

IMPORTANT - - Read This Developer Prepared Report Before Buying

This Report Is Not a Commission Approval or Disapproval of This Condominium Project

DEVELOPER'S PUBLIC REPORT FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	TK RESORT CONDOMINIUM
Project Address	[TBD] Ala 'Oli Way Lihue, Hawaii 96766
Registration Number	7899
Effective Date of Report	December 23, 2016
Developer(s)	Tower Kauai Lagoons 9B, 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 - - Significant Matters

[Use this page for special or significant matters which should be brought to the purchaser's attention. At minimum "Subject Headings" and page numbers where the subject is explained more may be used.]

The developer's inclusion of a disclosure or an explanation of any or all of the following applicable significant matters in this part of the developer's public report shall not be construed to constitute the Commission's:

- **Approval or disapproval of the project;**
- **Representation that the developer has fully or adequately disclosed either all material facts or all pertinent changes, or both, concerning the project;**
- **Representation that the developer's disclosures of other material facts elsewhere in this report is less important; or**
- **Judgment of the value or merits of the project.**

The commission reserves the right to request that the developer include these special and significant matters elsewhere in the developer's public report.

Project Overview

Purchasers who buy condominium units covered by this Public Report should know that timeshare and vacation club operations are a significant part of the TK Resort Condominium project (the "Project"). Of the 50 total units in the Project, 25 units will be part of the timeshare and vacation club operations.

The Project is comprised of the following components:

- 22 Resort Apartments that have not been submitted to a timeshare plan
 - 22 Of these Resort Apartments are covered by this Public Report
 - 25 Club Units, which are Resort Apartments that have been submitted to a timeshare plan and which are also covered by this Public Report.
 - 3 Commercial Apartments that are owned by the Developer and are used for various commercial purposes (see item 2 below)
1. **Units Covered by this Public Report.** This Developer's Public Report for a Condominium (this "Public Report") covers 50 units in the Project. The units covered by this Public Report are identified in Exhibits A and E of this Public Report and are sometimes specifically referred to in this Public Report as the "Units" or generally referred to as "apartments". All of the Units covered by this Public Report are located in Buildings A, B, and C of the Project, as shown on the Condominium Map (the "Condominium Map").
 2. **Units Not Covered by this Public Report.** Of the 50 Resort Apartments, 25 were or shall be submitted to a timeshare plan under Chapter 514E of Hawaii Revised Statutes, meaning that these 25 Resort Apartments are to be sold and used for timeshare purposes. These 25 Resort Apartments are referred to as "Club Units" in the Declaration of Condominium Property Regime of TK Resort Condominium, dated June 2, 2016, and recorded in the Bureau as Document No. A-60090448 (the "Declaration"). To the extent that said time-share units may be taken out of time-share, they are covered by this Public Report. All of the Club Units are located in Buildings A and B of the Project, as shown on the Condominium Map. The 3 Commercial Apartments (comprised of the Management Unit, Restaurant Unit and Spa Unit) are described in the Declaration, are shown on the Condominium Map and are not covered by this Public Report.
 3. **Control of the Board; Amending the Project Documents.** The Developer currently owns units in the Project representing 100% of the Project's common interest. Based on the Developer's current level of ownership in the Project, (a) the Developer would be able to elect a majority of the members of the Association's 3-person board of directors, and (b) no amendment to the Project's Declaration or Bylaws could be made without the Developer's approval.

4. **No Financing Contingency; Deposits at Risk.** If Purchaser will pay any portion of the Unit's purchase price by way of a loan from a mortgage lender, then Purchaser must be aware that Purchaser's obligations under the Sales Contract are not subject to or contingent or conditioned on Purchaser's ability to secure financing from a mortgage lender. In other words, there is no financing contingency for Purchaser and Purchaser's deposit is at risk if financing is not obtained.

If Purchaser has waived its right to cancel the Sales Contract, but then fails to obtain financing needed to close on the purchase the Unit, then Purchaser will be in default under the Sales Contract. In the event of such default, Purchaser may lose the deposit it made for the purchase of the Unit.

5. **No Warranties; Inspection Recommended.** Units are being sold by the Developer as completed dwellings, ready for occupancy. The Developer makes no warranties whatsoever with respect to the physical condition of the Units or with respect to any appliances or other items included in the Units with the exception of those warranties set forth in the Sales Contract. For those reasons, it is recommended that Purchasers have the condition of their Units and the appliances in their Units professionally inspected before they waive their right to cancel their Sales Contract.
6. **Maintenance Fee Estimates Are Expected to Change.** Purchasers should note that the maintenance fee estimates reflected in Exhibit J of this Public Report are expected to change from time to time.
7. **Allocation of Common Expenses for Determination of Maintenance Fees.** See Section 4.2 on pages 12 and Exhibit J for a disclosure relating to how the common expenses of the Project are allocated among the various Unit owners. It is important to note that at present, Commercial Apartments are assigned an ownership percentage for participation purposes, but are not assessed any Maintenance Fees. Maintenance Fees are shared exclusively among the non-Commercial Units. The Board does retain the right, as set forth in the Declaration, to charge Commercial Units Maintenance Fees based on square footage, occupancy, or such other reasonable factors as the Board may determine.
8. **Condominium Management Agreement.** On [date] , Timbers Hawaii Real Estate, LLC ("Timbers") and the Association entered into a Condominium Management Agreement that requires Timbers to provide the Association with certain management services (the "Condominium Management Agreement"). The services to be provided by Timbers are described in Article 3 of the Management Agreement, which services include maintenance of the common elements at a quality level that is no less than the Five Diamond Standard as referenced in the Declaration. The Condominium Management Agreement may remain in effect for as long as 20 years, provided that the Condominium Management Agreement may be terminated earlier on certain conditions set forth therein, which conditions include, but are not limited to, a default by either party to the Condominium Management Agreement, failure of the Association to fund an approved budget, and failure of the Association to take actions, including approving a budget that will allow Timbers to perform its services in accordance with the standards

applicable to the Timbers branded properties, and provided further that the Condominium Management Agreement is subject to and may be terminated pursuant to the provisions of H.R.S. §514B-135. Among the services to be provided by Timbers are the development and management of the budget for the Project, including any capital improvements approved by the Association's board of directors, the preparation of all financial reporting and the management of all billings and collections. A draft copy of the Condominium Management Agreement has been submitted to the Real Estate Commission and is available from the Developer upon request. Purchasers are advised to review the Condominium Management Agreement.

9. **Disclaimers.**

- a. The Project and the Resort Apartments located within the Project are not owned, developed, or sold by Timbers. Other than its certification in Exhibit J of this Public Report, Timbers does not make any representations, warranties or guaranties with respect to the development of the Resort Apartments, the Project or any part thereof.
- b. The Developer uses the Timbers brand name and certain Timbers trademarks (collectively, the "Operator Trademarks") in connection with the sales and marketing of the Project's Resort Apartments under a limited, non-exclusive, non-transferable and non-sublicensable license from Timbers. The foregoing license may be terminated or may expire without renewal, in which case neither the Resort Apartments nor any part of the Project will be identified as a Timbers-branded project or have any rights to use the Operator Trademarks.

10. **Developer's Improvements to the Project.** The Developer (through its general contractor, Layton Construction Company LLC (CT-34753), is currently constructing the Project. It is anticipated that those improvements will be substantially complete by the end of May 2018.

11. **Permitted Uses for the Units.** The Units covered by this Public Report may be (A) used for residential purposes, and (B) rented or leased on a short-term or long-term basis, subject to the provisions and restrictions set forth in Section VIII(I) of the Declaration. All other uses of the Units are expressly prohibited.

12. **Timeshare is Expressly Permitted for Club Units.** Purchasers are advised that **TIMESHARE, TRANSIENT VACATION RENTAL AND NON-EQUITY CLUB USE ARE EXPRESSLY PERMITTED** for the Club Units. Provided, however, the Units being acquired by Purchasers cannot be used, marketed or advertised under any Non-Equity Club, destination club, private residence club, tenancy-in-common occupancy arrangements, vacation ownership program, timeshare program or other similar use or marketing program without the express prior written approval of Developer. Accordingly, the Project will be comprised of multiple types of uses and occupants.

13. **Access to Certain Services.** Access to certain services may be limited to owners or occupants who are either fee owners or who rent any unit (Resort or Club) through Developer, Timbers or its affiliates.
14. **The Hokualea Club.** The Hokualea Club is a non-proprietary, non-voting resort membership club located within the Hokualea Resort community. The facilities of The Hokualea Club, which may include golf, tennis, beach and swimming facilities among others, are currently owned by Tower Kauai Lagoons LLC, a Delaware limited liability company, or its subsidiaries (the "Hokualea Club Owner"). The Hokualea Club is currently operated by Timbers Kauai Management LLC, a Hawaii limited liability company (the "Operator"). Various types of memberships may be offered in The Hokualea Club. Memberships in the Hokualea Club are offered pursuant to, and are governed by a Membership Plan, Rules and Regulations and Membership Agreement as the same may be amended from time to time (collectively the "Membership Documents").

Each Owner of a Resort Apartment, including Owners of interests in Club Units, subject to approval for membership, is required to acquire at least a "resident membership" in The Hokualea Club and maintain a membership in the Hokualea Club for so long as said Owner owns a Resort Apartment or an interest therein. For initial purchases of the Resort Apartments from the Developer, the required membership fee shall be included in the purchase price of the Apartment only if separately enumerated in the purchase contract or closing statement for such Resort Apartment. Subsequent purchasers of any Resort Apartment or interest therein shall be required to arrange for the purchase of the requisite membership in the Hokualea Club concurrent with closing of their acquisition of said Resort Apartment or interest therein, subject to the membership documents of the Hokualea Club.

The annual assessments levied for membership in the Hokualea Club may, at the discretion of the Board of Directors of the Association, be included in annual dues and assessments of the Association. If it is not, an Owner shall be required to separately pay for such annual assessment as and when due to the Hokualea Club pursuant to the rules of the Hokualea Club, as amended from time to time. To the extent Hokualea Club assessments are included in the Association's annual Common Expenses, such amount shall be treated as a Charge due to the Association and subject to all rights of collection, lien and assessment afforded to the Association by this Declaration or applicable law.

The amenities offered by the Hokualea Club may change from time-to-time at the sole discretion of the Hokualea Club Owner and the Operator, and the annual assessments for the Hokualea Club shall be set at the sole discretion of the Hokualea Club Owner and/or Operator.

MEMBERSHIP IN THE HOKUALA CLUB DOES NOT NECESSARILY ENTITLE PURCHASERS TO USE ALL OF THE RESORT FACILITIES OF THE RESORT COMMUNITY. FURTHER, THE HOKUALA CLUB AMENITIES AND BENEFITS AVAILABLE FOR PURCHASER'S USE MAY CHANGE OVER TIME.

As set forth in the Declaration, membership in The Hokuala Club and use of the facilities that are part of The Hokuala Club shall be subject to the terms of various documents.

15. **Easements.** Certain easements for various purposes have been granted in favor of the public and others, including the Association. The easements encumbering the Project are reflected in Exhibit H to this Public Report. Certain other easements affecting the Project have been recorded and are reflected in Exhibit H to this Public Report.
16. **Affiliations.** The Developer and the Manager and the sales entities are affiliated entities by virtue of sharing either a common corporate parent, common executive level control, common majority ownership, or a combination of the foregoing. All sales will be offered by Timbers Hawaii Real Estate LLC and its agents.

As the Developer and Plan Manager are affiliated entities, there is the potential for conflicts of interest. For example, there is the potential that the Manager could be viewed as favoring the Developer or the Developer's Unit or Unit maintenance. Furthermore, while the Developer controls the Board, it may be construed that the Board's actions could favor the Developer. These conflicts are unlikely to arise for the following reasons: First, the Board is governed by both the Declaration and statutory provisions that impose a level of fiduciary responsibility upon it to act in the best interest of all Owners, irrespective of affiliation. Second, the Association retains the Manager pursuant to a management contract that imposes a similar duty for the Manager to act in the best interest of the Association and all Owners as a collective. Finally, any decision or action of the Manager or Developer that impacts Owners will impact the Developer on a pro-rata basis to the extent that the Developer retains ownership of any Unit.

17. **Master Association.** The Association is within a development governed by those certain Declaration of Covenants, Conditions and Restrictions for Kauai Lagoons, dated March 14, 2008, recorded at the Bureau as Document No. 2008-040613, as may be amended or restated from time to time. The Master Declaration establishes and governs a master community which shall be referred to as the "Master Association." The Master Association governs the general development and appearance of land surrounding the Association including, but not limited to, lagoons, a golf course, commercial areas, and other areas to be developed as common or private properties. As a member of the Association, Owners agree to be bound by the terms and conditions of the Master Declaration, as amended from time to time provided, however, that any dues owed to the Master Association shall be collected as part of Maintenance Fees assessed to Owners by the Association.

TABLE OF CONTENTS

	<u>Page</u>
Preparation of this Report.....	1
General Information On Condominiums.....	2
Operation of the Condominium Project.....	2
1. THE CONDOMINIUM PROJECT.....	3
1.1 The Underlying Land.....	3
1.2 Buildings and Other Improvements.....	3
1.3 Unit Types and Sizes of Units.....	3
1.4 Parking Stalls.....	4
1.5 Boundaries of the Units.....	4
1.6 Permitted Alterations to the Units	4
1.7 Common Interest.....	4
1.8 Recreational and Other Common Facilities.....	4
1.9 Common Elements.....	5
1.10 Limited Common Elements.....	5
1.11 Special Use Restrictions	5
1.12 Encumbrances Against Title.....	5
1.13 Uses Permitted by Zoning and Zoning Compliance Matters	6
1.14 Other Zoning Compliance Matters.....	6
1.15 Conversions	7
1.16 Project In Agricultural District.....	8
1.17 Project with Assisted Living Facility.....	8
2. PERSONS CONNECTED WITH THE PROJECT.....	9
2.1 Developer.....	9
2.2 Real Estate Broker.....	9
2.3 Escrow Depository.....	9
2.4 General Contractor.....	9
2.5 Condominium Managing Agent.....	9
2.6 Attorney for Developer	9
3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS	10
3.1 Declaration of Condominium Property Regime	10
3.2 Bylaws of the Association of Unit Owners	10
3.3 Condominium Map.....	10
3.4 House Rules.....	11
3.5 Changes to the Condominium Documents.....	11
3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents.....	11
4. CONDOMINIUM MANAGEMENT.....	12
4.1 Management of the Common Elements	12
4.2 Estimate of the Initial Maintenance Fees.....	12
4.3 Utility Charges to be Included in the Maintenance Fee.....	12
4.4 Utilities to be Separately Billed to Unit Owner	12
5. SALES DOCUMENTS.....	13
5.1 Sales Documents Filed with the Real Estate Commission.....	13
5.2 Sales to Owner-Occupants.....	13
5.3 Blanket Liens.....	13
5.4 Construction Warranties	13
5.5 Status of Construction, Date of Completion or Estimated Date of Completion.....	14

TABLE OF CONTENTS

	Page
5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance	14
5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance.....	14
5.6.2 Purchaser Deposits Will Be Disbursed Before Closing.....	15
5.7 Rights Under the Sales Contract	17
5.8 Purchaser's Right to Cancel or Rescind a Sales Contract	17
5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract.....	17
5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed.....	18
5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change	18
6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT.....	19
EXHIBIT A:	Apartment Numbers, Types and Sizes
EXHIBIT B:	Parking Stall Assignments for Apartments
EXHIBIT C:	Boundaries of each Apartment
EXHIBIT D:	Permitted Alterations to Apartments
EXHIBIT E:	Common Interests for Apartments
EXHIBIT F:	Common Elements
EXHIBIT G:	Limited Common Elements
EXHIBIT H:	Encumbrances Against Title
EXHIBIT I:	Rights Reserved by Developer
EXHIBIT J:	Estimates of Maintenance Fees for Apartments
EXHIBIT K:	Summary of Purchase Agreement
EXHIBIT L:	Summary of Escrow Agreement

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	[TBD] Ala `Oli Way Lihue, Hawaii 96766
Address of Project is expected to change because	Final address confirmation with United States Postal Service
Tax Map Key (TMK)	(4) 3-5-001:216 and 217
Tax Map Key is expected to change because	
Land Area	9.712 acres
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	3
Floors Per Building	2 - 4
Number of New Building(s)	3
Number of Converted Building(s)	0
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, steel, glass, masonry

1.3 Unit Types and Sizes of Units

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

50	Total Number of Units
----	------------------------------

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

1.4 Parking Stalls

Total Parking Stall in the Project:	88 + 14 surface stalls
Number of Guest Stalls in the Project:	38 + 14 surface stalls
Number of Parking Stalls Assigned to Each Unit:	1
Attach Exhibit <u>B</u> 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. All parking is part of the Limited Common Element appurtenant to the Management Unit. Owners shall receive a license to use a parking stall, but not fee title to the same.	

1.5 Boundaries of the Units

Boundaries of the unit:
See Exhibit C.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):
See Exhibit D.

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 E.

As follows:

See Exhibit "E." Purchasers should note that the Common Interest for voting may differ from the common interest for assessment purposes as Commercial Units may not be responsible for assessments.

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

<input checked="" type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input checked="" type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input checked="" type="checkbox"/>	Recreation Area
<input checked="" type="checkbox"/>	Trash Chute/Enclosure(s)
<input checked="" 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 F.

Described as follows:

See Exhibit F

Common Element	Number
Elevators	3
Stairways	5
Trash Chutes	1

1.10 Limited Common Elements

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

Described in Exhibit G.

Described as follows:

See Exhibit G

1.11 Special Use Restrictions

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

<input checked="" type="checkbox"/>	Pets: See page 5a.
<input checked="" type="checkbox"/>	Number of Occupants: See page 5a.
<input checked="" type="checkbox"/>	Other: Timesharing, vacation clubs and fractional ownership programs are prohibited.
<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 H describes the encumbrances against title contained in the title report described below.

Date of the title report: June 9, 2016

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

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input checked="" type="checkbox"/>	Residential	22	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	RR-20
<input checked="" type="checkbox"/>	Commercial	3	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	RR-20
<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 checked="" type="checkbox"/>	Timeshare	25	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	RR-20
<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 type="checkbox"/>	Other (Specify):		<input type="checkbox"/> Yes <input type="checkbox"/> No	
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 style="text-align: center;">or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>	
<p>Other disclosures and information:</p>	

1.16 Project In Agricultural District

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 checked="" 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: Tower Kauai Lagoons 9B, LLC Business Address: 3351 Hoolaulea Way Lihue, HI 96756 Business Phone Number : (808) 241-6044 E-mail Address: mcuthbertson@timbersresorts.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: Tower Kauai Lagoons, LLC Tower Kauai Lagoons, LLC Manager: Derek Smith Manager: Taejo Kim Manager: Edward Bushor
2.2 Real Estate Broker	Name: Timbers Hawaii Real Estate LLC Business Address: 201 Main St., Ste. 202 Carbondale, CO 81623 Business Phone Number: (808) 241-6044 E-mail Address: mcuthbertson@timbersresort.com
2.3 Escrow Depository	Name: Title Guaranty Escrow Services / Attn: Barbara Paulo Business Address: P.O. Box 1678 Honolulu, Hawaii 96806 Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: Layton Construction Company LLC Business Address: 4463 Pahee St., Ste. 210 Lihue, HI 96766 Business Phone Number: (808) 245-8680
2.5 Condominium Managing Agent	Name: Timbers Hawaii Real Estate LLC Business Address: 201 Main St., Ste. 202 Carbondale, CO 81623 Business Phone Number: (808) 241-6044
2.6 Attorney for Developer	Name: Merchant Horovitz LLLC / Attn: Peter Horovitz, Esq. Business Address: 2145 Wells Street, Suite 303 Wailuku, Hawaii 96793 Business Phone Number: (808)242-5700

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	June 2, 2016	A-60090448

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	December 15, 2016	A-61990858

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	June 2, 2016	A-60090449

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	December 14, 2016	A-61930822

3.3 Condominium Map

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

Land Court Map Number	
Bureau of Conveyances Map Number	5545
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

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

The House Rules for this project:

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

3.5 Changes to the Condominium Documents

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

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

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

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

4.2 Estimate of the Initial Maintenance Fees

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

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

4.3 Utility Charges to be Included in the Maintenance Fee

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

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 checked="" type="checkbox"/>	Other (specify) Local phone service included, long distance calling paid by unit owners

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u> K </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: June 22, 2016 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u> L </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 checked="" type="checkbox"/>	There are <u>no</u> blanket liens affecting title to the individual units.
<input type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements:

One (1) year limited warranty for materials and workmanship incorporated into a given Unit measured from the date of substantial completion of the Unit

Appliances:

All manufacturers warranties will be assigned to purchaser at closing.

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

Status of Construction: In progress. Estimated Completion is July 30, 2017
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: February 1, 2018
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

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

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>
-------------------------------------	--

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 checked="" type="checkbox"/></p>	<p>The Developer has not submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</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: Management Agreement

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

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

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

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

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

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

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

- (1) The purchaser has signed the sales contract.
- (2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.
- (3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.
- (4) The purchaser does at least one of the following:
 - (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

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

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. **Project in Flood Zone.** Purchasers should be aware that according to Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) Community Panel No. 1500020328F and 1500020329F, both dated November 26, 2010, all proposed building structures within the Project are located within Zone X (an area determined to be outside the 0.2% annual chance floodplain). Purchasers should consult with their insurance agents and mortgagees, if any, for insurance requirements.
2. **SMA and Other Permits.** Purchasers should be aware that the Project falls within the shoreline setback area and special management area, and, as such, construction of improvements within such areas may require the approval of the County of Kauai and/or other governmental agencies or departments. The Project is currently subject to Special Management Area Use Permit SMA (U)-2005-8, Project Development Use Permit U-2005-26, Use Permit U-2005-25 and Class IV Zoning Permit Z-IV-2005-30. For further details, refer to said permits.
3. **Utilities.** The Association receives bulk billings from the electric, water and sewer service providers covering services provided both to the common elements of the Project and to the individual apartment units. Accordingly, the Association shall, in turn, assess individual owners for the electric, gas, water and sewer expenses attributable to their respective Units in billings that shall be separate and apart from each owner's normal maintenance fee assessments.

The cost of refuse and recycling collection is included in the maintenance fees.

4. **Condominium Living.** In any multi-family building, sound may be audible between units. Due to the proximity of one unit to another and of units to common elements, various noises and vibrations inherent in the occupancy of a unit within a multi-family condominium project (including plumbing, elevator operation, use of the trash chutes, adjacent neighbors, wind-related noises and other types of noises) may result, to which certain occupants may be especially sensitive and which may prove a nuisance for some. There is also the possibility of smells (e.g., barbecue odors, other cooking odors, perfumes, and other odors), smoke (from tobacco and other smoking substances), fumes and other nuisances being transmitted between units and from the common elements.
5. **Mold.** Mold and mold spores are present throughout the environment and the process of constructing dwellings is not, and cannot be, designed to exclude mold spores. If the growing conditions are favorable, mold can grow in the Unit. Once the Purchaser takes ownership of the Unit, the Purchaser shall assume responsibility for taking appropriate steps to reduce or eliminate mold growth in the Unit.

6. **Views Not Assured.** Each Purchaser acknowledges and agrees that the Developer has made no, and makes no, representations or warranties with respect to the presence or continued existence of any views or view planes from any portion of the Project or any Unit, and further understands and acknowledges (a) that the future development of land adjacent to or in the immediate vicinity of the Project may have a detrimental effect on the views from the Units and from other parts of the Project, (b) that there are no view easements or rights appurtenant to the Units or the Project, and (c) that views from the Units and the Project are not assured in any way.
7. **Dispute Resolution; Arbitration.** As set forth in the sales contract that Purchaser will sign to purchase the Unit, in the event of any controversy or claim arising out of, or related to, the Declaration or to any alleged construction or design defects pertaining to the Unit, the common elements or to other improvements in the Project ("dispute"), if the dispute cannot be resolved by negotiation, then the parties to the dispute shall submit the dispute to mediation. If the dispute is not resolved through mediation, then the dispute shall be resolved by arbitration pursuant to the Declaration and the then-current rules and supervision of JAMS. By signing a sales contract for a Unit and/or by taking title to a Unit, the Purchaser is agreeing to submit disputes to binding arbitration, and is voluntarily, knowingly and intelligently waiving and giving up any rights the Purchaser may possess to litigate such disputes in a court or by jury trial.
8. **Developer's Right to Change Documents.** The Developer reserves the right to amend the Declaration (including the Condominium Map), the Bylaws of Association of Apartment Owners of TK Resort Condominium, and the Project Rules and other documents for certain reasons and subject to certain limitations, as set forth in each of those respective documents. See Exhibit I for detailed information.
9. **Developer Makes No Promises or Warranty About the Amount of Maintenance Fees.** By signing a Sales Contract, Purchaser will be representing and agreeing that Purchaser has had an opportunity to examine and has approved the monthly maintenance fees and assessments for the Purchaser's Unit, as shown in this Public Report. Purchaser is aware that such amounts may change for reasons beyond the control of the Developer. Purchaser is also aware that such fees do not include Purchaser's obligation for payment of real property taxes or for utilities billed directly to Purchaser.
10. **Developer Makes No Representations or Promises About Rentals or Other Economic Benefits.** By signing a sales contract, Purchaser will be agreeing that neither Developer nor any salesperson or other person affiliated with or in any way related to Developer has talked to Purchaser at all about any rental income or rental, management or sales services for Purchaser's Unit. If Purchaser wants to rent or sell the Unit, then Purchaser will have to decide how to do that. Purchaser will also be agreeing that neither Developer nor any salesperson or other person affiliated with or in any way related to Developer has talked to Purchaser at all about income from the Unit or any other economic benefit to be derived from the purchase or ownership of the Unit or about the tax effects of buying the Unit. Purchaser is advised to contact his or her own advisers on all such matters.

11. **Airplane Noise.** The Project is located within reasonable proximity of Lihue airport. The relevant governmental approvals provide that “no residential condominium, or hotel units shall be constructed within areas greater than the 60 DNL noise contour of Lihue Airport; provided, however, that such uses may be permitted within the 60 to 65 DNL noise contours, if there is accompanying mitigation of interior noise to the 45 DNL noise level.” While the project fully complies with the above limitations, Purchasers should nonetheless understand that given the proximity to Lihue Airport, aircraft noise cannot fully be eliminated.
12. **Resort Affiliation Agreement.** An affiliate of Managing Agent, Timbers Exchange, LLC, has entered into a Resort Affiliation Agreement with the Association (the “**TRP Affiliation Agreement**”) through which Purchaser shall have an opportunity to participate in a trading and exchange program known as the “**Timbers Reciprocity Program**.” Purchaser acknowledges that Purchaser has received a copy of the Guidelines and Disclosure Statement explaining the Timbers Reciprocity Program (the “**TRP Guidelines**”). If Purchaser desires to participate in the Timbers Reciprocity Program, Purchaser may, following Closing, register on-line at www.collectionmembers.com or call (877) 877-4405 for assistance in registration or for more information. The initiation fee will be waived for Purchaser if Purchaser elects to participate in the Timbers Reciprocity Program, but facilitation fees, which are currently set at USD \$250.00 per exchange, will thereafter be due and payable at the time each exchange is actually made, as further described in the TRP Guidelines. TRP members are also responsible for incidentals, personal service charges and housekeeping fees at the properties they visit. In the event Purchaser resells its Unit in the future, the transferee will be required to pay the then-applicable transfer fee (currently set at USD \$3,500.00) if the transferee desires to participate in the Timbers Reciprocity Program. If the Purchaser resells its Unit by retaining a resale broker that is not approved by the Managing Agent, however, the interested transferee will be required to pay the then-applicable TRP initiation fee (currently set at USD \$35,000.00). Fees may be amended or modified in the future as set forth in the TRP Guidelines.

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.

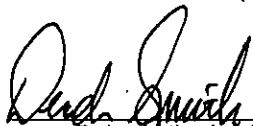
For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified 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.

TOWER KAUAI LAGOONS 9B, LLC

Printed Name of Developer

By:



Duly Authorized Signatory*

12-13-16

Date

Derek Smith, EXECUTIVE COMMITTEE MEMBER

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, _____

Planning Department, _____

*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"
Apartment Numbers, Types and Sizes

Apartment Number	Apartment Type	Apartment Type Category	Number of Bedrooms/ Bathrooms/ Den*	Building Designation	Net Square Footage	Balcony Area	Percent for Dues Assessment	Common Interests for Ownership and Voting
1001	Type I	Type I	4/4.5/0	C- Townhome	2,889	1,731	2.6234540%	2.5236731%
1002	Type H	Type H	3/3.5/0	C- Townhome	2,482	1,351	2.2538639%	2.1681400%
1003	Type H	Type H	3/3.5/0	C- Townhome	2,482	1,351	2.2538639%	2.1681400%
1004	Type H	Type H	3/3.5/0	C- Townhome	2,482	1,351	2.2538639%	2.1681400%
1005	Type I	Type I	4/4.5/0	C- Townhome	2,889	1,731	2.6234540%	2.5236731%
2101	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2102	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2104	Type F.1	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2106	Type E.1	Type E	2/2.5/0	B- Maliula	1,714	412	1.5295763%	1.4714001%
2107	Type E	Type E	2/2.5/1	B- Maliula	1,566	329	1.5295763%	1.4714001%
2108	Type F.3	Type F	3/3.5/0	B- Maliula	2,012	374	1.8359637%	1.7661344%
2201	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2202	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2203	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2204	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2205	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2206	Type E.1	Type E	2/2.5/2	B- Maliula	1,714	412	1.5295763%	1.4714001%
2207	Type G	Type G	3/3.5/0	B- Maliula	2,369	474	2.1512504%	2.0694294%
2208	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2301	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2302	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2303	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2304	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2305	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2306	Type E.1	Type E	2/2.5/3	B- Maliula	1,714	412	1.5295763%	1.4714001%
2307	Type G	Type G	3/3.5/0	B- Maliula	2,369	474	2.1512504%	2.0694294%
2308	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2402	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2403	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2404	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2405	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2406	Type E.1	Type E	2/2.5/4	B- Maliula	1,714	412	1.5295763%	1.4714001%
2407	Type G	Type G	3/3.5/0	B- Maliula	2,369	590	2.1512504%	2.0694294%
3101	Type B.1	Type B	3/3.5/0	A- Kaiholo	2,715	748	2.5517154%	2.4546630%
3102	Type C	Type C	3/4/1	A- Kaiholo	3,444	1,795	3.1274405%	3.0084909%
3103	Type B	Type B	3/3.5/0	A- Kaiholo	2,905	812	2.5517154%	2.4546630%
3104	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3105	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3106	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3107	Type D	Type D	4/4.5/0	A- Kaiholo	3,105	810	2.8196001%	2.7123589%
3108	Type D	Type D	4/4.5/0	A- Kaiholo	3,105	810	2.8196001%	2.7123589%
3109	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3110	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3111	Type D	Type D	4/4.5/0	A- Kaiholo	3,105	810	2.8196001%	2.7123589%
3201	Type B.1	Type B	3/3.5/0	A- Kaiholo	2,715	748	2.5517154%	2.4546630%
3202	Type C	Type C	3/4/1	A- Kaiholo	3,444	1,795	3.1274405%	3.0084909%

3203	Type B	Type B	3/3.5/0	A- Kaiholo	2,905	812	2.5517154%	2.4546630%
Management Unit	Commercial	Commercial		A- Kaiholo	986			0.8613159%
Restaurant Unit	Commercial	Commercial		A- Kaiholo	2,128			1.8589049%
Spa Unit	Commercial	Commercial		B- Maliula	1,240			1.0831965%
	TOTALS				114,476	31,207	100.0000000%	100.0000000%

* Fifty (50) freehold estates are hereby designated in the spaces within the perimeter and party walls, windows, doors, floors and ceilings of each of the fifty (50) Apartments of the Project and within other structures constituting the Project, which spaces are designated on the Condominium Map. All areas shown were obtained from the Condominium Map and are approximate only. The Developer makes no representations or warranties whatsoever as to the area of any particular apartment or lanai.

EXHIBIT "B"
Parking Stall Assignments for Apartments

Apartment Number	Parking Stall Assignments	Owner Storage Unit Assigned
1001	1001- Garage	None
1002	1002- Garage	None
1003	1003- Garage	None
1004	1004- Garage	None
1005	1005- Garage	None
2101	Valet- Unassigned	Club Storage Area
2102	Valet- Unassigned	Club Storage Area
2104	Valet- Unassigned	Club Storage Area
2106	B14	OS8
2107	B15	OS9
2108	Valet- Unassigned	Club Storage Area
2201	Valet- Unassigned	Club Storage Area
2202	Valet- Unassigned	Club Storage Area
2203	Valet- Unassigned	Club Storage Area
2204	Valet- Unassigned	Club Storage Area
2205	Valet- Unassigned	Club Storage Area
2206	B16	OS10
2207	B17	OS11
2208	Valet- Unassigned	Club Storage Area
2301	Valet- Unassigned	Club Storage Area
2302	Valet- Unassigned	Club Storage Area
2303	Valet- Unassigned	Club Storage Area
2304	Valet- Unassigned	Club Storage Area
2305	Valet- Unassigned	Club Storage Area
2306	B18	OS12
2307	B19	OS13
2308	B20	OS14
2402	B21	OS15
2403	Valet- Unassigned	Club Storage Area
2404	B22	OS16
2405	Valet- Unassigned	Club Storage Area
2406	B23	OS17
2407	B24	OS18
3101	A45	OS4
3102	A42	OS1

3103	A44	OS3
3104	Valet- Unassigned	Club Storage Area
3105	Valet- Unassigned	Club Storage Area
3106	Valet- Unassigned	Club Storage Area
3107	Valet- Unassigned	Club Storage Area
3108	Valet- Unassigned	Club Storage Area
3109	Valet- Unassigned	Club Storage Area
3110	Valet- Unassigned	Club Storage Area
3111	Valet- Unassigned	Club Storage Area
3201	A46	OS5
3202	A43	OS2
3203	A47	OS6
Management Unit	Valet- Unassigned	Club Storage Area
Restaurant Unit	Valet- Unassigned	Club Storage Area
Spa Unit	Valet- Unassigned	Club Storage Area

Each Apartment in Building A and Building B shall have the license to use one (1) parking stall and an area with in the Limited Common Element parking area for storage of personal belongings (the "Parking and Storage License"). For Resort Apartments in Building A or Building B that are not Club Units (the "Whole Owner Units"), such the parking stalls and storage areas currently associated with the given Whole Owner Unit is set forth on the attached Exhibit "B.1." Club Units shall not have designated Parking Stalls except as may be identified by the Managing Agent from time to time.

Owners and Occupants of Whole Owner Units may self-park within their designated parking stalls. Owners and Occupants of Club Units must valet park at all times. All outside Guests or Occupants, whether rental guests or otherwise, must valet park at all times.

Parking and Storage Licenses shall automatically transfer with any sale of an Apartment, but are not otherwise licensable or transferrable. Parking spaces and storage spaces associated with Whole Owner Units are designed such that the parking stalls and storage units are adjacent to each other. If the Managing Agent desires or agrees to modify a Parking and Storage License to allow a Whole Owner Unit to utilize a different parking location, it must do so in a manner that keeps the parking and storage units adjacent to each other at all times.

EXHIBIT "C"
Boundaries of Each Apartment

Each Apartment shall be deemed to include: (a) all of the walls and partitions which are not load-bearing within its perimeter or party walls, (b) all pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines running through such Apartment which are utilized for and serve only such Apartment, (c) the inner decorated or finished surfaces of all walls, floors and ceilings within or surrounding such Apartment, (d) the inner decorated or finished surfaces of any doors, door frames, windows or window frames, and (e) all appliances and fixtures installed therein, and replacements therefor. Anything in the previous sentence to the contrary notwithstanding, the respective Apartments shall not be deemed to include: (i) the perimeter or party walls and the undecorated or unfinished surfaces thereof (except for the storefronts of the Commercial Apartments, as applicable, which are considered a part of such Commercial Apartments), (ii) the undecorated or unfinished surfaces of the floors and ceilings surrounding each Apartment, (iii) the perimeter doors, door frames, windows and window frames and all hardware associated therewith, and the undecorated or unfinished surfaces thereof, (iv) the interior load-bearing walls and columns, if any, and the undecorated or unfinished surfaces thereof, or (v) pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines which are utilized by or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided.

END OF EXHIBIT "C"

EXHIBIT "D"
Permitted Alterations to Apartments

The following is from the Declaration:

A. GENERAL PROVISIONS. Except as otherwise expressly provided in this Declaration to the contrary, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Apartment Owner only pursuant to an amendment of this Declaration in accordance with Article XIII below, duly executed pursuant to the provisions thereof, accompanied by the written consent of the holders of all mortgage liens affecting any of the Apartments involved, and in accordance with complete plans and specifications therefor prepared by a licensed architect. Promptly upon completion of such restoration, replacement or construction, the Association or the Apartment Owner, as the case shall be, shall duly record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

B. ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT OR LIMITED COMMON ELEMENT. Subject to this Declaration, the Bylaws and the House Rules, an Apartment Owner or Apartment Owners (if there be more than one owner of an Apartment) shall have the right at any time and from time to time at such Apartment Owner's or Apartment Owners' sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner, but with the prior approval of the Board (except for alterations to the Commercial Apartments (if any) which shall not require such approval), to make any of the following alterations solely within the Apartment or Limited Common Element which such Apartment Owner or Apartment Owners control: to install, maintain, remove and rearrange partitions (including the party wall between two Apartments owned by the same Apartment Owner or Apartment Owners) and other structures from time to time within such Apartment or Limited Common Element, to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Apartment or Limited Common Element by such Apartment Owner or Apartment Owners or the tenants or lessees thereof, and to tile, finish, re-carpet, and do or cause to be done such work on the floors of any Apartment or Limited Common Element; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would be inconsistent with a hotel or resort destination having a Five Diamond Standard, jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Apartment or Limited Common Element, materially alter the uniform external appearance of the Project, materially affect or impair any easement or rights of any of the other Apartment Owners or materially interfere with or deprive any non-consenting Apartment Owner or Apartment Owners of the use or enjoyment of any part of the Common Elements subject, however, to the exclusive use of the Limited Common Elements. Further, nothing in this paragraph shall prohibit the Board from effecting such changes within an Apartment or Limited Common Element, or to require same, in order that the buildings of the Project may continue to comply with applicable law, including any fire code requirements.

C. APARTMENT OWNERS TO EXECUTE AMENDMENT DOCUMENTS IN CERTAIN CASES. In the event that any change or alteration of an Apartment pursuant to and in compliance with Article XII, Section B above shall alter the depiction of the particular Apartment on the Condominium Map or the description thereof in the Declaration, then the owner or owners of such Apartment shall amend this Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the owner or owners of the affected Apartment or Apartments and by no other party, and such shall become effective upon the recordation thereof at said Bureau. The provisions of Article XIII below notwithstanding, such amendment shall not require the consent or joinder of the owner of any other Apartment or any other person or entity, other than any mortgagee of such Apartment

or Apartments which are changed or altered. Every Apartment Owner and all holders of liens affecting any of the Apartments and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Apartment, lien or other interest, consents to and agrees that he shall, if required by law or by any such owner or owners who shall have changed or altered an Apartment as aforesaid, join in, consent to, execute, deliver and record all instruments and documents necessary or desirable to effect the amendment of this Declaration and/or the Condominium Map; and appoints such owner or owners and their assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

END OF EXHIBIT "D"

EXHIBIT "E"
Common Interests for Apartments

Each Apartment shall have appurtenant thereto an undivided percentage interest in all Common Elements of the Project herein called the Common Interest, and the same proportionate share in all Common Expenses of the Project, and for all other purposes, except as otherwise provided in the Declaration. The Common Interests appurtenant to the Apartments subject to the Declaration are shown in Exhibit "B" attached to the Declaration and incorporated herein by this reference. A copy of said Exhibit "B" attached to the Declaration is also attached hereto. The Common Interest for each Apartment is calculated by dividing the net living area (or net area) of a given Apartment Type Category, exclusive of any balcony areas or Limited Common Element areas, by the sum of the net living areas (or net areas) of all Apartments that have been made subject to the Declaration, with minor adjustments to permit the total Common Interest percentage for all Apartments to equal exactly 100%. As set forth in Exhibit "B" to the Declaration, it is intended that each Apartment within a given Apartment Category Type shall have the same Common Interest irrespective of variations of net living area between Apartments within each Apartment Category Type. In the event that square footage is used as the basis for Common Interest and assessments, Declarant's determination of square footage as of the date of the Declaration, or as amended by any future amendment to the Declaration, shall control and variations in actual as-built square footage shall have no effect on the allocated Common Interest.

The Common Interest as set forth in Exhibit "B" to the Declaration, as the same may be amended from time to time by formal amendment of the Declaration or as set forth below, shall at all times control for purposes of voting and quorum of members of the Association, irrespective of the following: Notwithstanding anything provided in the Declaration to the contrary, pursuant to Section 514B-41(a) of the Act, the Common Expenses of the Project (aside from real property taxes that may be assessed directly to owners by the appropriate taxing authority) may be apportioned in a fair and equitable manner as determined by the Managing Agent with Board approval during the annual budgetary process, on an annual basis. Such allocations may include, including allocation by unit type and/or by maximum permitted occupancy and/or Apartment Type Category and may ignore reasonable variations in net living area, provided further that the allocation of expenses shall not be based solely on whether Apartments are wholly owned, fractionally owned (i.e. timeshare), unless a particular type of usage as to a specific group of Apartments results in additional or less expenses to the Association that requires a different assessment from otherwise similar types of Apartments. If occupancy is used as the basis for allocation of Common Expenses, the occupancy of Commercial Apartment may be discounted as set forth below, and thereafter Common Expenses shall be divided pro-rata among all non-Commercial Units. For example, if the total maximum occupancy of all units, exclusive of Commercial Apartment, allowed by the Declaration, as amended from time to time is 1,000, and a given unit's maximum occupancy is 10, then said unit shall be assessed 1% of the Common Expenses.

Special Charges may not be levied against Apartments Owners, such Apartment Owners' Guests or Occupants for ordinary wear and tear to the Common Elements regardless of the frequency of use. Charges for Commercial Apartments may also be waived to the extent such areas are owned by the Developer or the Association and if waived, the portion of the Common Expenses otherwise attributable to the Commercial Apartments shall be borne pro-rata by the non-Commercial Apartments. If the Commercial Apartments are assessed a portion of the Common Expenses, Charges for the costs associated with the any Commercial Apartment may be allocated on the basis of occupancy and not Common Interest, as the costs associated with such areas and services may not be dependent upon Apartment size. Any profits generated from the use of a particular Apartment or Limited Common Element area shall not be deemed "common profits" subject to distribution in accordance with the Common Interest as set forth above. The owner or lessee of a Commercial Apartment to which a Limited Common Element is appurtenant shall be entitled to all revenues and profits generated from the Limited Common Element or improvements thereon or uses

thereof, and no other Apartment Owner shall have any rights thereto. The Common Expenses shall be allocated in the manner set forth above, subject to (a) Common Expenses which are separately metered or assessed to a given Apartment by third parties or pursuant to service agreements with third parties; (b) Common Expenses associated with the operation, maintenance, repair, or replacement of a Limited Common Element, which shall be assessed equally or on such other equitable basis as the Board of Directors shall determine to the Apartments to which said Limited Common Element is appurtenant; (c) Common Expenses or portions thereof benefiting fewer than all of the Apartments which shall be assessed exclusively against the Apartments benefited, and Common Expenses or portions thereof which benefit certain Apartments more than others, which shall be allocated in proportion to such benefit; (d) any increased cost of insurance based upon risk which shall be assessed to Apartments in proportion to the risk; (e) any Common Expense caused by the misconduct of any Owner(s), which may be assessed exclusively or on such other equitable basis as the Board of Directors shall determine against such Owner(s); and (f) any expenses which are otherwise charged equally to the Apartments. To the extent certain items or services benefit only the Owners of a certain type of Apartment, or to the extent that real or personal property owned by the Association or which is a Common or Limited Common Element is only available for use by or only benefits the Owners of a certain type of Apartment, costs and expenses associated with such items shall be assessed only against the Owners of such type of Apartment.

As provided herein, it may be necessary to recalculate the Common Interests appurtenant to the Apartments in the Project. In such event, the following principles and formulae shall apply:

A. Generally, it is intended that the Common Interests appurtenant to each existing Apartment shall be recalculated in such a fashion that all Resort Apartments' Common Interest shall be based on Apartment Type Category as set forth in Exhibit "B" attached to the Declaration without regard to Apartment sub-type and without regard to differences in actual square footage. If any Resort Apartments having a different number of bedrooms or different occupancy levels are created, each such Resort Apartment shall have the same Common Interest as any other Resort Apartment with the same Apartment Type Category as designated by the Developer.

B. In the event that any land and/or improvements are annexed to the Project, but no additional Apartments are created, no change in the Common Interest appurtenant to each existing Apartment shall occur. The Developer shall have the right, however, to designate such annexed land and/or improvements as Limited Common Elements appurtenant to a particular Apartment.

C. In the event that the Land is subdivided and a portion or portions are withdrawn from the Project but no Apartments are withdrawn in connection therewith, no change in the Common Interest appurtenant to each existing Apartment shall occur. If one or more Apartments are withdrawn from the Project together with a portion or portions of the Land, the Common Interest appurtenant to all remaining Apartments in the Project shall be recalculated by adding the total Common Interests of the remaining Apartments and thereafter dividing the Common Interest of each remaining Apartment by the total Common Interest of all remaining Apartments to obtain the new Common Interest appurtenant to each remaining Apartment then comprising the Project. The Developer may adjust the Common Interests to assure that the total of all Common Interests equals **one hundred percent (100%)**, and to further assure that each particular type of Resort Apartment, according to the Apartment Type Category, shall each have substantially the same Common Interest.

Apartment Number	Apartment Type	Apartment Type Category	Number of Bedrooms/ Bathrooms/ Den*	Building Designation	Net Square Footage	Balcony Area	Percent for Dues Assessment	Common Interests for Ownership and Voting
1001	Type I	Type I	4/4.5/0	C- Townhome	2,889	1,731	2.6234540%	2.5236731%
1002	Type H	Type H	3/3.5/0	C- Townhome	2,482	1,351	2.2538639%	2.1681400%
1003	Type H	Type H	3/3.5/0	C- Townhome	2,482	1,351	2.2538639%	2.1681400%
1004	Type H	Type H	3/3.5/0	C- Townhome	2,482	1,351	2.2538639%	2.1681400%
1005	Type I	Type I	4/4.5/0	C- Townhome	2,889	1,731	2.6234540%	2.5236731%
2101	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2102	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2104	Type F.1	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2106	Type E.1	Type E	2/2.5/0	B- Maliula	1,714	412	1.5295763%	1.4714001%
2107	Type E	Type E	2/2.5/1	B- Maliula	1,566	329	1.5295763%	1.4714001%
2108	Type F.3	Type F	3/3.5/0	B- Maliula	2,012	374	1.8359637%	1.7661344%
2201	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2202	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2203	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2204	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2205	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2206	Type E.1	Type E	2/2.5/2	B- Maliula	1,714	412	1.5295763%	1.4714001%
2207	Type G	Type G	3/3.5/0	B- Maliula	2,369	474	2.1512504%	2.0694294%
2208	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2301	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2302	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2303	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2304	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2305	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2306	Type E.1	Type E	2/2.5/3	B- Maliula	1,714	412	1.5295763%	1.4714001%
2307	Type G	Type G	3/3.5/0	B- Maliula	2,369	474	2.1512504%	2.0694294%
2308	Type F.2	Type F	3/3.5/0	B- Maliula	2,012	414	1.8359637%	1.7661344%
2402	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2403	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2404	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2405	Type F	Type F	3/3.5/0	B- Maliula	2,026	352	1.8359637%	1.7661344%
2406	Type E.1	Type E	2/2.5/4	B- Maliula	1,714	412	1.5295763%	1.4714001%
2407	Type G	Type G	3/3.5/0	B- Maliula	2,369	590	2.1512504%	2.0694294%
3101	Type B.1	Type B	3/3.5/0	A- Kaiholo	2,715	748	2.5517154%	2.4546630%
3102	Type C	Type C	3/4/1	A- Kaiholo	3,444	1,795	3.1274405%	3.0084909%
3103	Type B	Type B	3/3.5/0	A- Kaiholo	2,905	812	2.5517154%	2.4546630%
3104	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3105	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3106	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3107	Type D	Type D	4/4.5/0	A- Kaiholo	3,105	810	2.8196001%	2.7123589%
3108	Type D	Type D	4/4.5/0	A- Kaiholo	3,105	810	2.8196001%	2.7123589%
3109	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3110	Type A	Type A	3/3.5/0	A- Kaiholo	2,698	733	2.4500100%	2.3568259%
3111	Type D	Type D	4/4.5/0	A- Kaiholo	3,105	810	2.8196001%	2.7123589%
3201	Type B.1	Type B	3/3.5/0	A- Kaiholo	2,715	748	2.5517154%	2.4546630%
3202	Type C	Type C	3/4/1	A- Kaiholo	3,444	1,795	3.1274405%	3.0084909%

3203	Type B	Type B	3/3.5/0	A- Kaiholo	2,905	812	2.5517154%	2.4546630%
Management Unit	Commercial	Commercial		A- Kaiholo	986			0.8613159%
Restaurant Unit	Commercial	Commercial		A- Kaiholo	2,128			1.8589049%
Spa Unit	Commercial	Commercial		B- Maliula	1,240			1.0831965%
	TOTALS				114,476	31,207	100.0000000%	100.0000000%

EXHIBIT "F"
Common Elements

The common elements of the Project include, but are not limited to:

1. The Land in fee simple and any appurtenances thereto as described on Exhibit "A" to the Declaration;
2. All perimeter or party walls and the undecorated or unfinished surfaces thereof (except for the storefronts of the Commercial Apartments, as applicable, which are considered a part of such Commercial Apartments), any load-bearing walls and columns, and the undecorated or unfinished surfaces thereof, all structural components such as foundations, concrete sidewalks and curbs, floor slabs, columns, girders, beams, supports, halls, corridors, elevators, escalators, exterior stairs and stairways, main walls, roofs and ceilings and the undecorated or unfinished surfaces thereof;
3. All perimeter doors, door frames, windows, window frames, and all hardware associated therewith, and the undecorated or unfinished surfaces thereof; whether at the perimeter of a Building Structure or at the perimeter of an Apartment;
4. All yards, grounds and landscaping, any unimproved areas, and all trash enclosures within the Project;
5. All roads, driveways, parking areas as shown on the Condominium Map (other than those designated as a Limited Common Elements – Management Unit), access lanes, paved areas, ramps, loading areas and walkways within the Project;
6. All swimming pools, whirlpool spas, deck areas, including, without limitation, the Keiki Club and pool grill at the Building B pool next to the Keiki Club (if not otherwise incorporated into the Restaurant Unit) and all other amenities and Improvements, to the extent such areas are not designated as Commercial Apartments or otherwise on the Condominium Map;
7. All cables, conduits, ducts, sewer lines, electrical equipment, wiring, pipes, catch basins and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, PBX system, water, gas, sewer, storm water, refuse, cable television and television signal distribution, provided, however, that Unit Owners may be separately billed for any utility servicing their Unit;
8. Those areas designated on the Condominium Map as "General Common Elements," all maintenance and storage areas and other similar areas which are not part of an Apartment;
9. All other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, air-conditioning units including fan coil equipment located within an Apartment, compressors, ducts, shafts, vents, water heating and distribution equipment, fire suppression equipment and other such installations apparatus and their enclosures;
10. All interior areas of the Project commonly referred to in the hotel industry as "back-of-house," to the extent such areas are not otherwise characterized and defined in this Declaration as Commercial Apartments;
11. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use; and

12. All other areas on the Condominium Map designated as “General Common Elements” or “General Common Elements - Reserved,” or that are not designated as an Apartment or as a Limited Common Element appurtenant to one or more Apartments.

EXHIBIT "G"
Limited Common Elements

Certain parts of the Common Elements, herein called the "Limited Common Elements," are hereby designated, set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth herein. The costs and expenses of every description pertaining to the Limited Common Elements, including, but not limited to, the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be charged to the owner of the Apartment to which the Limited Common Element shall be appurtenant, and if there is more than one Apartment to which the Limited Common Element shall be appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Apartments, unless a different method is adopted pursuant to Article III of the Declaration. Limited Common Elements which are appurtenant to more than one Apartment shall be managed and maintained by the Managing Agent on behalf of the owners of such Apartments. In the event that a dispute shall arise between owners of Apartments to which a particular Limited Common Element shall be appurtenant with respect to the management and/or maintenance thereof, such dispute shall be resolved by the Managing Agent, which shall be the sole arbiter with respect to such matters. All of the owners of Commercial Apartments to which a Limited Common Element is appurtenant, may build upon and/or alter any such Limited Common Element, may change the use of such Limited Common Element, may lease any Limited Common Element area, and, in the event that any revenues are generated from such Limited Common Element or improvements thereon or uses thereof, the owner(s) of the Commercial Apartment or Commercial Apartments to which such Limited Common Element is appurtenant shall be entitled to such revenues, and no other Apartment Owner shall have any right thereto. Notwithstanding the foregoing, the pools associated with any Resort Apartment in Building C as Limited Common Element shall be serviced and maintained by the Association on a regular schedule determined by the Association. All costs associated with such maintenance and service shall be charged to the owner of the Resort Apartment to which such pool is appurtenant as a Charge.

1. **THE RESORT APARTMENTS.** The Resort Apartments shall have appurtenant thereto, as Limited Common Elements:
 - a. All public areas of each Building in which a Resort Apartment shall exist, including hallways, stairwells, and housekeeping and laundry closets.
 - b. The Building Structure of each Building in which a Resort Apartment is located.
 - c. The balcony areas, if any, adjacent to specific Resort Apartments, as depicted on the Condominium Map and identified in Exhibit "B" attached hereto.
 - d. Parking stalls, if any, identified in Exhibit "B" attached hereto provided, however, that all Parking Stalls for Building A and Building B shall be located within the Limited Common Element appurtenant to the Management Unit, and thus only the license for the right to use an identified parking stall, and not fee or leasehold title thereto, shall be granted to a given Resort Apartment.
 - e. Any area identified on the Condominium Map as a "Resort Apartment Limited Common Element" even if not otherwise described in the foregoing narratives "a" through "d".

EXHIBIT "H"
Encumbrances Against Title

As to Item I, identified as:

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Number 4480, Land Commission Award Number 7713, Apana 2, Part 1 to Victoria Kamamalu) situate, lying and being at Kalapaki, District of Lihu'e, Island and County of Kauai, State of Hawaii, being portion(s) of Lot 2-A-1-A-1, of Kauai County Subdivision File No. S-2009-06, and Lot 9-A, of Kauai County Subdivision File No. S-2008-02, being LOT 9-A, of the "CONSOLIDATION OF LOT 2-A-1-A-1 AS SHOWN ON KAUAI COUNTY SUBDIVISION FILE NO. S-2009-06 AND LOTS 9-A AND 9-B AS SHOWN ON KAUAI COUNTY SUBDIVISION FILE NO. S-2008-02" as shown on the subdivision map dated September 8, 2010, revised December 30, 2010, recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on January 11, 2011.

and

As to Item II, identified as:

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Grant Number 4480, Land Commission Award Number 7713, Apana 2, Part 1 to Victoria Kamamalu) situate, lying and being at Kalapaki, District of Lihu'e, Island and County of Kauai, State of Hawaii, being a portion of Lot 9-A as shown on Kauai County Subdivision File No. S-2008-02, being LOT 9-B, OF THE "CONSOLIDATION OF LOT 2-A-1-A-1 AS SHOWN ON KAUAI COUNTY SUBDIVISION FILE NO. S-2009-06 AND LOTS 9-A AND 9-B AS SHOWN ON KAUAI COUNTY SUBDIVISION FILE NO. S-2008-02", as shown on the subdivision map dated September 8, 2010, revised December 30, 2010, recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on January 11, 2011.

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

Item I (Lot 9A) is(are) covered by Tax Key: (4) 3-5-001-216.
Tax Classification: HOTEL AND RESORT

Item II (Lot 9B) is(are) covered by Tax Key: (4) 3-5-001-217.
Tax Classification: HOTEL AND RESORT

2. Mineral and water rights of any nature.

3. The terms and provisions contained in DEED dated June 29, 1977, recorded in Liber 12300 at Page 260.
4. CERTIFICATE OF CONDITIONS dated May 16, 1984, recorded in Liber 17931 at Page 249, by AMFAC PROPERTY DEVELOPMENT CORPORATION, a division of AMFAC, INC., a Hawaii corporation.
5. RIGHT-OF-ENTRY in favor of CITIZENS UTILITIES COMPANY, whose interest is now held by KAUAI ISLAND UTILITY CO-OP, and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED (now known as HAWAIIAN TELCOM, INC.), dated July 24, 1986, recorded in Liber 19887 at Page 53.
6. The terms and provisions contained in DEED dated March 25, 1987, recorded in Liber 20496 at Page 304, as corrected in CORRECTION DEED (The Kauai Lagoons - Lots 2, 5, 6, 7, 8, 10 and 11) dated as of January 15, 1988, recorded in Liber 21584 at Page 334.

The foregoing includes, but is not limited to, the following:

"And the Grantee does hereby covenant and agree to assume the obligations of LPC under the Decision and Order of the Land Use Commission of the State of Hawaii, issued on August 22, 1983 (Docket No. 82530), reserving unto the Grantee, however, the right to seek relief therefrom or modifications thereof from said Land Use Commission or any other appropriate governmental authority."

7. RIGHT OF ENTRY dated September 24, 1987, recorded in Liber 21309 at Page 338, in favor of CITIZENS UTILITIES COMPANY, whose interest is now held by KAUAI ISLAND UTILITY CO-OP, and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED (now known as HAWAIIAN TELCOM, INC.)
8. GRANT OF EASEMENT in favor of THE LIHUE PLANTATION COMPANY, LIMITED, a Hawaii corporation, dated as of January 15, 1988, recorded in Liber 21584 at Page 361; granting a nonexclusive right and easement for drainage purposes over and across Lot 2, as shown on File Plan 1905.

9. FILE PLAN 1905 SUBDIVISION AGREEMENT dated January 15, 1988, recorded in Liber 22624 at Page 432, by and among the COUNTY OF KAUAI, HEMMETER-VMS KAUAI COMPANY I and the LIHUE PLANTATION COMPANY, LIMITED.
10. The terms and provisions contained in DEED dated January 30, 1991, recorded as Document No. 91-012227.
11. The terms and provisions contained in the following:

ROADWAY AND UTILITY EASEMENT AGREEMENT dated as of January 30, 1991, filed as Land Court Document No. 1797886, recorded as Document No. 91-012273, by and among HEMMETER-VMS KAUAI COMPANY I, a Hawaii limited partnership, HEMMETER-VMS KAUAI COMPANY II, a Hawaii limited partnership, KAUAI LAGOONS RESORT COMPANY, LTD. a Hawaii corporation, and KAUAI LAGOONS HOTEL COMPANY, LTD., a Hawaii corporation, as amended by instruments dated August 3, 1994, filed as Land Court Document No. 2178041, recorded as Document 94-129352, and dated as of October 13, 2011, filed as Land Court Document No. T-9115235, recorded as Document No. A-54630719 (Joinder and Consent by KAUAI LAGOONS LLC, a Hawaii limited liability company, and ASSOCIATION OF APARTMENT OWNERS OF KALANIPU'U CONDOMINIUM, a Hawaii non-profit corporation, dated April 30, 2015, recorded as Document No. A-55980530A thru A-55980530B, filed as Land Court Document No. T-9250133).
12. The terms and provisions contained in CERTIFICATE AND AUTHORIZATION dated November 6, 1991, recorded as Document No. 92-081744, made by and among WM. HYDE RICE, LIMITED, a Hawaii corporation, KAUAI LAGOONS RESORT COMPANY, LTD., a Hawaii corporation, KAUAI LAGOONS BEACH HOTEL COMPANY, LTD., a Hawaii corporation, HEMMETER-VMS KAUAI COMPANY I, a Hawaii limited partnership, HEMMETER-VMS KAUAI COMPANY II, a Hawaii limited partnership, and HEMMETER-VMS KAUAI COMPANY III, a Hawaii general partnership.
13. Unrecorded AGREEMENT dated June 1, 1992, of which a MEMORANDUM is filed as Land Court Document No. 1937365, recorded as Document No. 92-123466, by and between KAUAI LAGOONS RESORT COMPANY, LTD., a Hawaii corporation, and ANDREW LELAND NICKLES.

14. The terms and provisions contained in unrecorded MARRIOTT KAUAI HOTEL USE AGREEMENT dated August 3, 1994, of which a SHORT FORM HOTEL USE AGREEMENT is dated August 3, 1994, filed as Land Court Document No. 2169456, and recorded as Document No. 94-129350, by and between KAUAI LAGOONS RESORT COMPANY, LTD., a Hawaii corporation, and MARRIOTT KAUAI, INC., a Delaware corporation, and MARRIOTT KAUAI OWNERSHIP RESORTS, INC., a Delaware corporation, for a term commencing on the "Re-Opening Date" and terminating on December 31, 2015.

ASSIGNMENT AND ASSUMPTION OF MARRIOTT KAUAI HOTEL USE AGREEMENT dated as of June 15, 2001, by and between MARRIOTT KAUAI, INC, a Delaware corporation ("Assignor"), and HPTMI HAWAII, INC., a Delaware corporation ("Assignee"), filed as Land Court Document No. 2716830, recorded as Document No. 2001-097931.

15. The terms and provisions contained in unrecorded KAUAI LAGOONS RESORT GOLF AND TENNIS PLAY AGREEMENT dated August 3, 1994, by and between KAUAI LAGOONS RESORT COMPANY, LTD., a Hawaii corporation ("Resort Company"), and MARRIOTT KAUAI, INC., a Delaware corporation, ("Hotel Company"), of which a SHORT FORM GOLF AND TENNIS PLAY AGREEMENT is dated August 3, 1994, filed as Land Court Document No. 2169457, and recorded as Document No. 94-129351, on and over the premises described herein, for a term commencing on the date on which Hotel Company acquires title to Hotel Property, and terminating on March 30, 2060.

ASSIGNMENT AND ASSUMPTION OF KAUAI LAGOONS GOLF AND TENNIS PLAY AGREEMENT dated as of June 15, 2001, filed as Land Court Document No. 2716832, recorded as Document No. 2001-097935, by MARRIOTT KAUAI, INC., a Delaware corporation, as "Assignor", and HPTMI HAWAII, INC., a Delaware corporation, as "Assignee".

MEMORANDUM OF LEASE AGREEMENT dated effective as of June 15, 2001, by and between HPTMI HAWAII INC., a Delaware corporation ("Landlord"), and HPT TRS MI-135, INC., a Delaware corporation ("Tenant"), filed as Land Court Document No. 2716833, recorded as Document No. 2001-097936.

FIRST AMENDMENT TO SHORT FORM GOLF AND TENNIS PLAY AGREEMENT dated April 18, 2008, filed as Land Court Document No. 3736831 and recorded as Document No. 2008-061422.

MEMORANDUM OF LEASE AGREEMENT OF MARRIOTT'S KAUAI RESORT AND BEACH CLUB, OWNER AND DEVELOPER RIGHTS UNDER DECLARATION OF CONDOMINIUM PROPERTY REGIME, AND PARKING SUBLEASE dated as of January 1, 2008, filed as Land Court Document No. 3736832, recorded as Document No. 2008-061423, by and between HPTMI HAWAII, INC., a Delaware corporation, and ESSEX HOUSE CONDOMINIUM

CORPORATION, a Delaware corporation.

Said Agreement is subject to any matters arising from or affecting the same.

16. GRANT OF AVIGATION AND NOISE EASEMENT in favor of the STATE OF HAWAII, Department of Transportation, Airports Division, dated March 21, 2002, recorded as Document No. 2002-228662; granting (i) an easement and right of way, appurtenant to the Lihue Airport, for the passage of all aircraft in the air space above the Easement Premises; and (ii) an easement to discharge, emit or otherwise transmit noise, and also fumes, etc.

17. The terms and provisions contained in the QUITCLAIM DEED, dated as of June 30, 2003, recorded as Document No. 2003-141861.

CORRECTION QUITCLAIM DEED dated as of July 15, 2003, recorded as Document No. 2003-158666.

18. The terms and provisions contained in that certain Limited Warranty Deed dated --- (acknowledged October 13, 2005), recorded as Document No. 2005-209699, as follows:

"(A) The Property is located in the proximity of the Lihue Airport. As a result, aircraft flights over or near the Property may result in noise, odors, dust, mosquitoes, vibrations, lights, and other nuisances and disturbances.

(B) A portion of the Property is adjacent to the Kauai Lagoons Golf Courses. The maintenance, operation and use of the golf courses, driving range, practice facilities and other facilities that comprise the Kauai Lagoons Golf Courses may result in nuisances, disturbances or hazards to persons or property on or about the Property, including without limitation injuries, illness and other damages caused by the use of golf carts and maintenance equipment, stray golf balls, spraying (including herbicides, fungicides, insecticides and other agricultural chemicals), particulates, and the use of non-potable water systems, and from noise, odors, traffic, view obstructions and surface water runoff. The manner of operation of the Kauai Lagoons Golf Courses may be changed at any time at the discretion of their owner or operator. The Property is also part of the Kauai Lagoons Resort. Resort-related activities such as golf tournaments, broadcasting, filming, concerts and luaus may result in further nuisances or hazards to persons or property on or about the Property."

- (C) The Property is adjacent to or near other property that may be developed in the future. As a result, persons and property on or about the Property may be exposed to noise, dust, traffic, odors, vibrations, lights, and other construction related nuisances and disturbances.
- (D) A portion of the Property is near the Lihue Wastewater Treatment Plant. The maintenance, operation and use of that plant may result in nuisances and disturbances to persons or property on or about the Property, including without limitation noise, odors, dust, mosquitoes, vibrations, lights, and other nuisances and problems."
19. The terms and provisions contained in the LIMITED WARRANTY DEED, dated --- (acknowledged July 19, 2007), filed as Land Court Document No. 3641266, recorded as Document No. 2007-144031.
20. The terms and provisions contained in the following:
- INSTRUMENT : DECLARATION OF DEED RESTRICTION CONCERNING DENSITY
IN THE OPEN DISTRICT ZONE OF KAUAI LAGOONS RESORT
- DATED : December 18, 2007
FILED : Land Court Document No. 3697357
RECORDED : Document No. 2007-223761
21. The terms and provisions contained in the LIMITED WARRANTY DEED WITH COVENANTS, dated February 22, 2008, recorded as Document No. 2008-040611.
22. The terms and provisions contained in the following:
- INSTRUMENT : DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR KAUAI LAGOONS
- DATED : --- (acknowledged February 22, 2008)
RECORDED : Document No. 2008-040613
FILED : Land Court Document No. 3723797
- FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR KAUAI LAGOONS dated June 12, 2009, filed as Land
Court Document No. 3870079, recorded as Document No. 2009-093734.

SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KAUAI LAGOONS dated December 29, 2014, filed as Land Court Document No. T-9130059, recorded as Document No. A-54780169.

ASSIGNMENT OF DECLARANT RIGHTS UNDER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KAUAI LAGOONS dated as of December 29, 2014, filed as Land Court Document No. T-9130061, recorded as Document No. A-54780206, made and given by KAUAI LAGOONS, LLC, a Hawaii liability company, and MORI GOLF (KAUAI), LLC, a Delaware limited liability company (collectively, "Assignor"), in favor of TOWER KAUAI LAGOONS LAND, LLC, TOWER KAUAI LAGOONS HOTEL, LLC, TOWER KAUAI LAGOONS 8, LLC, TOWER KAUAI LAGOONS 9B, LLC, TOWER KAUAI LAGOONS 9C, LLC, TOWER KAUAI LAGOONS 9D, LLC, TOWER KAUAI LAGOONS SUB 1, LLC, TOWER KAUAI LAGOONS SUB 2, LLC, TOWER KAUAI LAGOONS SUB 3, LLC, TOWER KAUAI LAGOONS SUB 4, LLC, TOWER KAUAI LAGOONS SUB 7, LLC, 2014 KAUAI LAGOONS GOLF, LLC, TOWER KAUAI LAGOONS RETAIL, LLC, all of which are Delaware limited liability companies (collectively, "Assignee").

ASSIGNMENT OF DECLARANT RIGHTS UNDER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KAUAI LAGOONS dated as of April 30, 2015, recorded as Document No. A-55980535, made and given by TOWER KAUAI LAGOONS LAND, LLC, TOWER KAUAI LAGOONS HOTEL, LLC, TOWER KAUAI LAGOONS 8, LLC, TOWER KAUAI LAGOONS 9B, LLC, TOWER KAUAI LAGOONS 9C, LLC, TOWER KAUAI LAGOONS 9D, LLC, TOWER KAUAI LAGOONS SUB 1, LLC, TOWER KAUAI LAGOONS SUB 2, LLC, TOWER KAUAI LAGOONS SUB 3, LLC, TOWER KAUAI LAGOONS SUB 4, LLC, TOWER KAUAI LAGOONS SUB 7, LLC, 2014 KAUAI LAGOONS GOLF, LLC, TOWER KAUAI LAGOONS RETAIL, LLC, all of which are Delaware limited liability companies (collectively, "Assignors"), in favor of TOWER KAUAI LAGOONS TS, a Delaware limited liability company ("Assignee").

23. -AS TO ITEM II (LOT 9-B) ONLY:-

(A) DESIGNATION OF EASEMENT "U-1" for utility purposes, as shown on subdivision map prepared by Kevin K. Kea, Licensed Professional Land Surveyor, with Ace Land Surveying LLC, dated April 22, 2008, revised on July 31, 2008, and recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on September 23, 2008.

(B) DESIGNATION OF EASEMENT "U-2" for utility purposes, as shown on subdivision map prepared by Kevin K. Kea, Licensed Professional Land Surveyor, with Ace Land Surveying LLC,

dated April 22, 2008, revised on July 31, 2008, and recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on September 23, 2008.

24. GRANT OF AVIGATION AND NOISE EASEMENT in favor of the STATE OF HAWAII, DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION, dated October 14, 2008, filed as Land Court Document No. 3800089, recorded as Document No. 2008-162922; granting (i) an avigation easement for the flight of aircraft in all the airspace above, or in the airspace of the Property being more particularly described in Exhibit "A " attached thereto, to an infinite height above said Property; (ii) an easement, insofar as the Property being more particularly described in Exhibit "A" attached thereto, is concerned and affected, to discharge, emit, or otherwise transmit noise at levels not exceeding the 60 day-night average sound levels (DNL) as delineated by the 1991 Noise Contour Map.

AMENDMENT TO 2008 AVIGATION EASEMENT AND SUPPLEMENTAL GRANT OF AVIGATION AND NOISE EASEMENT, dated April 9, 2010, recorded as Document No. 2010-050288.

25. RIGHT-OF-ENTRY dated October 6, 2008, recorded as Document No. 2008-166719, in favor of KAUAI ISLAND UTILITY COOPERATIVE, a cooperative association formed pursuant to the provision of Chapter 421C of the Hawaii Revised Statutes, and HAWAIIAN TELCOM, INC., a Hawaii corporation,

26. -AS TO ITEM II (LOT 9-B) ONLY:-

The terms and provisions contained in the following:

INSTRUMENT : LIMITED WARRANTY DEED WITH COVENANTS (KAUAI LAGOONS LLC PROPERTY - LARGE LOT SUBDIVISION)

DATED : September 5, 2008

RECORDED : Document No. 2008-166755

27. -AS TO ITEM I (LOT 9-A) ONLY:-

(A) The terms and provisions contained in the following:

INSTRUMENT : LIMITED WARRANTY DEED WITH COVENANTS (MORI GOLF
(KAUAI), LLC - LARGE LOT SUBDIVISION)

DATED : September 5, 2008
RECORDED : Document No. 2008-166756

(B) DESIGNATION OF DETENTION BASIN DB-7 as shown on subdivision map prepared by Kevin K. Kea, Licensed Professional Land Surveyor, with Ace Land Surveying LLC, dated November 26, 2008, revised December 9, 2008, and approved by the Planning Department of the County of Kauai on December 9, 2008.

(C) BUILDING SET BACK LINE A-1 as shown on subdivision map prepared by Kevin K. Kea, Licensed Professional Land Surveyor, with Ace Land Surveying LLC, dated November 26, 2008, revised December 9, 2008, and approved by the Planning Department of the County of Kauai on December 9, 2008.

(D) The terms and provisions contained in the following:

INSTRUMENT : LIMITED WARRANTY DEED WITH COVENANTS AND GRANTS OF
EASEMENT (KAUAI COUNTY SUBDIVISION 2008-24)

DATED : December 19, 2008
RECORDED : Document No. 2008-191226

28. RIGHT-OF-ENTRY dated November 11, 2008, recorded as Document No. 2008-188413, in favor of KAUAI ISLAND UTILITY COOPERATIVE, a cooperative association formed pursuant to the provision of Chapter 421C of the Hawaii Revised Statutes, and HAWAIIAN TELCOM, INC., a Hawaii corporation.

29. RIGHT-OF-ENTRY dated December 22, 2008, recorded as Document No. 2009-002963, in favor of TIME WARNER ENTERTAINMENT COMPANY, L.P., a Delaware limited partnership, through its Hawaii Division, doing business as Oceanic Time Warner Cable.

30. -AS TO ITEM I (LOT 9-A) ONLY:-

- (A) DESIGNATION OF EASEMENT "A-2-A" for access purposes, as shown on subdivision map prepared by Kevin K. Kea, Licensed professional Land Surveyor, with Ace Land Surveying LLC, dated September 8, 2010, revised December 30, 2010, and recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on January 11, 2011.
- (B) DESIGNATION OF EASEMENT "SA-1-A" (10 feet wide) for access and utility purposes, as shown on subdivision map prepared by Kevin K. Kea, Licensed professional Land Surveyor, with Ace Land Surveying LLC, dated September 8, 2010, revised December 30, 2010, and recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on January 11, 2011.
- (C) DESIGNATION OF EASEMENT "AU-3A" for access and utility purposes, as shown on subdivision map prepared by Kevin K. Kea, Licensed professional Land Surveyor, with Ace Land Surveying LLC, dated September 8, 2010, revised December 30, 2010, and recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on January 11, 2011.
- (D) DESIGNATION OF EASEMENT "A-2-B" for golf course purposes, as shown on subdivision map prepared by Kevin K. Kea, Licensed professional Land Surveyor, with Ace Land Surveying LLC, dated September 8, 2010, revised December 30, 2010, and recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on January 11, 2011.
- (E) DESIGNATION OF EASEMENT "RD-3" for road and utility purposes, as shown on subdivision map prepared by Kevin K. Kea, Licensed professional Land Surveyor, with Ace Land Surveying LLC, dated September 8, 2010, revised December 30, 2010, and recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on January 11, 2011.
- (F) GRANT OF PEDESTRIAN ACCESS EASEMENT AND CANCELLATION OF PORTION OF EASEMENT 16, in favor of the COUNTY OF KAUAI, a political subdivision of the State of Hawaii, dated --- (acknowledged September 6, 2011, January 31, 2012 and March 15, 2012), recorded as Document No. A-44710562; granting a nonexclusive easement for pedestrian access purposes over and across Easement SA-1-B, said easement being more particularly

described therein, and as shown on the map attached thereto.

31. DESIGNATION OF EASEMENT "UT-10" for utility purposes, as shown on subdivision map prepared by Kevin K. Kea, Licensed Professional Land Surveyor, with Ace Land Surveying LLC, dated September 8, 2010, revised on December 30, 2010, and recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on January 11, 2011.

32. DESIGNATION OF EASEMENT "UT-11" for utility purposes, as shown on subdivision map prepared by Kevin K. Kea, Licensed Professional Land Surveyor, with Ace Land Surveying LLC, dated September 8, 2010, revised on December 30, 2010, and recertified by the Chairman of the Planning Commission, County of Kauai, and the Planning Department on January 11, 2011.

33. THE EFFECTS, IF ANY, OF RECIPROCAL EASEMENT AGREEMENT

DATED : December 29, 2014
FILED : Land Court Document No. T-9130062
RECORDED : Document No. A-54780207
PARTIES : TOWER KAUAI LAGOONS LAND, LLC, a Delaware limited liability company, TOWER KAUAI LAGOONS SUB 7, LLC, a Delaware limited liability company, TOWER KAUAI LAGOONS 8, LLC, a Delaware limited liability company, and KAUAI LAGOONS LLC, a Hawaii limited liability company

-Note:- TOWER KAUAI LAGOONS LAND, LLC, a Delaware limited liability company, TOWER KAUAI LAGOONS SUB 7, LLC, a Delaware limited liability company, and TOWER KAUAI LAGOONS 8, LLC, a Delaware limited liability company has no recorded interest in land under search.

34. Claims arising out of the failure to convey the land described herein together with an easement or right of access.

-Note:- This will be deleted from the policy if such conveyance occurs prior to the policy date.

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

36. Discrepancies, conflicts in boundary lines, shortage in area,

encroachments or any other matters which a correct survey or archaeological study would disclose.

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

END OF EXHIBIT "H"

EXHIBIT "I"
Rights Reserved by Developer

Among other rights, the Developer will have the following reserved rights with respect to the Project, which are set forth in the Declaration as follows:

I. RESERVED RIGHT TO GRANT EASEMENTS.

Notwithstanding anything herein provided to the contrary, Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2036, to delete, relocate, realign, reserve, grant and receive any and all easements and rights of way over, under and on the Common Elements (including Limited Common Elements) and any other property (including, without limitation, the Spa Unit) deemed necessary or desirable in Developer's sole discretion, including, but not limited to, easements and/or rights of way for utilities, retention ponds, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways, provided that such easements and/or rights of way shall not be located on or within any existing structure of the Project and shall not be exercised as to unreasonably disturb, impair or interfere with the normal use and enjoyment of the Project by the Apartment Owners.

Each and every party acquiring an interest in the Project, by such acquisition, consents to such deletion, relocation, realignment, reservation, granting and/or reception of easements and/or rights of way as provided in this Article and to the recordation of any and all documents necessary to effect the same at said Bureau, including, without limitation, any amendment or amendments of this Declaration and any grant of easement; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

II. RESERVED RIGHT TO DEVELOP, CONSTRUCT AND ANNEX ADDITIONAL LAND AND/OR APARTMENTS TO THE PROJECT.

Developer has developed and constructed the initial Apartments in the Project as described herein and as depicted on the Condominium Map. Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2036, to create, develop and construct such additional Apartments and other Improvements in the Project and to annex such Apartments and Improvements and/or any additional land to the Project in the manner hereafter specified. Developer shall further have the reserved right to execute and record an amendment to this Declaration and to the Condominium Map to create any such additional Apartments and other Improvements within the Project and to annex the same and/or any additional land, to the purview of this Declaration. Any such creation, development, construction and annexation of additional Apartments and any related Improvements to the Project and/or annexation of additional land to the Project shall be effective provided that:

A. Developer shall record or cause to be recorded an amendment to this Declaration: (1) describing the land and/or Apartment(s) and Improvements to be created and annexed to the Project and setting forth at least a description of the land and/or Apartment(s) and such Improvements; and (2) in the case of the creation and annexation of Apartments, setting forth the Common Interests appurtenant to the newly formed Apartments and existing Apartments, provided, in the event that additional Resort

Apartments are created in the Project, that Common Interests appurtenant to such newly created Apartments shall be substantially equivalent to the Common Interest of existing Resort Apartments having the same number of bedrooms. Upon creating the additional Apartments in the Project, the Common Interests for all Apartments in the Project shall be recalculated by dividing the net living area (or net area) exclusive of any balcony areas or Limited Common Element areas of each Apartment by the sum of the net living area (or net area) of all Apartments then-existing in the Project to permit the total Common Interest percentage for all Apartments to equal 100%. Such recalculation of the Common Interest of Apartments in the Project may be utilized by the Developer to permit it to create all Apartments in the Project that are developed in the future.

B. Developer shall also record or cause to be recorded an amendment to the Condominium Map which depicts the additional land and/or Apartment(s) being annexed to the Project, and in the case of an Apartment, a floor plan with dimensioning, together with a verified statement of registered architect or professional engineer, in the manner required by Section 514B-34 of the Act, that said Condominium Map, as so amended, is an accurate copy of portions of the plans of the Apartment(s) to be annexed as filed with and approved by the county officer having jurisdiction over the issuance of permits for the completion of buildings, and that the plans fully and accurately depict the layout, location, apartment numbers, and dimensions of the Apartment(s) as built; and

C. Any such alteration shall comply in all respects with all applicable governmental codes, statutes, ordinances and rules and regulations.

The right to amend the aforesaid Declaration and Condominium Map to effect the creation, development, construction and annexation of additional Apartments and any related Improvements to the Project and/or annexation of additional land to the Project shall occur at any time or times prior to December 31, 2036, and Developer may, without being required to obtain the consent or joinder of any Apartment Owner, lien holder or other persons, execute, deliver and record amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the foregoing rights, powers or privileges. Any creation, development, construction and annexation of such Apartments and related Improvements to the Project and/or annexation of additional land to the Project after December 31, 2036 shall require the consent of at least one of the members of the Board representing the Club Units. In such event the Association shall have the right to exercise the authority reserved to the Developer hereunder to effect the annexation of the Apartments or lands to the Project.

Each and every party acquiring an interest in the Project, by such acquisition, consents to such creation, development, construction and annexation of Apartments and related Improvements to the Project and/or the annexation of lands to the Project, and to the recording of any and all documents necessary to effect the same in said Bureau, including, without limitation, any amendment or amendments of this Declaration and the Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same, and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

Nothing stated in this Declaration shall be construed as a representation or warranty by Developer that any Apartments or Improvements after the initial Apartments and Improvements will be developed,

nor shall anything herein require Developer to develop any additional Apartments or Improvements in the Project.

III. RESERVED RIGHT TO SUBDIVIDE AND CONSOLIDATE APARTMENTS.

Notwithstanding anything provided to the contrary, and except as otherwise provided by law:

A. The Developer shall have the reserved right, without obtaining the approval of any party with an interest in the Project, including any other Apartment Owner and/or mortgagee, to: (1) alter the floor plan of any Apartment which it owns at any time provided that the Common Interest appurtenant to the Apartment shall not change, (2) cause the subdivision of any Apartment which it owns at any time to create two or more Apartments, provided that the total Common Interest appurtenant to the newly created Apartments shall equal the Common Interest appurtenant to the original Apartment; and (3) convert certain portions of any existing Apartment to Common Element status to facilitate any subdivision, provided that the total Common Interest appurtenant to the newly created Apartment(s) shall equal the Common Interest appurtenant to the original Apartment.

B. If the Developer is the owner of any two Apartments separated by a party wall, floor or ceiling, Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other owner and/or mortgagee, to consolidate two or more Apartments and to alter or remove all or portions of the intervening wall, floor or ceiling at Developer's expense, provided that: (1) the structural integrity of any Building in the Project is not thereby affected, (2) the finish of the Common Elements then remaining is restored to a condition substantially compatible with that of the Common Element prior to such alteration, and (3) all construction activity necessary to any such alteration or removal shall be completed within a reasonable period of time after the commencement thereof, subject to delays beyond the control of the Developer or its contractors, whether caused by strikes, the unavailability of construction materials or otherwise, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence.

C. The Developer, in the process of consolidating Apartments, shall have the right to convert that area between Apartments to an Apartment (as opposed to the same remaining a Common Element) for so long as such Apartments shall remain consolidated or shall continue to be commonly used or owned.

Any such alteration, subdivision or consolidation of Apartment(s) as provided above shall be effective provided that:

1. The Developer shall record or cause to be recorded an amendment to this Declaration describing the Apartment(s) in question and setting forth at least: (a) a description of the newly formed Apartment(s); (b) in the case of the consolidation of Apartments by the Developer, the undivided percentage interest appurtenant to the newly formed Apartment, which shall be calculated by adding together the undivided percentage interests for the Apartments to be consolidated; or (c) in the case of the subdivision of an Apartment by the Developer, the undivided percentage interest appurtenant to each of the newly formed Apartments, which shall equal the total of the undivided interest appurtenant to the original Apartment.

2. The Developer shall record or cause to be recorded an Amendment to the Condominium Map for the Apartment(s) being altered, subdivided or consolidated to show an amended floor plan, as necessary, together with a verified statement of registered architect or professional engineer, in the manner required by Section 514B-34 of the Act, that said Condominium Map, as so amended, is an accurate copy of portions of the plans of the altered Apartment(s) as filed with and approved by the county officer having jurisdiction over the issuance of permits for the completion of buildings, and that the plans

fully and accurately depict the layout, location, apartment numbers, and dimensions of the Apartments as built; and

3. Any such alteration shall comply in all respects with all applicable governmental codes, statutes, ordinances and rules and regulations, or with all variances granted therefrom.

The Developer expressly reserves the right to amend this Declaration and the Condominium Map to effect any subdivision or consolidation of Apartments or alterations to floor plans at any time or times prior to December 31, 2036, and Developer may, without being required to obtain the consent or joinder of any Apartment Owner, lien holder or other persons, execute and record amendments to this Declaration and the Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to Developer.

Each and every party acquiring an interest in the Project, by such acquisition, consents to such subdivision and/or consolidation and/or alteration, to the recalculation of the Common Interests appurtenant to each Apartment upon such subdivision and/or consolidation, and to the recording of any and all documents necessary to effect the same in said Bureau, including any amendment or amendments of this Declaration and the Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

IV. RESERVED RIGHT TO CONVERT LIMITED COMMON ELEMENTS TO APARTMENTS.

Notwithstanding anything provided to the contrary, and except as otherwise provided by law:

A. Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other owner and/or mortgagee, to convert a Limited Common Element appurtenant to such Apartment or Apartments owned by Developer, or any portion thereof, into a separate Apartment of the Project. In such event, Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other Apartment Owner and/or mortgagee, to alter the physical aspects of the Limited Common Element at Developer's expense in connection with such conversion, including building such structures as may be necessary or appropriate, provided that: (1) the structural integrity of the Project is not thereby affected, (2) the finish of the Apartment is consistent with the quality of other Apartments in the Project and any remaining portion of the Limited Common Element not converted to an Apartment, if any, is restored, to the extent feasible, to a condition substantially compatible with that of the Limited Common Element prior to such conversion, and (3) all construction activity necessary to any such conversion shall be completed within a reasonable period of time after the commencement thereof, subject to delays beyond the control of the Developer or its contractors, whether caused by strikes, the unavailability of construction materials or otherwise, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence.

B. The Developer shall have the reserved right to designate certain Common Elements or Limited Common Elements of the Project as Limited Common Elements appurtenant to the newly-created Apartment; provided that there is no material adverse effect on the remainder of the Project.

Any such conversion of a Limited Common Element into an Apartment or Apartments as provided above shall be effective provided that:

1. Developer shall record or cause to be recorded an amendment to this Declaration describing the Apartment(s) in question and setting forth at least: (a) a description of the newly formed Apartment(s), and (b) the Common Interests appurtenant to the newly formed Apartments and existing Apartments. In the event that additional Resort Apartments are created, the Common Interests appurtenant to such newly created Apartments shall be substantially equivalent to the Common Interest of existing Resort Apartments having the same number of bedrooms.

2. Developer shall record or cause to be recorded an Amendment to the Condominium Map to show the floor plans and elevations for the newly-created Apartment, as necessary, together with a verified statement of registered architect or professional engineer, in the manner required by Section 514B-34 of the Act, that said Condominium Map, as so amended, contains an accurate copy of portions of the plans of the newly-created Apartment(s) as filed with and approved by the county officer having jurisdiction over the issuance of permits for the completion of buildings, and that the plans fully and accurately depict the layout, location, apartment number(s), and dimensions of the Apartment(s) as built; and

3. Any such alteration associated with such conversion shall comply in all respects with all applicable governmental codes, statutes, ordinances and rules and regulations.

The right to amend the aforesaid Declaration and Condominium Map to effect the conversion of any Limited Common Element into an Apartment and the alterations to floor plans shall occur at any time or times prior to December 31, 2036, and Developer may, without being required to obtain the consent or joinder of any Apartment Owner, lien holder or other persons, execute, deliver and record amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the foregoing rights, powers or privileges.

Each and every party acquiring an interest in the Project, by such acquisition, consents to such conversions of the Limited Common Elements, to the recalculation of the Common Interests appurtenant to each Apartment upon such conversion, if necessary, in the manner stated in Article III, above, and to the recording of any and all documents necessary to effect the same at said Bureau, including any amendment or amendments of this Declaration and the Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same, including, without limitation, any deed conveying any newly-created Apartment or conveying Common Interests (or portions thereof) which may be appurtenant to particular Apartments in the Project; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

V. RESERVED RIGHT TO RECHARACTERIZE LIMITED COMMON ELEMENTS.

The Developer shall have the reserved right, but not the obligation, to amend this Declaration to recharacterize and redesignate certain Limited Common Elements as may be appurtenant to a Commercial Apartment owned by the Developer as being Common Elements of the Project.

The right to amend this Declaration to effect the recharacterization of any Limited Common Element appurtenant to such Commercial Apartment as Common Elements shall occur at any time or times prior to December 31, 2036 and shall be in accordance with the terms of §514B-38 of the Act, and Developer may, without being required to obtain the consent or joinder of any Apartment Owner, lien holder or other persons, execute, deliver and record any deed and/or amendments to this Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the foregoing rights, powers or privileges.

Each and every party acquiring an interest in the Project, by such acquisition, consents to such recharacterization of the Limited Common Elements, and to the recording of any and all documents necessary to effect the same at said Bureau, including any amendment or amendments of this Declaration; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties and shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

VI. RESERVED RIGHT TO MODIFY PROJECT.

Developer shall have the reserved right, to and until December 31, 2036, to effect such modifications to Apartments and Common Elements in the Project and/or to execute, record and deliver any amendments to this Declaration, the Condominium Map as well as the Bylaws and House Rules promulgated hereunder, as may be necessary or required by Developer in its sole discretion, or to effect compliance by the Project, the Association, any association of vacation owners or timeshare owners or by the Developer, with laws which apply to the Project, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§3601 et seq., including any and all rules and regulations promulgated thereunder, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§12101 et seq., including any and all rules and regulations promulgated thereunder (the "ADA"). For instance, the Developer will have the right to re-stripe parking stalls and reconfigure parking stalls to meet the requirements of the ADA.

Each and every party acquiring an interest in the Project, by such acquisition, consents to such modifications and to the recording of any and all documents necessary to effect the same at said Bureau, including any amendment or amendments of this Declaration, the Condominium Map, the Bylaws and the House Rules, as appropriate; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

VII. RESERVED RIGHT TO UTILIZE LIMITED COMMON ELEMENT AREAS.

The owner of a Commercial Apartment (if any) shall have the reserved right, but shall have no obligation, to operate, lease and/or utilize all or any part of the Limited Common Elements of the Project, and which are appurtenant to such Apartment, for any purpose permitted by law, including, without

limitation, for purposes related to the sale of time share interests or other real estate, or providing services and amenities conducive to a hotel and resort destination having a Five Diamond Standard. The owner of such Commercial Apartment may contract with various providers of goods and services, such as food and beverage operators, retail stores and other vendors, to provide goods and services at the Project, and may retain any compensation paid to the owner in consideration of the owner permitting any such vendor to utilize space at the Project. The owner of any Commercial Apartment from which liquor is served or sold shall have the right exclusively control any Limited Common Element associated with said Commercial Apartment as may be required by law or regulation.

VIII. RESERVED RIGHT TO REDESIGNATE LIMITED COMMON ELEMENTS AS APPURTENANT TO OTHER APARTMENTS.

Developer shall have the reserved right, to and until December 31, 2036, to amend this Declaration to designate all or a portion of certain Limited Common Elements as may be appurtenant to any Apartment owned by Developer, to another Apartment or Apartments owned by Developer, and to execute, record and deliver any amendments to this Declaration and to the Condominium Map, as may be necessary or required to effect the same.

Each and every party acquiring an interest in the Project, by such acquisition, consents to such partial or total redesignation of said Limited Common Elements appurtenant to a Developer-owned Apartment to another Developer-owned Apartment or Apartments, and to the recording of any and all documents necessary to effect the same in said Bureau, including any amendment or amendments of this Declaration and the Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

IX. RESERVED RIGHT REGARDING SPECIAL MANAGEMENT AREA USE PERMIT AND OTHER PERMITS.

Developer shall have the reserved right, to and until December 31, 2036, to amend this Declaration, to enter into any agreements and to grant easements and to do all things necessary and convenient to satisfy the requirements of SMA (U)-2005-8, Project Development Use Permit U-2005-26, Use Permit U-2005-25 and Class IV Zoning Permit Z-IV-2005-30, all as may be amended from time to time, and any other permit or entitlement required for the construction and development of the Project, and to execute, record and deliver any and all documents necessary to effect the same, including, but not limited to, any amendments to this Declaration and to the Condominium Map.

Each and every party acquiring an interest in the Project, by such acquisition, consents to Developer's exercise of said reserved right and to the execution, delivery and recording (if necessary) of any and all documents necessary to effect the same, including any amendment or amendments of this Declaration and the Condominium Map and any grant of easements; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and

shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

X. RESERVED RIGHT TO SUBDIVIDE, AND/OR TO CONSOLIDATE AND RESUBDIVIDE, WITHDRAW AND CONVEY LAND AND/OR APARTMENTS.

Developer shall have the reserved right, to and until December 31, 2036, to subdivide and/or to consolidate and resubdivide and withdraw from the operation of this Declaration, all or any portion of the Land underlying, and Apartments in, the Project. In connection with such right, Developer shall have the further reserved right to enter and go upon the Land to do all things necessary or proper to effectuate such subdivision and/or consolidation and resubdivision and withdrawal of portions of the Land and/or Apartments, including, without limitation, making surveys to undertake a reasonable realignment of boundaries of the Land (it being understood that the Developer shall have the reserved right to effect any such realignment), and to facilitate the granting, reserving, adding, deletion, reception, realignment and/or relocating of easements and/or rights of ways for utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways, and of all other required easements and/or rights of way. The subdivision and/or consolidation and resubdivision and withdrawal of portions of the Land and/or Apartments shall be subject to, and the Developer shall, at its own expense, comply with, all of the then-applicable governmental laws and rules and regulations, including subdivision requirements.

In connection with the exercise of its right to subdivide and/or to consolidate and resubdivide and withdraw hereunder, Developer hereby further reserves the right, at its expense, to: (i) grant, reserve, add, delete, receive, realign and/or relocate over, across and under the Project, as appropriate, easements and/or rights-of-ways for utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, access, driveways, parking areas and roadways, and walkways; and (ii) relocate or realign any existing easements and rights-of-way over, across and under the Project, as appropriate, including, without limitation, any existing utilities, sanitary and storm sewer lines and cable television lines and connect the same over, across and under the Project, provided that such easements and such relocations and connections of lines shall not materially impair or interfere with the use of any Apartment in the Project as then constituted; and provided further that Developer specifically reserves the right, whether or not in connection with its right to subdivide and/or consolidate and resubdivide and withdraw hereunder, to grant an easement for access, driveway and parking purposes over the Project in favor of the withdrawn portion of the Land in the event the same shall be withdrawn from the operation of this Declaration. The Developer shall have the right to set the compensation to the Association for the grant of any easement pursuant to the terms hereof, provided that such compensation shall be reasonable under the circumstances.

Upon the exercise of said reserved right to subdivide and/or to consolidate and resubdivide and withdraw, Developer shall, at Developer's expense and without being required to obtain the consent or joinder of any Apartment Owner or lienholder, execute and file at said Bureau, a subdivision map (and, to the extent deemed necessary or approved by Developer, for designation of easements), and at said Bureau, an amendment to the Declaration, and the Condominium Map: (i) describing the withdrawn land and any improvements thereon; (ii) describing the realigned boundaries of the land upon which the Apartments then constituting the Project are located; and (iii) where applicable and appropriate, granting, reserving or relocating easements over, under and on the Common Elements as permitted above; and (iv) if necessary, adjusting the Common Interest for each Apartment which remains a part of the Project in accordance with Article III above. The filing of the amendment to this Declaration and the Condominium Map shall effectuate the withdrawal, without any further consent or joinder of any party. The Developer shall have

the right, as grantor, to execute and deliver a deed of the subdivided and withdrawn area upon filing of the amendments aforesaid.

Each and every party acquiring an interest in the Project, or in the Land, by such acquisition, consents to such subdivision and/or consolidation and resubdivision and withdrawal, the execution, recordation and delivery of any deed therefor, and/or the granting, reserving or relocation of easements and/or rights-of-ways as provided in this Article, and to the amendment or amendments of this Declaration and the Condominium Map and the recordation thereof at said Bureau or Land Court to effect the same; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

The exercise by Developer of the right to subdivide and/or to consolidate and resubdivide and withdraw all or any portion of the Land and/or Apartments provided in this Article shall not in any way limit or be deemed to limit Developer's full use of areas remaining in the Project upon withdrawal, including further development of the Project by constructing thereon additional improvements for hotel, timeshare, commercial or other uses permitted by applicable laws and ordinances then in effect.

XI. RESERVED RIGHT TO CONVEY APARTMENTS AND LIMITED COMMON ELEMENTS TO ASSOCIATION.

The Developer shall have the reserved right, but not the obligation, to convey Apartments that are owned by the Developer and free of liens to the Association which the Association shall duly accept, and to redesignate Limited Common Elements appurtenant to Apartments owned by the Developer to Apartments owned by the Association and to the extent necessary or required, to amend this Declaration and the Condominium Map to effect the same.

The right to convey such Apartments or redesignate Limited Common Elements, and, to the extent necessary, to amend this Declaration to effect the same shall occur at any time or times prior to December 31, 2036, and Developer may, without being required to obtain the consent or joinder of any Apartment Owner, lien holder or other persons, execute, deliver and record any deed and/or amendments to this Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the foregoing rights, powers or privileges.

Each and every party acquiring an interest in the Project, by such acquisition, consents to and accepts any such conveyance of Apartments to the Association and/or to redesignation of Limited Common Elements from Apartments owned by the Developer to Apartments owned by the Association, and to the recording of any and all documents necessary to effect the same at said Bureau, including any amendment or amendments of this Declaration; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties and shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any

transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

XII. ASSIGNMENT OF RESERVED RIGHTS.

Notwithstanding anything stated herein to the contrary, the rights reserved to the Developer in this Declaration shall be fully assignable by the Developer in whole or in part, and every owner of an Apartment in the Project or of a Club Interest and all holders of liens affecting any of the Apartments and each and every other party acquiring an interest in the Project, in any Club Unit in the Land, or any part thereof, by acquiring such Apartment, lien or other interest, consents to any such assignment by Developer, and, to the extent designated by the Developer, agrees to recognize any assignee as the "Developer" under this Declaration.

EXHIBIT J

TK RESORT CONDOMINIUM ESTIMATES OF ASSESSMENTS FOR UNITS COVERED BY THIS PUBLIC REPORT

TK RESORT CONDOMINIUM		
Apartment Type	Monthly Fee (Per Unit)	Annual Total (Per Unit)
Type B	\$5,111.72	\$61,340.58
Type C	\$6,265.03	\$75,180.41
Type E	\$3,064.12	\$36,769.42
Type F	\$3,677.89	\$44,134.66
Type G	\$4,309.49	\$51,713.82
Type H	\$4,515.05	\$54,180.54
Type I	\$5,255.43	\$63,065.10

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

*See Exhibit B and E for a list of apartments by Apartment Type.

**Each Units' assessment cannot be computed simply by multiplying its percentage common interest by the totals shown below. For more information, see Note (3) on the Estimated Annual Budget.


Each Unit owner shall become obligated to start paying the assessments allocated to the Unit (including the Unit's share of common expenses) upon taking title to the Unit at closing.

The fees referenced above do not include the costs of, or charges for, any of the following utility services for the unit: electricity, gas, water, sewer and TV cable. For further information, see the paragraph on "Utilities" on page 19 of this Public Report.

**TK RESORT CONDOMINIUM
ASSOCIATION OF APARTMENT OWNERS
ESTIMATED ANNUAL BUDGET**

	Total AOA Annual 50 Units	Resort Apartments Annual 22 Units	Resort Apartments VOA Annual 25 Units	Commercial Apartments Annual 3 Units
TK Resort Condominium Common Expense				
G&A	\$ 165,080	\$ 77,271	\$ 87,809	\$ -
Accounting	\$ 110,896	\$ 51,909	\$ 58,987	\$ -
Human Resources	\$ 75,489	\$ 35,335	\$ 40,154	\$ -
Guest Services	\$ 135,698	\$ 53,533	\$ 82,165	\$ -
Loss Prevention	\$ 154,699	\$ 72,412	\$ 82,287	\$ -
Reservations	\$ -	\$ -	\$ -	\$ -
Landscaping	\$ 232,386	\$ 108,776	\$ 123,610	\$ -
Housekeeping	\$ 195,654	\$ 77,185	\$ 118,469	\$ -
Repairs & Maintenance	\$ 285,987	\$ 112,822	\$ 173,165	\$ -
Pool	\$ 194,770	\$ 76,837	\$ 117,934	\$ -
Utilities	\$ 375,465	\$ 148,121	\$ 227,344	\$ -
Insurance	\$ 145,000	\$ 69,714	\$ 75,286	\$ -
Residential Transportation	\$ 19,700	\$ 7,772	\$ 11,928	\$ -
Spa	\$ 7,589	\$ 2,994	\$ 4,595	\$ -
Restaurant	\$ 10,598	\$ 4,181	\$ 6,417	\$ -
Recreation	\$ 2,477	\$ 977	\$ 1,500	\$ -
Total TK Resort Condominium Operating Expense	\$ 2,111,488	\$ 899,839	\$ 1,211,649	\$ -
Other TK Resort Condominium Expense				
Capital Reserve - Common Area	\$ 135,000	\$ 63,191	\$ 71,809	\$ -
Management Fee	\$ 168,919	\$ 79,068	\$ 89,851	\$ -
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -
Total Other TK Resort Condominium Expense	\$ 303,919	\$ 142,260	\$ 161,659	\$ -
Total TK Resort Condominium Common Expense	\$ 2,415,407	\$ 1,042,099	\$ 1,373,308	\$ -
Other Charges				
Community Association Assessments	\$ 167,680	\$ 78,489	\$ 89,191	\$ -
Hokuala Club Membership Assessments	\$ 75,200	\$ 35,200	\$ 40,000	\$ -
	\$ 242,880	\$ 113,689	\$ 129,191	\$ -
Total Estimated Annual Assessments	\$ 2,658,287	\$ 1,155,788	\$ 1,502,500	\$ -

I, Michael A. Cuthbertson, employed by Timbers Hawaii Real Estate LLC, the managing agent for the TK Resort Condominium project, hereby certify that the above estimates of annual assessments and disbursements were prepared in accordance with generally accepted accounting principles.



Signature

JUNE 20, 2016

Date

Notes:

(1) "Other Fees- Community Association Assessments" - These fees are the annual assessments the Association is collecting on behalf of, and as an accommodation to, the Kauai Lagoons Community Association (KLCA) in connection with each Resort Apartment Owners' ownership of a Resort Apartment, including the Units covered by this Public Report, and including the Club Units.

(2) "Other Fees- Hokualea Club Membership Assessments" - These fees are the annual assessments the Association is collecting on behalf of, and as an accommodation to, the Hokualea Club.

(3) Each Unit's maintenance fee assessment cannot be computed simply by multiplying its percentage common interest by the totals shown in Exhibit J. Rather, pursuant to Articles III and IX of the Declaration, the common expenses of the Project (and, thus, each Unit's assessments) are allocated among the Unit owners in a fair and equitable manner based on a formula or method implemented by the Managing Agent. The Association's board of directors has delegated to, Timbers Hawaii Real Estate, LLC, as the Project's current Managing Agent, the power to allocate the project's common expenses for the purposes of determining each Unit's annual assessment.

Expenses are allocated by the Association, and implemented by the Managing Agent, based on different allocation methodologies and factors, including (a) the relative size of a Unit, (b) the type of occupancy allowed in the Unit, and (c) the number of Units in each type of occupancy. The various methodologies and factors are then applied based on the type of expenses at issue. For example, the Guest Services expenses are allocated by occupancy under the premise that the Club Units will have a higher general occupancy than the Resort Apartments. In contrast, Loss Prevention (security) is applied on a unit-mix basis, because Loss Prevention applies to the entire project, regardless of occupancy or use, and all Unit Owners share the benefit on a unit by unit basis. Allocation methodologies and factors will be evaluated periodically and, thus, are subject to change from time to time, which means that the resulting common expense allocations and annual assessments are subject to change as well.

(4) The Real Estate Commission has not reviewed the estimates of annual assessments and disbursements for their accuracy or sufficiency.

(5) Each Unit owner shall become obligated to start paying the assessments allocated to the Unit (including the Unit's share of common expenses) upon taking title to the Unit at closing.

EXHIBIT K

SUMMARY OF PURCHASE AGREEMENT

Capitalized terms have the same meaning as ascribed to such terms in the specimen TK Resort Condominium Sales Contract and Deposit Receipt (the "Purchase Agreement").

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

Among other provisions the Purchase Agreement provides:

1. Until all items listed in Section 514B-86(a)(1) of the Act have been delivered by the Seller to the Purchaser and the Purchaser has waived its right to cancel the Purchase Agreement or is deemed to have waived its right to cancel the Purchase Agreement, the Purchase Agreement shall not be binding on the Seller or the Purchaser. The Purchase Agreement may be terminated at any time before it is rendered a binding contract, with or without cause, at the option of either the Purchaser or the Seller. In the event of such termination, all payments made by the Purchaser under the Purchase Agreement shall be refunded to the Purchaser in full and the provisions of the Purchase Agreement shall be of no further force or effect.

2. Pursuant to Section 514B-86 of the Act, the Purchase Agreement shall not be binding on the Seller or the Purchaser until the following have occurred: (a) the Seller has delivered to the Purchaser (i) a copy of this Public Report (and all applicable amendments and components), (ii) the recorded Declaration (and all applicable amendments), (iii) the recorded Bylaws (and all applicable amendments), (iv) the Project Rules (and all applicable amendments), (v) a letter-sized copy of the Condominium Map (and all applicable amendments) or a written notice of an opportunity to examine the Condominium Map, and (vi) a notice of the Purchaser's 30-day cancellation right on a form prescribed by the Real Estate Commission (the "Notice"), upon which the Purchaser may indicate that the Purchaser has had an opportunity to read the Public Report, understands the Public Report, and exercises the right to cancel or waives the right to cancel; and (b) the Purchaser has waived the right to cancel the Purchase Agreement or is deemed to have waived the right to cancel the Purchase Agreement pursuant to Section 514B-86 of the Act.

3. Pursuant to Section 514B-86(b) of the Act, the Purchaser may cancel the Purchase Agreement at any time up to midnight of the 30th day after (a) the date that the Purchaser signs the Purchase Agreement and (b) all of the items specified in Section 514B-86(a)(1) of the Act (including the Public Report and the Notice) have been delivered to the Purchaser.

4. Pursuant to Section 514B-86(c) of the Act, the Purchaser may waive the right to cancel the Purchase Agreement, or shall be deemed to have waived the right to cancel the Purchase Agreement, by either (a) indicating Purchaser's acceptance of the Public Report by waiving Purchaser's right to cancel on the Notice of Right to Cancel and returning the filled-out Notice of Right to Cancel to Seller, OR (b) not executing and returning the Notice of Right to Cancel within thirty (30) days of the date of delivery of the Notice of Right to Cancel to Purchaser, OR (c) accepting conveyance of the Unit

within thirty (30) days after the date of delivery of the Public Report, Receipt Form and Notice of Right to Cancel to Purchaser.

5. The Seller has entered into an Escrow Agreement with Title Guaranty Escrow Services, Inc. ("Escrow"), covering the deposit with Escrow of all funds paid by the Purchaser under the Purchase Agreement and the disbursement of the funds by Escrow. Escrow may charge a cancellation fee on account of escrow services performed not to exceed \$250.00.

6. The Purchase Agreement requires the Purchaser to pay the Total Purchase Price by making at least two payments prior to Closing. Such payments include the deposit made when Purchaser signs the Purchase Agreement. Purchaser shall see that the remaining balance of the funds comprising the Total Purchase is paid before Closing.

7. The Purchase Agreement provides that Purchaser will not receive interest on Purchaser's Deposits.

8. Purchaser's obligations under the Purchase Agreement are not contingent or conditional on Purchaser's ability to secure financing from a mortgage lender. Financing by Seller of any portion of the Total Purchase Price is not available.

9. The Purchase Agreement provides that Purchaser shall pay for closing costs and expenses.

10. The Purchase Agreement provides that it shall not be construed as a present transfer of any rights or of any interest in the Apartment, but rather states that it is an agreement to transfer an interest in the future. By execution of the Purchase Agreement, the Purchaser agrees to waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest arising under the Purchase Agreement in favor of the liens or charges on Seller's interests in the Project or the Apartment of the security interests of the Lender, including, but not limited to, any lien, mortgage or other charge securing a loan made to finance Seller's development and/or sale of Seller's interests in the Project or the Unit and any and all advances therefor until Closing and the recordation of the Unit Deed.

11. The Purchase Agreement provides that the Purchase Agreement may not be assigned by Purchaser. Any assignment of the Purchase Agreement is void and of no legal effect. There may be certain specific exceptions to the prohibition on assignment of the Purchase Agreement by the Purchaser.

12. The Developer has reserved certain rights relating to the development as a whole including, but not limited to (i) the right to grant easements, (ii) the right to develop, construct, and annex additional lands or apartments to the project, (iii) the right to subdivide and consolidate apartments, (iv) the right to convert limited common elements to apartments, (v) the right to recharacterize limited common elements, (vi) the right to modifications to the project, (vii) the right to redesignate limited common elements as appurtenant to other apartments, (viii) the right to apply for and process permits, (ix) the right to subdivide and take other action relating to apartments, (x) the right to convey apartments or limited common elements to the Association. The reservations are more fully set forth in the Declaration of Condominium Property Regime of TK Resort Condominium recorded in the Bureau of Conveyances of the State of Hawaii.

* * * * *

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

END OF EXHIBIT K

EXHIBIT "L"
Summary of Escrow Agreement

The Escrow Agreement with Title Guaranty Escrow Services, Inc. ("Escrow Agent") has been submitted to the Real Estate Commission. ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD CAREFULLY READ, IN FULL, THE ESCROW AGREEMENT, because the summary set forth below is NOT A COMPLETE DESCRIPTION of its contents.

The Escrow Agreement contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions that are not summarized below):

A. When a Purchaser shall enter into a Sales Contract and Deposit Receipt ("Sales Contract") for the purchase of a Unit in the Project, it shall require the payments of deposits due thereunder to be made to Escrow Agent, and that an executed copy of the Sales Contract shall be delivered to Escrow Agent. Developer shall also promptly pay over to Escrow Agent all monies (including checks) received by Developer from or on behalf of the Purchaser in connection with the Sales Contract.

B. Escrow Agent shall receive, deposit and hold in one or more escrow accounts and disburse as set forth in the Escrow Agreement all payments received by it under the Sales Contracts. All funds and instruments received from Purchasers or prospective Purchasers shall be held by Escrow Agent in accordance with the provisions contained in Chapter 514B of the Hawaii Revised Statutes. Escrow Agent shall deposit all funds so received in a federally insured account at a financial institution authorized to do business in the State of Hawaii.

C. Except as may otherwise be set forth in the Escrow Agreement, no disbursement of a Purchaser's funds held by Escrow Agent under the Escrow Agreement shall be made unless and until the following conditions (among others) have been fulfilled:

1. the Real Estate Commission (the "Commission") has issued an effective date for a Public Report on the Project;
2. the Purchaser has been given a copy of the Public Report (and all other required documents);
3. the Purchaser has been given a notice of the Purchaser's 30-day cancellation right, which notice complies with Section 5148-86 of the Act;
4. the Purchaser has either waived the Purchaser's right to cancel the Sales Contract or is deemed to have waived the purchaser's right to cancel the Sales Contract; and
5. Escrow Agent has been advised that the Sales Contract has become binding and that the requirements of Sections 5148-86 and 5148-87 of the Act have been met.

D. Unless otherwise provided in the Escrow Agreement, each Purchaser shall be entitled to a return of his or her funds, without interest and less any cancellation fee, and Escrow Agent shall pay such funds to such Purchaser if: (i) Seller and the Purchaser make a written request to Escrow Agent to return to the Purchaser the Purchaser's funds held by Escrow Agent; or (ii) either Seller or Purchaser notifies Escrow Agent in writing that it is exercising any option to cancel or rescind the Sales Contract pursuant to any valid right of cancellation or rescission available to the canceling or rescinding party; provided, however, that no funds shall be returned to a Purchaser at the Purchaser's request prior to receipt

by Seller of written notice from Escrow Agent of Escrow Agent's intent to make such refund to the Purchaser.

E. If a Purchaser breaches the Sales Contract by failing to make a required payment to Escrow Agent or if a Purchaser fails to perform a matter being handled by Escrow Agent, then Escrow Agent shall notify Developer of such failure. If Developer then notifies Escrow Agent that Developer has terminated the Sales Contract due to such breach, then Escrow Agent shall treat all funds of the Purchaser as funds of Developer and not as funds of the Purchaser. Then, upon request by Developer, Escrow Agent shall pay such funds to Developer, less any escrow cancellation fee, and such funds shall be considered liquidated damages for Developer.

F. Upon the cancellation of any Sales Contract as specified above, Escrow Agent shall be entitled to a cancellation fee of up to \$250. Depending on the reason for the cancellation, the cancellation fee may be the sole expense of the individual Purchaser and not the obligation of Developer.

* * * * *

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

END OF EXHIBIT "L"