and Units including, without limitation, using such Lot or Unit for parking, signs, model units, sales and management offices, and other sales displays and activities.

12. Easements.

a. Easements in Common Area. Developer grants to each Owner and each Owner's family, lessees, tenants, guests, and invitees, a nonexclusive right and easement of use, access, and enjoyment of, in, and to the Common Areas.

b. Use of Common Areas. The Association has the right to use the Common Areas for repair, maintenance, upkeep and landscaping purposes and the Association may grant an Owner or Owners the exclusive right to use and maintain all or a portion of the Common Areas.

c. Lateral and Subjacent Support. Each Lot and Unit is subject to easements for the lateral and subjacent support of adjoining or abutting such Lot or Unit.

d. Easements for Installation and Maintenance of Infrastructure, and Landscaping.

i. Reservation of Easement. Developer reserves to itself, for so long as Developer owns any Lot or Unit, and grants to the WBC Association, perpetual, non-exclusive easements on the Land to the extent reasonably necessary for the purpose of the following:

(1) Installing utilities and infrastructure to serve the Lots and Units, including, but not limited to water systems, water reclamation facilities, waste water systems and facilities, cable and other systems for sending and receiving data and/or other electronic signals, security and similar systems, driveways, walkways, pathways and trails, drainage systems, irrigation systems, street lights and signage;

(2) Establishing and creating landscape, natural vegetation, open space, and view easements on portions of the Lots and Units owned by Developer or within Common Areas for the benefit of the Lots or Units or the Owners thereof;

(3) Inspecting, maintaining, repairing, and replacing the utilities, infrastructure, and other improvements; and

(4) Reading utility meters.

13. Developer's Right to Market and Sell Lots and Units. During the Development Period, Developer has the right and authority to construct such facilities and engage in such activities upon portions of the Common Areas or any part of the Land owned by Developer as Developer may determine are reasonably required, convenient, or incidental to the construction or sale of Lots and Units including, but not limited to, the construction and maintenance of business offices, signs, model units, and sales offices. Developer, and Developer's members, partners, employees, contractors, agents, guests, and invitees has easements for access to and use of such facilities at no charge.

14. Developer's Right to Develop Lots and Units. During the Development Period, Developer has the right and easement to engage in activities for the development of Lots and Units including, without limitation, cutting, grubbing, and grading such properties, construction activities, surcharging, and hauling from and to such properties.

15. Developer's Right to Dedicate Lots. Developer has the right and power, without having to obtain the consent or approval of the WBC Association, any Owner or any other Person, to grant or dedicate any Lot or Unit owned by Developer or constituting any portion of the Common Areas, to the State of Hawaii, the City and County of Honolulu, any Utility Company, or the WBC Association, and in connection therewith, Developer reserves the right to subdivide, and to consolidate and resubdivide, any Lot including the Common Areas in connection with the conveyance or dedication of a portion of such Lot to the City and County of Honolulu or State of Hawaii.

16. The WBC Association

a. Membership. Each Owner will be a Member of the WBC Association. A Person will cease being a Member when such Person no longer is an Owner. By acceptance of a deed of a Lot or a Unit, a Person acquiring title to such Lot or Unit will be deemed to have consented to becoming a member of the WBC Association and will remain a member so long as such Owner owns a Lot or Unit in the Project and have no right, power or authority to resign or otherwise relinquish such membership.

b. Board of Directors. The affairs of the WBC Association will be managed by the Board of Directors.

c. Owner Voting Rights. Each Lot has up to two (2) votes if such Lot has 2 residential Units. The Owner of each Unit on a Lot has one (1) vote. Each Lot which has not been submitted to a condominium property regime has one (1) vote.

d. Rights of Members. Each Member of the WBC Association, by virtue of such membership, has the right to use in common with all other Members, all Common Areas and other WBC Association Property, subject to the provisions of the CC&Rs, and the Community Rules.

e. Maintenance of WBC Association Property. The WBC Association is obligated to provide for the reasonable care, operation, management, maintenance, repair and replacement of WBC Association Property and the Common Areas. Without limiting the generality of the foregoing, said obligations shall include keeping WBC Association Property in good, clean, attractive and sanitary condition, order and repair; repairing wind and other damage caused by the elements; and making necessary or desirable alterations, additions, betterments or improvements to or on WBC Association Property.

f. Managing Agent. The WBC Association may, but shall not be required to employ a Managing Agent to manage all affairs of the WBC Association.

17. WBC Association Functions. The WBC Association may undertake or contract for any lawful activity, function or service for the benefit of its Members including the following:

a. Personal Property of WBC Association. The WBC Association may acquire and hold tangible and intangible personal property and may dispose of the same by sale or otherwise.

b. Real Property of WBC Association. The WBC Association shall accept fee simple title to, or a leasehold, subleasehold or easement interest in, all real property from time to time conveyed to it by or at the direction of Developer or by an Owner, provided that the WBC Association need not accept any such real property subject to any lien upon such real property securing or evidencing an obligation to pay money except a lien for non-delinquent real property taxes and assessments.

c. Enforcement of Rules. The WBC Association has the right to enforce any of the rules and regulations of the WBC Association and the obligations of any Member under the CC&Rs or any provision of the Articles or WBC By-Laws including the imposition of reasonable fines and penalties, and the imposition of reasonable restrictions on such Owner and if any such violation continues for a period of ten (10) days after written notice of such violation has been given to such Member, such continuing violation will be deemed to be a new violation and will be subject to the imposition of penalties.

d. Obligation to Maintain Drainage Facilities. The WBC Association will at all times, as a Common Expense, maintain, repair and keep in good condition and repair, all Drainage Facilities located within Common Areas of the Project.

e. Obligation to Maintain Water Facilities. The WBC Association shall at all times, as a Common Expense, maintain, repair and keep in good condition and repair, the individual water meters or sub-meters for the Lots and Units, and all Water Facilities located on WBC Association Property.

f. Obligation to Maintain Landscaping. The WBC Association will install and maintain all landscaping, grasses, trees, shrubs, vegetation, and other landscaping elements within the Common Areas of the Project unless such duties are delegated to an Owner.

g. Obligation to Maintain Common Utilities. The WBC Association will as a Common Expense, maintain the fire hydrants, irrigation equipment, and other utility facilities serving the Land which are located on the Common Areas.

18. WBC Association Assessments

a. Description of Assessments. The WBC Association may specifically authorize assessments from time to time. There shall be three types of Assessments:

- i. General Assessments to fund Common Expenses;
- ii. Supplementary Assessments; and
- iii. Special Assessments.

b. Owner's Covenant to Pay Assessments. Each Owner, by accepting a deed or entering into a recorded agreement of sale for the acquisition of any Lot or Unit will be deemed to have covenanted and agreed to pay Assessments as and when provided for under the CC&Rs.

c. Nature of Assessments. All Assessments and other charges, together with interest, late charges, costs of collection, and reasonable attorneys' fees, will be a charge and continuing lien upon each Lot or Unit against which the Assessment or charge is made until paid.

d. General Assessments. The WBC Association will prepare an annual budget covering the estimated general assessments for Common Expenses for the coming year.

i. Allocations. The total General Assessments for Common Expenses shall be divided among the Lots in proportion to the gross land area of such Lots. The General Assessments allocations shall be as follows:

Lot	General Assessment Allocation
776-A	16.76%
776-B	33.52%
776-C	49.72%
TOTAL	100.00%

ii. Accrual and Payment. General Assessments shall commence to accrue on all Lots and/or Units which are not exempt from Assessments and initially subject to the CC&Rs on the date which is the first day of the first calendar month following the conveyance of the first Lot or Unit to an Owner other than Developer, and shall be due and payable in such manner and on such schedule as the WBC Association may provide from time to time. General Assessments shall be adjusted for such Lots and Units according to the number of months then remaining in the then-fiscal year of the WBC Association.

e. Supplementary Assessments. In addition to other authorized Assessments, the WBC Association may levy Supplementary Assessments. Any such Supplementary Assessments shall be levied against all Lots and Units not exempt from Assessments equally.

f. Special Assessments. The WBC Association has the power to levy Special Assessments against any Lot or Unit not exempt from Assessments; *provided, however*, that the WBC Association shall give the Owner of such Lot(s) or Unit(s) prior written notice and a reasonable opportunity to provide evidence and reasons why such Owner should not be assessed any such Special Assessment before levying any Special Assessment, except Special Assessments levied.

g. Interest and Late Fees. The WBC Association has the right to charge interest (at a rate not to exceed any maximum permitted by law), and reasonable late fees in amounts established by the Board, for any Assessments which are not paid when due.

h. Lien for Assessments. The WBC Association has a lien against each Lot and Unit to secure payment of delinquent Assessments and other charges, as well as interest, late fees, attorneys' fees and other costs and expenses due to the WBC Association charged, and costs of collection and reasonable attorneys' fees. Such lien, when delinquent, may be enforced by suit, judgment, or foreclosure in the same manner as mortgages are foreclosed under the laws of the State of Hawaii.

i. Dispute By Owner.

i. Procedure for Contest. Any Owner may dispute the amount and/or validity of an Assessment claimed by the WBC Association in accordance with the following procedure:

(1) Owner's Request for Written Statement. Any Owner who disputes the amount of any Assessment on such Owner's Lot or Unit may request from the WBC Association, and the WBC Association shall provide, a written statement setting forth the following:

(a) the total amount of interest, late fees, lien filing fees, attorneys' fees and costs, if any, and any other charge included in the Assessment;

(b) that such Owner may submit the dispute regarding the amount or validity of the Assessment to mediation or arbitration, provided that the Owner has paid the Assessment in full and keeps the payment of Assessments current; and

(c) that payment in full of the Assessment does not prevent the Owner from contesting the Assessment or receiving a refund of amounts not owed.

(2) Mediation and Arbitration.

(a) An Owner who pays the WBC Association the full amount of the Assessment claimed by the WBC Association, including all interest, late fees, lien filing fees, attorneys' fees and costs, and any other charge billed to such Owner by the WBC Association, may submit the dispute concerning the amount or validity of the Assessment to mediation, or the Owner may file a demand for arbitration.

(b) If the Owner submits the dispute to mediation and the Owner and WBC Association shall fail to resolve the dispute through mediation, either party may seek to resolve such dispute by arbitration as provided in Chapter 658A, HRS, as amended.

(c) After the arbitration proceeding has been dismissed all amounts claimed by the WBC Association shall be due and payable in full, and such Owner shall not have the right to dispute the amount or validity of the Assessment which had been the subject of the mediation or arbitration proceeding.

EXHIBIT J

Summary of Pertinent Provisions of Waialua Beach Colony Design Guidelines

1. Definitions. All capitalized terms used in this summary shall have the same meaning such terms are assigned in the Design Guidelines.
2. Architect Required. All plans, from preliminary through final drawings and specifications for Single Family Residences, Secondary Structures and other improvements on Homesites, must be prepared by or under the direct and responsible supervision of an Architect licensed to practice architecture in the State of Hawaii. All plans must comply with the Building Code, Land Use Ordinance and other applicable laws, the Design Guidelines and any restrictions contained in the WBC Declaration.
3. Approvals Required. No improvement, excavation, or other site or building improvements may commence on a Homesite until such time as the Design Review Procedures have been satisfied.
4. Dwellings Limited to Single Family Residences. Only one (1) Single Family Residence per Homesite is permitted on a Homesite. For purposes of the Design Guidelines, "Single Family Residence" has the same meaning as used in the Land Use Ordinance of the City and County of Honolulu, as may be amended from time to time (the "Land Use Ordinance").
5. Design Aesthetics. Single Family Residence and Secondary Structure design is required to reflect historical architecture associated with Hawaii and the island lifestyle, climate, and natural beauty of the North Shore of Oahu. Single Family Residences must be designed to avoid the appearance of a "wall" when viewed from adjacent properties, and in furtherance of the foregoing should incorporate varied building heights, varied rooflines and projections. Landscaping should be used to soften the mass of the buildings.
6. Development Standards.
 - a. Compliance with Laws. All dwellings or improvements on a Homesite must comply with the provisions of the Land Use Ordinance and Building Codes, and with any other applicable federal, state, or county statute, ordinance or regulation.
 - b. Driveways, Walls. Driveways will be allowed within side yard setbacks. Fences and/or landscape walls of six (6') in height or less are allowed within side yard setbacks.
 - c. Shoreline Setbacks. Owners of Lots and/or Units situated within the State of Hawaii and City and County of Honolulu shoreline setback area must comply with all applicable State of Hawaii statutes and City and County of Honolulu rules, regulations and ordinances applicable to such area.
7. Single Family Residence Size.
 - a. Minimum Size of Single Family Residence. Any Single Family Residence constructed within Lot 776-C must have a minimum enclosed floor area of Two Thousand (2,000) square feet and may contain a minimum of two (2) bedrooms and two (2) baths.
 - b. Minimum Size of Single Family Residence on Other Homesites. Any Single Family Residence constructed within Lot 776-A or Lot 776-B must have a minimum enclosed floor area of One Thousand Six Hundred (1,600) square feet and contain a minimum of two (2) bedrooms and two (2) baths.

8. Single Family Residence Height. Building structure heights is governed by the Land Use Ordinance. Flat roofs are not allowed.

9. Dwelling Exterior Material and Colors.

a. Approved Materials. The following are approved materials:

i. Fir, redwood, or cedar siding, fastened with corrosion and stain-resistant metals. These may be rough-sawn, re-sawn, or smooth and stained with a semi-transparent or opaque finish or painted. Trim boards may be contrasting and stained or painted.

ii. Concrete plank siding, or formed concrete with a texture of board forming, form liners, washed or hammered, may be used, and sealer is recommended.

iii. Masonry may be exposed if textured and colored. Matching grout color is required. A stucco or plaster finish may be allowed if integral color or a paint finish are added. Stucco systems of the traditional variety are acceptable if textured and finished suitably. Synthetic stucco systems (Drivit, Sto, etc.) are not well adapted to the oceanfront environment and should not be used.

iv. Paint finishes, provided that such finishes must be composed of primer and two finish coats in all cases of materials, including wood, with the exception of semi-transparent stain finishes.

v. Cedar shingles.

vi. Copper trim and accents.

vii. Glass may be tinted but not reflective (mirror-like) in the visible spectrum. Applied tints may not create a mirror appearance as judged from the exterior.

viii. Window and door frames may be of wood, aluminum or vinyl. The vinyl must have integral color and finish; the aluminum must be an anodized or coated, color finish. Wood frames must be stained or painted, or have an integral impregnated finish. These selections will be judged by the Design Committee to be properly integrated in the overall design.

ix. Stone and brick of most types are allowable; however, samples of the exact type and its proposed installed appearance must be submitted for review. Non-indigenous or out-of-region stone (as, for example, Colorado River Rock) is not desired.

b. Prohibited Materials. The following materials are expressly not approved for use:

i. Factory manufactured "wallboards," vinyl sidings, and composite wall materials (except for concrete plank siding). Exterior plywood siding must be used very sparingly, if at all.

ii. No aluminum, plastic or canvas awnings may be erected.

iii. No accessory structures, such as covered lanais, playhouses, sheds, dog kennels or other animal enclosures, are permitted unless painted in colors complimentary to the main dwelling unit, and no such accessory structure may be constructed or made out of plastic, wire, chicken wire, chain link fencing material or unpainted reflective materials.

10. Roofs.

a. Approved roofing materials: clay, or color-impregnated concrete (not a top coat) tile, slate, copper, copper shingles, wood shingles (installed utilizing stainless steel fasteners), or other roofing materials of equivalent texture, quality and character may be approved when used appropriately with the design.

b. Roofing materials not approved for use: asphalt shingles, metal shingles, and composites are not acceptable. Metal roofs may be approved by the Design Committee on a case-by-case basis, provided that the finish is muted, and non-reflective, or is copper with an oxidized or patina finish.

c. Roof-mounted equipment, including solar panels and other protrusions, must be concealed from view of adjacent Lots and Units to the extent practical.

11. Exterior Glass and Glazing.

a. Recommended Materials:

- Glass-clear, smoke, or solar bronze-tinted glass.
- Frames-bronze colored metal frames, colored vinyl or wood frames.

b. Prohibited Material: Mirrored glass.

12. Air Conditioning. Only central air conditioning systems with internal ducting or split-system air conditioning systems are permitted. Wall or window mounted air-conditioning units are prohibited. Air conditioning systems must be sound treated to prevent noise nuisance.

13. Utilities.

a. Underground Installation. All utility service lines, wires, conduits, pipes and ducts, including those for electric, communications systems and networks, water and sanitary sewer service, must be underground.

b. Screening From View. Gas storage tanks, electrical transformers, mechanical equipment for irrigation, swimming pool and the like must be screened by landscaping or a wall enclosure shielded by landscaping.

c. Appearance Outside Homesite. Electric meters, panels and the like must be situated in an unobtrusive place when viewed from the street, the beach, adjacent properties, Lots or Units and Common Areas.

14. Trash Containers and Storage Areas. Refuse containers must be covered and screened completely from view of adjoining Units, the driveway, and other Common Areas.

15. Mail Boxes. The United States Postal Service will not deliver mail to the individual Single Family Residences. U.S. Mail boxes will be grouped together near the front entrance to the Project, in compliance with postal regulations.

16. Swimming Pools, Hydrotherapy Spas and Ponds.

a. Plan Submittal. Owners must submit plans for ponds, swimming pools and/or hydrotherapy spas to the Design Committee for written approval before starting construction. The design

and construction of such pools must adhere to any comments or requirements covered in the written approval.

b. Filters and Pumps. Filters and pumps must be sound-treated to prevent noise nuisance.

17. Fences and Walls.

a. Landscape Buffers, Walls and Fences. Landscaping buffers, walls and fences built along property lines are limited to six feet (6') and along Limited Common Element Land Area boundaries, may be no greater than three feet (3') high at any point, as measured from the top of the wall, fence or landscaping buffer to the existing or approved finished grade level at the nearest point on the property line.

b. Construction Materials. Fences and walls must be constructed of wood of a matching species, quality, and finish, or may be constructed of rock, stone, brick, or textured concrete or stucco, all finished with the same quality as the dwelling. No chain link or vinyl fence is allowed.

c. Finish Materials. Finish materials used for walls and fences along front property lines must be moss rock or Hawaiian picket fence.

18. Exterior Lighting. Exterior lighting must conform to City and County of Honolulu lighting ordinances. Flashing lights, unshielded lights and glaring lights adversely affecting neighboring properties are not permitted. Luau torches are permitted.

19. Signage. No signs may be erected except for the following:

- Address numbers
- Signs required by legal proceedings.
- Signs for sale of property.
- Construction sign which must be removed within fifteen (15) days of official Notice of Completion.

Signs may not exceed six (6) square feet in area.

20. Clotheslines. No outside clotheslines or other outside clothes drying or airing facilities or other outside laundering activities are permitted.

21. Landscaping.

a. Plants.

i. Minimum sizes of plant material at time of installation is as follows:

<u>Plant Material</u>	<u>Minimum Sizes</u>
Over canopy trees	12 feet height; two-story structures must at the time of planting, have palm trees equal to or higher than the

	structure's height, in a quantity sufficient to aesthetically blend roof and building mass to the site.
Under canopy trees	8 feet high. 5 feet spread and 2 inch caliper trunk minimum.
Coconut Palms	15 feet clear trunk height;
Palms	8 feet clear trunk
Vines and Shrubs	50% two and one-half (2 ½) gallon size, minimum 2 feet tall; 50% one (1) gallon size minimum;
Ground cover	Four (4) inch or one (1) gallon size pots. Ground cover must be planted in a matrix pattern to provide 100% mature coverage in six (6) months or less.

b. Landscape Plans. Landscape plans, prepared by an architect or a landscape architect duly licensed as such by the State of Hawaii or a landscape designer employed by a reputable landscaping contractor in the State of Hawaii, are required and must be approved in writing by the Design Committee.

c. Irrigation System. All Single Family Residences are required to have a Design Committee-approved automatically controlled irrigation system.

22. Wastewater Systems.

a. Design and Compliance with Laws. Each Owner is responsible for the design and installation of a wastewater system for such Owner's Homesite. All such systems must comply with State of Hawaii Department of Health requirements and all other governmental requirements.

b. System and House Size. Homesites must each have one (1) wastewater system located within the Lot or Limited Common Element Land Area for the Homesite. The State of Hawaii Department of Health requires one such wastewater system for every ten thousand (10,000) square feet of land area, and no more than five (5) bedrooms to be located within said 10,000 square feet. One Single Family Residence containing no more than five (5) bedrooms may be constructed on Lot 776-A.

23. Design Review Procedure.

a. Required Review.

i. Applicability. All development including major repair or renovation of buildings, structures, landscape, and other site work or improvements such as the installation of solar systems, is subject to review and approval by the Design Committee.

(1) Design Review Fees. The Design Review Application Fee is intended to cover all costs and expenses the Design Committee incurs in connection with the normal design review procedure. In the event that any of the following occurs in connection with an Owner's Design Review, the Owner will be billed and required to pay additional design review fees on an hourly basis for Design Committee time, and all fees of any consultants engaged by the Design Committee.

ii. Engagement of Architect, Consultants by Design Committee. The Design Committee may employ the services of architects (including, without limitation, landscape architects), engineers, or other consultants to render professional advice, and may pay a reasonable compensation for such services which compensation may be charged to an Owner who has submitted plans, specifications, or other materials requiring review by any such architect, engineer, or other consultant.

iii. Fees and Charges. The Design Committee has the right to charge and set the amount of reasonable fees for its review of any plans, specifications, and other materials required pursuant to the Design Guidelines, which will be charged to the Owner making such submission. Such fees may include a standard fee for normal design review processing and additional fees for Design Committee members' time, administrative expenses, fees payable to architects, engineers, or other consultants, and other costs and expenses, including, without limitation, reasonable attorney's fees incurred by the Design Committee in connection with its review.

b. Approval.

i. Plan Approval Drawings. The Design Committee will review and approve or disapprove the Plan Approval Drawings within thirty (30) days after all documents required have been delivered to the Committee and the Required Stakeout has been completed. Approval or disapproval may be delayed for up to thirty (30) additional days if the Design Committee notifies the Owner or Architect of the delay and the reasons for such delay within the original 30-day period.

ii. Final Construction Documents. No work may be commenced on any Unit until the Owner has delivered all Final Construction Documents to the Design Committee, and the Design Committee has reviewed such Documents to confirm that the Final Construction Documents are consistent with the Plan Approval Drawings. Any modifications to the previously approved Plan Approval Drawings will be appropriately noted in the submittal of the Final Construction Documents and may be subject to further review and approval by the Design Committee,

EXHIBIT K
Summary of Pertinent Provisions of Waialua Beach Colony
Developer Community Rules

1. Definitions. All capitalized terms used in this summary shall have the meaning such terms are assigned in the Community Rules.

2. Landscaping.

a. Each Lot and Unit must be fully landscaped in accordance with landscape plans approved by the Design Committee no later than three (3) months following the substantial completion of a Residence on such Lot or Unit.

b. All trees, shrubs, and other vegetation must be maintained or eradicated to prevent damage to sidewalks, driveways, curbs, walls, fences and other structures outside of or adjacent to a Lot or Unit, and to ensure that free and convenient use of sidewalks, pedestrian areas and trails are not impaired or obstructed. Vegetation and trees must not be in violation of landscape height limitations.

3. Use Restrictions.

a. Maintenance. Each Owner and Occupant of a Residence must at all times keep such Residence (including, without limitations, the interior of any Residence) in a strictly clean and sanitary condition, must keep the Lot or Unit in which such Residence is located neat and appropriately landscaped, and must observe and perform all laws, ordinances, rules, and regulations applicable to the use of Waialua Beach Colony now or hereafter made by any governmental authority or the Board.

b. Garage Doors. Garage doors must be kept closed when not in use.

c. Clotheslines. No outdoor clothesline may be erected anywhere in Waialua Beach Colony which is visible from outside any Unit's Limited Common Element Land Area or a Lot.

d. Trash Containers. Garbage cans, household supplies, trash, signs, notices, bills, advertising matter, or other such unsightly articles, are not to be visible from any point outside any Unit's Limited Common Element Land Area or a Lot on which they are located.

e. Lanais. Lanais may not be used for storage purposes of any kind. Brooms, mops, cartons, or other similar items are not to be kept on lanais. Only appropriate furniture and plants may be used and kept on lanais.

f. Window Coverings. All window coverings must conform to the color and style requirements of the Design Guidelines. No Owner of any Lot or Unit may install reflective material on the interior or exterior of any Residence windows.

g. Hazardous Materials. No Owner or Occupant may use, bring or keep, or allow the use, bringing or keeping of, any Hazardous Materials on or in any Residence, Lot, Unit, Limited Common Element Land Area or Common Area.

h. Explosives. No fireworks or other explosives are permitted at any time within Waialua Beach Colony.

i. Open Fires. No open fires are allowed, except that Owners may use barbecue grills, hibachis, or other similar open-fire cooking equipment.

4. Common Areas.

- a. Restrictions of Placement of Objects on Common Areas; No Obstructions. No vehicles, boats, trailers, golf carts, wheelbarrow, equipment or objects of any kind may be placed, stored or maintained on driveways, walkways or grounds on the Common Areas or otherwise obstruct transit through such Common Areas.
- b. No Smoking in Common Areas. Smoking is not permitted in the Common Areas.
- c. No Solicitation. No soliciting of goods, services, or religious activities is permitted within the Common Areas without the prior approval of the Board or Managing Agent.
- d. Liability for Damage to Common Areas. Damage to any Common Areas caused by an Owner, an Occupant or a tenant, guest or other invitee of such Owner or Occupant is the responsibility of the applicable Owner and must be repaired at the cost of such Owner.
- e. Disposal of Trash and Refuse. No refuse, garbage, or trash of any kind may be thrown, placed, or kept on any Common Areas outside of the disposal facilities provided for such purpose.

5. Parking; Motor Vehicles and Recreational Vehicles.

- a. Parking.
 - i. Common Area driveway parking is prohibited.
 - ii. No part of the Common Areas, Lots or Limited Common Element Land Areas may be used for parking, storing, repairing or maintaining Recreational Vehicles or stripped-down, wrecked or junked vehicles. All Recreational Vehicles must be parked inside of garages.
 - iii. Without limiting any other remedies available to the Board, Motor Vehicles parked in violation of the Community Rules will be towed after reasonable efforts to contact the person to whom the Motor Vehicle is registered. In addition, Owners may be assessed a fine of not less than One Hundred Dollars (\$100.00) for each day (or part of a day) that a Motor Vehicle belonging to that Owner or to an Occupant, tenant, guest or invitee of that Owner or the Owner's Residence is in violation of the Community Rules. Such fine and the costs of towing the violating Motor Vehicle may be assessed against the Owner and collected as a Special Assessment.
- b. Golf Carts. Golf carts may be used only on the driveway, and subject to the following restrictions:
 - i. Golf Carts must be electric-powered or operate at a decibel level no greater than the decibel level of an electric-powered golf cart.
 - ii. Golf carts may be operated only by persons who are at least 16 years of age, and hold a valid driver's license.
 - iii. Golf carts are limited to carts designed for use by not more than four (4) persons.
 - iv. Only golf carts equipped with headlights may be used after dark. Use of golf carts without headlights is permitted only during daylight hours.

v. Owners must comply with all signs, speed limits, parking restrictions, the terms and conditions set forth herein, and any other reasonable rules and regulations relating to the use of golf carts which may be promulgated by the Community Association from time to time.

c. Vehicle Condition. All Motor Vehicles used or parked must be licensed (if required by law), properly equipped and in good and safe operating condition suitable for safe travel on the public highways of the State of Hawaii; provided, however, that golf carts need not be suitable for safe travel on the public highways of the State of Hawaii.

d. No Vehicle Parking in Common Areas. All Motor Vehicles, including, without limitation, off-road vehicles, mountain or trail bikes, motorcycles, jeeps and other four-wheel drive vehicles are prohibited from parking in the Common Areas.

e. Speed Limits. The speed limit is five (5) miles per hour.

f. Skateboards, Roller Skates and Roller Blades. The use of skateboards, roller skates and roller blades ("in-line skates") are strictly prohibited on any and all Common Areas.

6. Refuse. All garbage must be wrapped or bagged. Refuse receptacles must not be visible from any point outside of any Lot or a Unit's Limited Common Element Land Area, and must be placed in an area which is reasonably accessible to maintenance personnel. All housings, screenings, or enclosures for refuse receptacles must be approved in writing by the Design Committee prior to the commencement of construction thereof.

7. Signs. No signs, posters, signals or lettering may be inscribed or exposed without the prior written consent of the Board. "For Sale" signs may not be placed on any Lot or Unit's Limited Common Element Land Area or a Lot without such consent and no consent will be granted until all Lots or Units have been conveyed by Developer to third parties.

8. Animals.

a. General Restriction on Animals. No livestock, poultry, or other animals whatsoever are allowed or may be kept, except as follows:

i. Dogs, cats, or other typical household pets (each referred to hereinafter as a "pet" and more than one as "pets"), may be kept by Owners and Occupants within their respective Residences, Lots, Units and Limited Common Element Land Areas.

ii. No more than two (2) pets per Residence are allowed without the express consent of the Board.

b. No Pests. No pests, as designated by or pursuant to §150A-2, HRS or prohibited from importation under §141-2, §150A-5, or §150A-6, HRS, may be kept.

c. No Animals for Commercial Purposes. No animals may be kept, bred, or used for any commercial purpose.

d. Service Animals. Notwithstanding any provision to the contrary contained herein, certified guide dogs (as defined below) and signal dogs (as defined below) and other animals trained to provide assistance with life activities of persons who are limited by disability (hereinafter collectively referred to as "service animals") are permitted.

9. Noise. The level of noise emanating from any Lot or Unit, as measured from any boundary of such Lot or Unit Limited Common Element Land Area and may not exceed the most restrictive of:

a. The maximum noise level for single family residential districts under County ordinances.

b. The maximum noise level permitted is limited to the following levels:

i. From 7:00 a.m. to 10:00 p.m.: a maximum noise level of 55 decibels at the "A" level; and

ii. From 10:00 p.m. to 7:00 a.m.: a maximum noise level of 45 decibels at the "A" level.

10. Decorations. No portion of any Residence, Lot or Unit's Limited Common Element Land Area visible from any point outside of said Residence, Lot or Unit's Limited Common Element Land Area may be decorated, except in accordance with standards established by the Board or specific plans approved in writing by the Board. Reasonable holiday decorations may be displayed during the appropriate holiday periods.

11. Children and Guests of Owners. Parents are required to direct and control the activities of their children under the age of sixteen (16) years. Owners will be responsible for violations of the Community Rules and for damage caused by an Owner's children, or by children who are guests or the children of Occupants, using the Common Areas through them or Occupants of their Residence, whether the Owners are present or not. For safety reasons, all guests under the age of sixteen (16) must be accompanied in Common Areas by an adult Owner or Occupant at all times.